

**Cathay Century Insurance Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2026 and 2025 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay Century Insurance Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of June 30, 2026, and the restated December 31, 2025, June 30, 2025 and January 1, 2025 and the related consolidated statements of comprehensive income for the three months ended June 30, 2026 and the restated three months ended June 30, 2025 and for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, 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 June 30, 2026, and the restated December 31, 2025, June 30, 2025 and January 1, 2025 and the related consolidated financial performance for the three months ended June 30, 2026 and the restated three months ended June 30, 2025 and for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, and its consolidated cash flows for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” 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 six months ended June 30, 2026. 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.

The key audit matter for the Group's consolidated financial statements for the six months ended June 30, 2026 is as follows:

Estimation of Incurred but Not Reported Claims within Liabilities for Incurred Claims

The measurement of insurance contract liabilities includes liabilities for remaining coverage and liabilities for incurred claims. As of June 30, 2026, the carrying amount of insurance contract liabilities was NT\$41,644,311 thousand, of which liabilities for incurred claims amounted to NT\$27,350,728 thousand and represented a significant proportion thereof. The measurement of liabilities for incurred claims includes estimates of future cash flows related to past service, the effect of discounting, and risk adjustment for non-financial risk. As of each balance sheet date, the Company estimates reported but not paid claims and incurred but not reported ("IBNR") claims for each group of insurance contracts to measure liabilities for incurred claims. Reported but not paid claims are estimated by claims personnel on a case-by-case basis by line of business, based on relevant information obtained from claims applications. IBNR claims are primarily estimated by actuarial personnel by line of business using the accident-year loss development method and considering expected loss ratios to project ultimate claim losses. IBNR claims are estimated as the difference between ultimate claim losses and the cumulative amount of reported claims as of the balance sheet date. Accordingly, the estimation of ultimate claim losses is a key basis for the measurement of IBNR claims.

In estimating ultimate claim losses, Cathay Century Insurance Co., Ltd. applies actuarial methods involving assumptions such as loss development factors and expected loss ratios. Among these assumptions, loss development factors are key assumptions affecting the estimation results, and their selection and adjustment involve significant judgment. Cathay Century Insurance Co., Ltd. selects loss development factors based on historical claims development experience, recent claims development trends, and claims patterns for each line of business, applying actuarial judgment and making appropriate adjustments when necessary. The selection and adjustment of loss development factors may have a material impact on the measurement of IBNR claims and liabilities for incurred claims.

Because IBNR claims are a significant component of liabilities for incurred claims, and the selection and adjustment of loss development factors involve significant professional judgment by actuarial personnel and a high degree of estimation uncertainty, we identified the estimation of IBNR claims as a key audit matter.

Our principal audit procedures performed were as follows:

1. We obtained an understanding of the Company's process for estimating IBNR claims and ultimate claim losses by line of business, including the derivation, selection, adjustment, and review of loss development factors, and evaluated the design and implementation of relevant internal controls.

2. With the assistance of our actuarial specialists, we evaluated the reasonableness of the selection and adjustment of the loss development factors used by the Company in estimating ultimate claim losses by line of business, including:
 - a) Evaluating the methodology and basis for selecting loss development factors, including whether the Company appropriately considered historical claims development experience, recent claims development trends, and claims patterns for each line of business; and
 - b) Evaluating the rationale, basis, and reasonableness of the adjustments made by the Company to the loss development factors.

Emphasis of Matter

We draw attention to Note 3 to the consolidated financial statements, which discloses that the Group adopted International Financial Reporting Standard 17 “Insurance Contracts” effective January 1, 2026. As a result of the retrospective application of the aforesaid standard, the comparative financial statements have been restated accordingly. Our audit opinion is not modified in respect of this matter.

Other Matter

We have also audited the parent company only financial statements of Cathay Century Insurance Co., Ltd. as of and for the six months ended June 30, 2026 and 2025 on which we have issued an unmodified opinion with an emphasis of matter paragraph.

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 Insurance Enterprises, and International Accounting Standards 34 “Interim Financial Reporting” 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 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 review of the group audit work performed. 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 six months ended June 30, 2026, 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 Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 19, 2026

Notice to Readers

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

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2026		December 31, 2025 (Restated)		June 30, 2025 (Restated)		January 1, 2025 (Restated)	
ASSETS	Amount	%	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 30)	\$ 12,935,805	17	\$ 15,285,098	21	\$ 14,243,235	23	\$ 11,174,184	19
RECEIVABLES (Note 11)	1,189,410	2	706,512	1	744,345	1	740,400	1
INVESTMENTS								
Financial assets at fair value through profit or loss (Notes 4 and 7)	3,131,311	4	14,680,235	20	12,531,593	20	14,496,026	25
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	18,407,294	24	653,324	1	656,816	1	654,599	1
Financial assets at amortized cost (Notes 4 and 9)	12,687,842	17	11,350,480	16	10,285,491	17	10,039,725	17
Investments accounted for using the equity method, net (Note 14)	2,730,194	4	2,553,784	4	2,310,256	4	2,406,891	4
Loans (Notes 4, 10 and 30)	63,358	-	68,789	-	82,242	-	96,451	-
INSURANCE CONTRACT ASSETS (Notes 4 and 20)	6,076	-	4,906	-	4,464	-	2,084	-
REINSURANCE CONTRACT ASSETS (Notes 4 and 12)	19,168,848	25	21,289,506	29	15,036,863	25	13,607,841	23
PROPERTY AND EQUIPMENT (Note 15)	247,400	-	315,734	1	402,376	1	463,754	1
RIGHT-OF-USE ASSETS (Notes 16 and 30)	253,785	-	299,613	-	154,751	-	197,399	-
INTANGIBLE ASSETS (Note 17)	106,844	-	122,111	-	90,095	-	104,478	-
DEFERRED TAX ASSETS (Note 4)	4,209,461	6	4,504,900	6	4,498,557	7	4,533,770	8
OTHER ASSETS (Notes 18, 30 and 32)	<u>531,979</u>	<u>1</u>	<u>536,294</u>	<u>1</u>	<u>558,975</u>	<u>1</u>	<u>602,829</u>	<u>1</u>
TOTAL	<u>\$ 75,669,607</u>	<u>100</u>	<u>\$ 72,371,286</u>	<u>100</u>	<u>\$ 61,600,059</u>	<u>100</u>	<u>\$ 59,120,431</u>	<u>100</u>
LIABILITIES AND EQUITY								
PAYABLES (Notes 19 and 30)	\$ 1,678,928	2	\$ 2,023,420	3	\$ 2,711,483	4	\$ 1,781,196	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 30)	274,724	-	213,942	-	-	-	224,162	-
LEASE LIABILITIES (Notes 16 and 30)	255,483	-	300,801	1	154,636	-	197,630	-
INSURANCE CONTRACT LIABILITIES (Notes 4, 5 and 20)	41,644,311	55	43,673,777	60	35,518,052	58	32,417,294	55
REINSURANCE CONTRACT LIABILITIES (Notes 4 and 12)	-	-	2,754	-	47,532	-	6,258	-
OTHER LIABILITIES (Notes 4 and 21)	6,155,404	8	3,473,513	5	3,691,571	6	3,758,342	6
PROVISIONS (Notes 4 and 22)	283,106	1	292,047	-	298,535	1	349,882	1
DEFERRED TAX LIABILITIES (Note 4)	<u>409,469</u>	<u>1</u>	<u>793,566</u>	<u>1</u>	<u>777,834</u>	<u>1</u>	<u>869,906</u>	<u>2</u>
Total liabilities	<u>50,701,425</u>	<u>67</u>	<u>50,773,820</u>	<u>70</u>	<u>43,199,643</u>	<u>70</u>	<u>39,604,670</u>	<u>67</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)								
Share capital								
Ordinary shares	<u>2,000,000</u>	<u>3</u>	<u>2,000,000</u>	<u>3</u>	<u>2,000,000</u>	<u>3</u>	<u>2,000,000</u>	<u>4</u>
Capital surplus	<u>7,861,133</u>	<u>10</u>	<u>7,861,133</u>	<u>11</u>	<u>7,861,133</u>	<u>13</u>	<u>7,861,133</u>	<u>13</u>
Retained earnings								
Legal reserve	1,527,876	2	776,426	1	776,426	1	249,102	-
Special reserve	6,025,265	8	6,025,832	8	5,326,057	9	5,326,764	9
Unappropriated earnings	<u>3,689,564</u>	<u>5</u>	<u>5,353,303</u>	<u>8</u>	<u>3,071,126</u>	<u>5</u>	<u>4,453,361</u>	<u>8</u>
Total retained earnings	<u>11,242,705</u>	<u>15</u>	<u>12,155,561</u>	<u>17</u>	<u>9,173,609</u>	<u>15</u>	<u>10,029,227</u>	<u>17</u>
Other equity	<u>3,864,344</u>	<u>5</u>	<u>(419,228)</u>	<u>(1)</u>	<u>(634,326)</u>	<u>(1)</u>	<u>(374,599)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>24,968,182</u>	<u>33</u>	<u>21,597,466</u>	<u>30</u>	<u>18,400,416</u>	<u>30</u>	<u>19,515,761</u>	<u>33</u>
Total equity	<u>24,968,182</u>	<u>33</u>	<u>21,597,466</u>	<u>30</u>	<u>18,400,416</u>	<u>30</u>	<u>19,515,761</u>	<u>33</u>
TOTAL	<u>\$ 75,669,607</u>	<u>100</u>	<u>\$ 72,371,286</u>	<u>100</u>	<u>\$ 61,600,059</u>	<u>100</u>	<u>\$ 59,120,431</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated August 19, 2026)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INSURANCE SERVICE								
RESULT								
Insurance revenue (Notes 4, 20 and 24)	\$ 10,428,538	100	\$ 9,966,178	100	\$ 20,538,241	100	\$ 19,425,976	100
Insurance service expenses (Notes 4, 20, 24, 26 and 30)	(6,001,795)	(57)	(6,304,586)	(63)	(12,451,604)	(61)	(16,142,037)	(83)
Income or expenses from reinsurance contracts held (Notes 4, 12 and 24)	(2,999,488)	(29)	(2,548,388)	(26)	(5,436,737)	(26)	(1,258,313)	(6)
Total insurance service result	1,427,255	14	1,113,204	11	2,649,900	13	2,025,626	11
FINANCIAL RESULT								
Net gain (loss) on investments								
Interest income (Notes 4, 26 and 30)	257,387	2	239,266	2	489,505	2	468,597	2
Gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	227,640	2	482,696	5	62,201	-	(173,239)	(1)
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	8	-	8	-	17	-	1,285	-
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	133,976	1	-	-	133,976	1	-	-
Share of profit of associates accounted for using equity method (Note 14)	(9,105)	-	47,035	-	100,361	-	92,371	1
Foreign exchange gain	(39,353)	-	(734,708)	(7)	118,988	1	(642,973)	(3)
Expected credit impairment loss on investments (Note 4)	(78)	-	(362)	-	(927)	-	(1,160)	-
Total net gain (loss) on investments	570,475	5	33,935	-	904,121	4	(255,119)	(1)
Insurance finance income or expenses (Note 4)	(32,472)	-	(89,433)	(1)	(99,661)	-	(177,839)	(1)
Finance income or expenses from reinsurance contracts held (Note 4)	16,645	-	46,805	1	52,329	-	86,813	-
Total financial result	554,648	5	(8,693)	-	856,789	4	(346,145)	(2)
OTHER OPERATING								
RESULT (Notes 26 and 30)								
Other operating income	4,792	-	(24,419)	-	27,756	-	-	-
Other operating costs	(75,824)	(1)	(144,412)	(2)	(56,724)	-	(170,824)	(1)
Other operating expenses	(318,794)	(3)	(318,608)	(3)	(604,040)	(3)	(592,427)	(3)
Total other operating result	(389,826)	(4)	(487,439)	(5)	(633,008)	(3)	(763,251)	(4)

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING INCOME	\$ 1,592,077	15	\$ 617,072	6	\$ 2,873,681	14	\$ 916,230	5
NON-OPERATING INCOME AND EXPENSES (Note 30)	(1,069)	-	(1,499)	-	4,414	-	(2,320)	-
PROFIT BEFORE INCOME TAX	1,591,008	15	615,573	6	2,878,095	14	913,910	5
INCOME TAX EXPENSE (Notes 4 and 27)	(275,226)	(2)	(147,948)	(1)	(504,825)	(3)	(312,526)	(2)
NET PROFIT	1,315,782	13	467,625	5	2,373,270	11	601,384	3
OTHER COMPREHENSIVE INCOME (Notes 4, 23 and 27)								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	-	-	-	-	(896)	-	-	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(55,462)	-	16,383	-	(30,220)	-	19,089	-
Income tax related to items that will not be reclassified subsequently	(12,556)	-	-	-	(12,377)	-	-	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	4,096,419	39	-	-	4,803,792	23	-	-
Total items that will not be reclassified subsequently to profit or loss	4,028,401	39	16,383	-	4,760,299	23	19,089	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	33,641	-	(303,369)	(3)	115,371	1	(249,374)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	(7,065)	-	(17,458)	-	(5,035)	-	(34,825)	-

(Continued)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	\$ 42,039	-	\$ 3,865	-	\$ 21,296	-	\$ 5,873	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(5,522)	-	-	-	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	63,093	-	(316,962)	(3)	131,632	1	(278,326)	(1)
Other comprehensive income (loss), net of income tax	4,091,494	39	(300,579)	(3)	4,891,931	24	(259,237)	(1)
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,407,276</u>	<u>52</u>	<u>\$ 167,046</u>	<u>2</u>	<u>\$ 7,265,201</u>	<u>35</u>	<u>\$ 342,147</u>	<u>2</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 1,315,782	13	\$ 467,625	5	\$ 2,373,270	12	\$ 601,384	3
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$ 1,315,782</u>	<u>13</u>	<u>\$ 467,625</u>	<u>5</u>	<u>\$ 2,373,270</u>	<u>12</u>	<u>\$ 601,384</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 5,407,276	52	\$ 167,046	2	\$ 7,265,201	35	\$ 342,147	2
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$ 5,407,276</u>	<u>52</u>	<u>\$ 167,046</u>	<u>2</u>	<u>\$ 7,265,201</u>	<u>35</u>	<u>\$ 342,147</u>	<u>2</u>
EARNINGS PER SHARE								
(Note 28)								
Basic	<u>\$ 6.58</u>		<u>\$ 2.34</u>		<u>\$ 11.87</u>		<u>\$ 3.01</u>	

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

(With Deloitte & Touche audit report dated August 19, 2026)

(Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity			
				Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Other Comprehensive Income Reclassified Under Overlay Approach	
BALANCE ON JANUARY 1, 2025	200,000	\$ 2,000,000	\$ 7,861,133	\$ 249,102	\$ 5,326,764	\$ 1,984,109	\$ (232,465)	\$ 32,841	\$ (174,975)	\$ 900,674	\$ 17,947,183
Effects of the retrospective application of IFRS 17	-	-	-	-	-	2,469,252	-	-	-	(900,674)	1,568,578
BALANCE ON JANUARY 1, 2025 AS RESTATED	200,000	2,000,000	7,861,133	249,102	5,326,764	4,453,361	(232,465)	32,841	(174,975)	-	19,515,761
Change from associates accounted for using the equity method	-	-	-	-	-	490	-	(490)	-	-	-
Appropriation of 2024 earnings											
Legal reserve	-	-	-	527,324	-	(527,324)	-	-	-	-	-
Special reserve	-	-	-	-	707	(707)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,457,492)	-	-	-	-	(1,457,492)
Net profit for the six months ended June 30, 2025	-	-	-	-	-	601,384	-	-	-	-	601,384
Other comprehensive loss for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	(249,374)	(9,863)	-	-	(259,237)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	601,384	(249,374)	(9,863)	-	-	342,147
BALANCE ON JUNE 30, 2025	200,000	\$ 2,000,000	\$ 7,861,133	\$ 776,426	\$ 5,326,057	\$ 3,071,126	\$ (481,839)	\$ 22,488	\$ (174,975)	\$ -	\$ 18,400,416
BALANCE ON DECEMBER 31, 2025	200,000	\$ 2,000,000	\$ 7,861,133	\$ 776,426	\$ 6,025,832	\$ 5,353,303	\$ (273,918)	\$ 27,033	\$ (172,343)	\$ -	\$ 21,597,466
Effects of the redesignation of financial assets	-	-	-	-	-	(801,412)	-	827,607	-	-	26,195
Provision of special reserve pursuant to Rule No. 11504111391	-	-	-	-	-	(1,614,091)	-	-	-	-	(1,614,091)
BALANCE ON JANUARY 1, 2026	200,000	2,000,000	7,861,133	776,426	6,025,832	2,937,800	(273,918)	854,640	(172,343)	-	20,009,570
Change from associates accounted for using the equity method	-	-	-	-	-	13,663	-	(13,663)	-	-	-
Appropriation of 2025 earnings											
Legal reserve	-	-	-	751,450	-	(751,450)	-	-	-	-	-
Special reserve	-	-	-	-	(567)	567	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,306,589)	-	-	-	-	(2,306,589)
Net profit for the six months ended June 30, 2026	-	-	-	-	-	2,373,270	-	-	-	-	2,373,270
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	115,371	4,777,277	(717)	-	4,891,931
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	2,373,270	115,371	4,777,277	(717)	-	7,265,201
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,422,303	-	(1,422,303)	-	-	-
BALANCE ON JUNE 30, 2026	200,000	\$ 2,000,000	\$ 7,861,133	\$ 1,527,876	\$ 6,025,265	\$ 3,689,564	\$ (158,547)	\$ 4,195,951	\$ (173,060)	\$ -	\$ 24,968,182

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

(With Deloitte & Touche audit report dated August 19, 2026)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,878,095	\$ 913,910
Adjustments for:		
Depreciation expense	163,587	170,070
Amortization expense	32,406	32,274
Net loss on financial assets and liabilities at fair value through profit or loss	(62,201)	173,239
Realized net gain on financial assets and liabilities at fair value through other comprehensive income	(133,976)	-
Interest expense	3,493	2,315
Net gain on derecognition of financial assets measured at amortized cost	(17)	(1,285)
Interest income	(489,505)	(468,597)
Net changes in special reserve for the period	56,724	64,340
Expected credit impairment loss on investment	927	1,160
Share of profit of associates accounted for using the equity method	(100,361)	(92,371)
Loss on disposal of property and equipment	63	17
Changes in operating assets and liabilities		
Increase in notes receivable	(13,537)	(3,917)
(Increase) decrease in other receivables	(419,543)	83,035
(Increase) decrease in financial instruments at fair value through profit or loss	(1,054,464)	1,494,553
(Increase) decrease in financial assets at fair value through other comprehensive income	(203,062)	3,650
Increase in financial assets at amortized cost	(1,337,473)	(245,633)
Increase in insurance contract assets	(1,170)	(2,380)
Decrease (increase) in reinsurance contract assets	2,120,658	(1,429,022)
Decrease in other assets	4,332	43,851
Decrease in other payables	(126,674)	(369,925)
(Decrease) increase in insurance contract liabilities	(2,029,466)	3,100,757
(Decrease) increase in reinsurance contract liabilities	(2,754)	41,275
Decrease in provisions	(9,837)	(51,347)
Increase (decrease) in other liabilities	606,455	(153,733)
Cash (used in) generated from operations	(117,300)	3,306,236
Interest received	458,933	433,703
Dividends received	117,015	24,313
Interest paid	(3,493)	(2,315)
Income tax paid	(395,148)	(499,852)
Net cash generated from operating activities	60,007	3,262,085

(Continued)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (12,230)	\$ (27,475)
Acquisition of intangible assets	(13,652)	(15,237)
Decrease in loans	<u>5,431</u>	<u>14,209</u>
Net cash used in investing activities	<u>(20,451)</u>	<u>(28,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(85,878)	(86,618)
Cash dividends paid to owners of the Company	<u>(2,306,589)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,392,467)</u>	<u>(86,618)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,618</u>	<u>(77,913)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,349,293)	3,069,051
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>15,285,098</u>	<u>11,174,184</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 12,935,805</u>	<u>\$ 14,243,235</u>

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

(With Deloitte & Touche audit report dated August 19, 2026)

(Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026, THE RESTATED DECEMBER 31, 2025 AND THE RESTATED SIX MONTHS ENDED JUNE 30, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Cathay Century Insurance Co., Ltd. (the “Company”) was incorporated in Taiwan on July 19, 1993, under the Company Act of the Republic of China (R.O.C.). On April 22, 2002, the Company became a wholly-owned subsidiary of Cathay Financial Holdings Co., Ltd. (“Cathay Financial Holdings”) through a share swap pursuant to the Financial Holdings Company Act. The Company was renamed from Tong-Tai Insurance Co., Ltd. to Cathay Century Insurance Co., Ltd., as approved by Letter No. 0910706108 issued by the Ministry of Finance on June 28, 2002 and officially announced on August 2, 2002. The Company mainly engages in the business of property and casualty insurance. The Company’s registered office and the main business location are at No. 296, Sec. 4, Jen Ai Road, Taipei, Taiwan, R.O.C. Cathay Financial Holdings is the Company’s parent company and ultimate parent company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 19, 2026.

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

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

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

IFRS 17 “Insurance Contracts” (including amendments made in 2020 and 2021)

IFRS 17 replaces IFRS 4, “Insurance Contracts”, and sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts. For related accounting policies, please refer to Note 4, Summary of Material Accounting Policy Information.

Under IFRS 4, premium income from direct underwriting business was recognized based on all insurance policies underwritten and endorsed during the current period. Reinsurance premium income from reinsurance inward business was generally recorded upon receipt of billing statements, while, at the balance sheet date, accrued but unbilled reinsurance premium income was estimated using a reasonable and systematic approach. The related acquisition costs, such as commission expenses, agency fees, processing fees, and reinsurance commission expenses, were recognized in the same period.

The Group applies the transition requirements of IFRS 17 in its accounting treatment. In general, the Group applies IFRS 17 using the full retrospective approach. Where the application of the full retrospective approach is impractical, the Group applies the fair value approach.

When applying the full retrospective approach, the Group identifies, recognizes, and measures each group of insurance contracts as of January 1, 2025, as if IFRS 17 had always been applied. When applying the fair value approach using reasonable and supportable information, the Group determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025 based on the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. Relevant information is set out in Note 4, Summary of Material Accounting Policy Information.

In order to mitigate the potential impacts and inconsistencies arising from the earlier effective date of IFRS 9 relative to IFRS 17, the Group elected, prior to the application of IFRS 17, the overlay approach to designated financial assets. The Group had ceased the overlay approach upon the application of IFRS 17.

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

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
<u>December 31, 2025</u>			
Impact on assets	\$ 79,883,535	\$ (7,512,249)	\$ 72,371,286
Impact on liabilities	<u>59,856,107</u>	<u>(9,082,287)</u>	<u>50,773,820</u>
Impact on equity	<u>\$ 20,027,428</u>	<u>\$ 1,570,038</u>	<u>\$ 21,597,466</u>
<u>June 30, 2025</u>			
Impact on assets	\$ 71,658,131	\$ (10,058,072)	\$ 61,600,059
Impact on liabilities	<u>54,814,111</u>	<u>(11,614,468)</u>	<u>43,199,643</u>
Impact on equity	<u>\$ 16,844,020</u>	<u>\$ 1,556,396</u>	<u>\$ 18,400,416</u>
<u>January 1, 2025</u>			
Impact on assets	\$ 65,503,446	\$ (6,383,015)	\$ 59,120,431
Impact on liabilities	<u>47,556,263</u>	<u>(7,951,593)</u>	<u>39,604,670</u>
Impact on equity	<u>\$ 17,947,183</u>	<u>\$ 1,568,578</u>	<u>\$ 19,515,761</u>

Redesignation of financial assets

In accordance with the transitional provisions of IFRS 17, the Group reclassifies certain financial assets held as at January 1, 2026, based on the facts and circumstances at that date. Certain equity instruments previously classified as financial assets at fair value through profit or loss were redesignated as financial assets at fair value through other comprehensive income, in order to achieve a closer alignment between the accounting treatment of those financial assets with that of the related insurance liabilities.

The Group elected not to restate comparative information for changes in the redesignation and reclassification of financial assets, nor did it apply the classification overlay approach to adjust financial assets for the comparative period. The aforementioned redesignations and reclassifications of financial assets result in a decrease of \$801,412 thousand in retained earnings and an increase of \$827,607 thousand in other equity - unrealized gains or losses on financial assets measured at fair value through other comprehensive income as of January 1, 2026. The measurement categories, carrying amounts, and related changes in each class of financial assets upon redesignation and reclassification are summarized below:

Financial assets at fair value through profit or loss

	Carrying Amount as of December 31, 2025	Reclassification	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at fair value through profit or loss	\$ 14,680,235	\$ -	\$ 14,680,235	\$ -	\$ -
Less:					
Financial assets at fair value through other comprehensive income	-	(12,726,371)	(12,726,371)	-	-
Financial assets at fair value through profit or loss	<u>\$ 14,680,235</u>	<u>\$(12,726,371)</u>	<u>\$ 1,953,864</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets at fair value through other comprehensive income

	Carrying Amount as of December 31, 2025	Reclassification	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at fair value through other comprehensive income	\$ 653,324	\$ -	\$ 653,324	\$ -	\$ -
Add:					
Reclassification of financial assets measured at fair value through profit or loss	-	12,726,371	12,726,371	(801,412)	827,607
Financial assets at fair value through other comprehensive income	<u>\$ 653,324</u>	<u>\$ 12,726,371</u>	<u>\$ 13,379,695</u>	<u>\$ (801,412)</u>	<u>\$ 827,607</u>

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: IFRS 18 will take effect starting from January 1, 2028 for domestic entities. Earlier application is permitted.

Note 2: An entity shall apply the amendments when it applies IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements” and
consequential amendments and Amendments to IAS 28 “Amendments to the
Fair Value Option for Investments in Associates and Joint Ventures”

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

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

At the date of initial application of IFRS 18, an entity that is a venture capital organization, mutual fund, unit trust or similar entity is permitted to change its election from measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that aforementioned “similar entity” includes the entity that performs the assessments in accordance with the requirements of IFRS 18 and concludes that it has a main business activity of investing in particular types of assets. If eligible, the Group may apply the transition upon initial application.

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

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

The Group has decided not to apply IFRS 18 and consequential amendments earlier.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, and insurance contract assets/liabilities and reinsurance contract assets/liabilities measured at fulfilment cash flows and contractual service margin.

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

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

c. Classification of current and non-current assets and liabilities

Assets and liabilities of the consolidated financial statements are classified by nature and are presented in the order of liquidity instead of being classified as current or noncurrent.

d. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Refer to Note 13 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Other material accounting policies

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

1) Financial instruments

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

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

a) Financial assets

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

i. Categories of financial assets, initial recognition and subsequent measurement

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends, interest earned and remeasurement gains or losses on such a financial asset. Fair value is determined in the manner described in Note 29.

ii) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and receivables at amortized cost, equal the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

Credit-impaired financial assets are financial assets for which the issuer or debtor has experienced significant financial difficulty, is in default, is highly likely to enter bankruptcy or other financial reorganization, or for which an active market has disappeared due to financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

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

iii) Investments in debt instruments at FVTOCI

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

- (i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- (ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Pursuant to Jin Guan Bao Tsai No. 1140131712, New Taiwan dollar-denominated foreign bond ETFs are accounted for in accordance with the “Practical Guidance on Classification of Insurance Enterprises’ Investments in Taiwan Dollar-Denominated Overseas Bond ETFs as FVTOCI” issued by the Life Insurance Association of the Republic of China.

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

iv) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments that are neither held for trading nor contingent consideration recognized by the acquirer in a business combination as measured at FVTOCI.

Investments in equity instruments measured at FVTOCI are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income and accumulated in other equity. Upon disposal of the investment, the cumulative gains or losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

ii. Impairment of financial assets

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

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

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

For purposes of internal credit risk management, irrespective of any collateral held, the Group considers a financial asset to be in default when any of the following circumstances exist:

- i) Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

In addition, in accordance with the Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises, credit assets are classified as normal assets ("First Category"), assets that require special attention ("Second Category"), assets that are substandard ("Third Category"), assets that are doubtful ("Fourth Category") and assets for which there is loss ("Fifth Category") based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collateral and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following standards:

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

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

iii. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gains or losses are transferred directly to retained earnings and are not reclassified to profit or loss.

b) Equity instruments

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

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

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

c) Financial liabilities

i. Subsequent measurement

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

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any interest paid on the financial liability). Fair value is determined in the manner described in Note 29.

ii. Derecognition of financial liabilities

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

d) Derivative financial instruments

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

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

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

2) Insurance contracts

a) Definition and scope

i. Insurance contracts issued (including reinsurance contracts)

An insurance contract is a binding agreement under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group considers insurance risk to be significant when an insured event could cause the insurer to pay additional amounts that are significant in any single scenario. This excludes scenarios that have no commercial substance (i.e., no discernible effect on the economics of the contract).

ii. Reinsurance contracts held

Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

b) Separating components from insurance contracts

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

- i. Cash flows related to embedded derivatives that are required to be separated in accordance with IFRS 9;
- ii. Cash flows related to distinct investment components;
- iii. Any promise to transfer distinct goods or services other than insurance contract services to the policyholder.

The Group has no insurance contracts requiring further separation.

c) Level of aggregation of insurance contracts

i. Insurance contracts

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

- i) Groups of contracts that are onerous;
- ii) Groups of contracts that have no significant possibility of becoming onerous subsequently;
and
- iii) Groups of the remaining contracts in the portfolio.

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

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

ii. Reinsurance contracts held

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

- i) Groups of contracts with net gain;
- ii) Groups of contracts with no significant possibility of turning into a net gain subsequently;
and
- iii) Groups comprising the remaining contracts in the portfolio.

d) Initial recognition of contracts

i. Insurance contracts

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

- i) The commencement date of the coverage period of the groups of contracts;
- ii) The date on which the first payment from the policyholder in the group becomes due; and
- iii) For groups of onerous contracts, the date on which the group becomes onerous.

ii. Reinsurance contracts held

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

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

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

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

e) Contract modifications and derecognition

If the terms of an insurance contract are modified by the agreement between the parties to the contract or by a change in regulation, the Group treats changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows unless the original contract meets the criteria for derecognition.

The Group shall derecognize an insurance contract when one of the following conditions occurs:

- i. When the insurance contract is extinguished, i.e., when the obligations specified in the insurance contract expire, are discharged, or are cancelled;
- ii. When any of the following conditions for modification of an insurance contract is met, the Group derecognizes the original contract and recognizes the modified contract as a new contract.
 - i) If the modified terms had been included at contract inception, and the Group concludes that the modified contract would have met any of the following conditions:
 - (i) The modified contract would have been excluded from the scope of IFRS 17;
 - (ii) The modification would separate distinct components from the host insurance contract, resulting in a different insurance contract to which IFRS 17 would have applied;
 - (iii) The modified contract would have a substantially different contract boundary; or
 - (iv) The modified contract would have been included in a different group of contracts.
 - ii) The original contract applies the premium allocation approach, but the modification means that the contract no longer meets the eligibility criteria for that approach.

f) Measurement of insurance contracts and reinsurance contracts held

- i. Insurance contract assets/liabilities: Insurance contracts recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, which are aggregated at the portfolio level and presented as a debit balance (asset) or a credit balance (liability). These include the liabilities for remaining coverage and the liability for incurred claims.
- ii. Reinsurance contract assets/liabilities: Reinsurance contracts recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, which are aggregated at the portfolio level and presented as a debit balance (asset) or a credit balance (liability). These include the asset for remaining coverage and the asset for incurred claims, and incorporate the effect of any non-performance risk of the issuer of the reinsurance contract.
- iii. Initial recognition: Groups of contracts applying the general measurement model

At initial recognition, the Group shall measure a group of insurance contracts at the total of fulfilment cash flows and the contractual service margin.

i) Fulfilment cash flows

- (i) The Group's current estimates of future cash flows within the contract boundary of a group of contracts, including expected premiums, claims and benefits payable, and expenses, adjusted to reflect the timing and uncertainty of future cash flows. This includes:

i)) Estimates of future cash flows;

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

iii)) A risk adjustment for non-financial risk.

The discount rates applied to the estimates of future cash flows shall reflect the timing, currency, and liquidity characteristics of the cash flows of the insurance contracts.

The Group uses consistent assumptions in measuring the estimates of the present value of future cash flows for groups of reinsurance contracts held and for the corresponding groups of underlying insurance contracts.

(ii) Contract boundary

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

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

- i)) The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio;
- ii)) The pricing of premiums up to the date of risk reassessment does not take into account risks relating to periods after the reassessment date.

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

(iii) Insurance acquisition cash flows

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

The Group uses a systematic and rational basis to allocate insurance acquisition cash flows to:

- i)) Allocate insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group; and
- ii)) Allocate insurance acquisition cash flows that are directly attributable to a portfolio of insurance contracts to the existing groups of insurance contracts within that portfolio.

(iv) Risk adjustment for non-financial risk

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

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

The Group applies a bootstrapping stochastic model to measure the risk adjustment for non-financial risk. This method simulates the probability distribution of cash flows by repeatedly and randomly sampling historical claims data without reliance on the underlying population distribution. The risk adjustment is determined as the difference between the liability calculated based on the 75th percentile scenario and the best estimate liability.

ii) Contractual service margin

(i) Insurance contracts

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

- i)) The initial recognition of an amount for the fulfilment cash flows; and
- ii)) All cash flows arising from contracts within the group as at that date.

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

(ii) Reinsurance contracts held

Any net cost or net gain of a group of reinsurance contracts held is recognized as the contractual service margin at initial recognition. For reinsurance contracts held, the contractual service margin represents the net cost or net gain deferred by the Group, which will be recognized as part of the allocation of reinsurance premiums paid as the Group receives insurance contract services from the reinsurer, and is the sum of:

- i)) Fulfilment cash flows;
- ii)) Any cash flows arising on that date; and
- iii)) When a group of underlying insurance contracts is onerous at initial recognition, or when a loss is recognized due to the addition of onerous underlying insurance contracts to a group, an adjustment is made to the contractual service margin of the group of reinsurance contracts held, and any resulting income is recognized in profit or loss, with a corresponding establishment or adjustment to a loss-recovery component within the asset for remaining coverage.

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

- iv. Subsequent measurement: Groups of contracts applying the general measurement model
- i) Groups of insurance contracts: The carrying amount at the end of each reporting period shall be the sum of:
 - (i) Liability for remaining coverage, comprising:
 - i)) The fulfilment cash flows related to future service allocated to the group at that date;
 - ii)) The contractual service margin of the group at that date.
 - (ii) Liability for incurred claims, comprising fulfilment cash flows relating to past service allocated to the group at that date.
 - ii) Groups of reinsurance contracts held: The carrying amount at the end of each reporting period shall be the sum of:
 - (i) Asset for remaining coverage, comprising:
 - i)) The fulfilment cash flows related to future service allocated to the group at that date; and
 - ii)) The contractual service margin of the group at that date.
 - (ii) Asset for incurred claims, comprising fulfilment cash flows relating to past service allocated to the group at that date.
 - iii) Changes in fulfilment cash flows
 - (i) At the end of each reporting period, the Group updates the fulfilment cash flows using current assumptions and discount rates. Changes in fulfilment cash flows are treated as follows:
 - i)) Changes related to current or past service are recognized in profit or loss.
 - ii)) Changes relating to future service are recognized by adjusting the contractual service margin or the loss component.
 - (ii) For insurance contracts measured under the general measurement model, changes in fulfilment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:
 - i)) Experience adjustments arising from premiums received in the period that relate to future service, together with related cash flows such as insurance acquisition cash flows.
 - ii)) Changes in estimates of present value of the future cash flows in the liability for remaining coverage.

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

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

The adjustments described in i)), ii)), and iv)) above shall all be measured using the discount rates determined at initial recognition.

(iii) For insurance contracts measured under the general measurement model, changes in fulfilment cash flows that are not related to future service do not adjust the contractual service margin of the group of insurance contracts, as they are not attributable to future service:

i)) The effects of the time value of money and changes therein, as well as the effects of financial risk and changes therein, on fulfilment cash flows.

ii)) Changes in the estimates of fulfilment cash flows in the liability for incurred claims.

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

iv)) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

iv) Adjustments to the contractual service margin.

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

i)) The effect of any new contracts added to the group.

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

iii)) Changes in fulfilment cash flows relating to future service, as described in i))(ii), are recognized through adjustments to the contractual service margin, subject to the limits of the carrying amount of the contractual service margin. When the increase in fulfilment cash flows exceeds the carrying amount of the contractual service margin, the contractual service margin is reduced to zero and the excess is recognized as insurance service expenses, with a loss component established within the liability for remaining coverage. When the contractual service margin has already been reduced to zero, changes in fulfilment cash flows are recognized in insurance service expenses and adjust the loss component accordingly. If subsequent decreases in fulfilment cash flows exceed the loss component, the loss component is reduced to zero and the excess is recognized by reinstating the contractual service margin.

- iv)) The effect of any foreign exchange differences on the contractual service margin;
and
 - v)) The amounts recognized as insurance revenue due to the transfer of insurance contract services in the period.
- (ii) For groups of reinsurance contracts held, the contractual service margin at the end of the reporting period is measured as the carrying amount determined at the beginning of the reporting period, adjusted for the following items
- i)) The effect of any new contracts added to the group.
 - ii)) Interest accreted to the carrying amount of the contractual service margin, measured using the discount rates determined at initial recognition.
 - iii)) Income recognized upon the initial recognition of a group of onerous underlying insurance contracts, or upon the addition of onerous underlying insurance contracts to a group resulting in the recognition of a loss. A loss-recovery component of the asset for remaining coverage is established (or adjusted) for the group of reinsurance contracts held in respect of such amount.
 - iv)) Reversals of the recognized loss-recovery component, to the extent that such reversals do not constitute changes in the fulfilment cash flows of the group of reinsurance contracts held.
 - v)) Changes in fulfilment cash flows relating to future service, unless such changes arise from changes in fulfilment cash flows allocated to a group of underlying insurance contracts that do not adjust the contractual service margin of that group of underlying insurance contracts.
 - vi)) Any foreign exchange differences arising from the contractual service margin;
and
 - vii)) Amounts recognized in profit or loss arising from services received in the period.

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

- (iii) The discount rate used for accreting interest on the contractual service margin.

For issued insurance contracts and reinsurance contracts held, interest is calculated using the discount rates determined at the initial recognition date of the group of contracts. If additional contracts are added to an existing group subsequently, the Group uses discount rates determined for the period that the issued contracts in the group were recognized, which cannot exceed one year.

- (iv) Release of the contractual service margin to profit or loss.

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

The coverage period is the period during which the Group provides insurance contract services, which consist of coverage for insured events.

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

For reinsurance, coverage units are based on the insurance coverage provided by the reinsurer, taking into account not only premiums ceded under the reinsurance contract but also new contracts within the contract boundary of the reinsurance arrangement.

The coverage period for such contracts is determined based on the coverage period of the underlying contracts whose cash flows fall within the contract boundary of the reinsurance arrangement.

(v) Onerous contracts - loss component

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

After recognizing a loss for a group of onerous insurance contracts, the Group allocates the following items between the loss component and the remaining liability for remaining coverage excluding the loss component, based on the proportion that the loss component bears to the expected future cash outflows included in fulfilment cash flows plus the risk adjustment for non-financial risk:

- i)) Estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;
- ii)) Changes in the risk adjustment for non-financial risk; and
- iii)) Insurance finance income or expenses.

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

In subsequent periods, decreases in fulfilment cash flows reduce the remaining loss component, and once the loss component is reduced to zero, the contractual service margin is reinstated; conversely, increases in fulfilment cash flows increase the loss component.

The Group establishes or adjusts a loss-recovery component for groups of reinsurance contracts held to reflect changes in the loss component of the group of onerous underlying insurance contracts. The carrying amount of the loss-recovery component shall not exceed the amount expected to be recovered from the loss component of the group of onerous underlying insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component is determined as the reversal of loss recoveries from reinsurance contracts held and is presented in profit or loss. It is therefore excluded from the allocation of premiums paid to the reinsurer.

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

- i) Insurance contracts.

The Group applies the premium allocation approach to groups of insurance contracts with a coverage period of one year or less. In addition, for groups of contracts with a coverage period of five years or less, the Group has performed the eligibility assessment for PAA and concluded that the measurement under the PAA is expected to be a reasonable approximation of the measurement that would be produced by the General Measurement Model. Accordingly, the Group has elected to apply the PAA to such groups of contracts.

For groups of insurance contracts measured under the Premium Allocation Approach, the Group defers insurance acquisition cash flows attributable to such groups and recognizes them over the coverage period of the related contracts. Upon initial recognition, the liability for remaining coverage is measured as premiums received at that date less any insurance acquisition cash flows incurred at that date.

- ii) Reinsurance contracts held:

The Group applies the premium allocation approach to groups of reinsurance contracts held whose coverage period is one year or less. In addition, for groups of reinsurance contracts with a coverage period of five years or less, the Group has performed the eligibility assessment for PAA and concluded that the measurement under the PAA is expected to be a reasonable approximation of the measurement that would be produced by the General Measurement Model. Accordingly, the Group has elected to apply the PAA to such groups of contracts.

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

- iii) As the due dates of contract premiums fall within the coverage period of the contracts, the Group does not reflect the time value of money in the liability for remaining coverage of issued insurance contracts.
 - iv) If, at any point during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes in profit or loss a loss equal to the excess of fulfilment cash flows measured under the general measurement model over the carrying amount of the liability for remaining coverage, and correspondingly increases the liability for remaining coverage, while establishing a loss component. Subsequently, at each reporting period, the loss component is remeasured by calculating the difference between the fulfilment cash flows for related future service under the general measurement model and the liability for remaining coverage.

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

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

g) Insurance service result: Issued insurance contracts.

i. Insurance revenue.

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

For insurance contracts measured under the general measurement model, insurance revenue includes the following items:

- i) Amounts arising from changes in the liability for remaining coverage:
 - (i) Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:
 - i)) The amounts allocated to the loss component of the liability for remaining coverage;
 - ii)) Amounts related to transaction-based taxes collected on behalf of third parties;
 - iii)) Insurance acquisition expenses;
 - (ii) Changes in the risk adjustment for non-financial risk, excluding:
 - i)) Changes included in insurance finance income or expenses;
 - ii)) Changes relating to future service;
 - iii)) Amounts allocated to the loss component of the liability for remaining coverage.
 - (iii) The amount of the contractual service margin recognized in profit or loss in the period.
 - (iv) Other amounts, such as experience adjustments arising from premiums received that do not relate to future service.
- ii) Allocation of premiums related to the recovery of insurance acquisition cash flows: Insurance revenue related to the acquisition cash flows is determined by allocating the portion of premiums associated with those cash flows to each reporting period on the basis of the passage of time.

For insurance contracts measured under the Premium Allocation Approach, the Group recognizes insurance revenue based on the passage of time over the coverage period of the respective groups of contracts.

iii) Insurance service expenses.

Insurance service expenses include the following items:

- (i) Incurred claims and other incurred insurance service expenses;
- (ii) Amortization of insurance acquisition cash flows;
- (iii) Changes that relate to past service, i.e., changes in fulfilment cash flows associated with liabilities for incurred claims;
- (iv) Changes that relate to future service, i.e., losses on groups of onerous contracts and reversals of such losses.

For insurance contracts measured under the general measurement model, the amortization of insurance acquisition cash flows is reflected in insurance service expenses, in an amount consistent with the insurance acquisition cash flows reflected in insurance revenue.

Cash flows related to costs that are not directly attributable to portfolios of insurance contracts, including those containing such contracts, are recognized in profit or loss under other operating expenses as incurred.

h) Insurance service result: Reinsurance contracts held.

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

- i. For reinsurance contracts held measured under the general measurement model, the allocation of premiums paid includes amounts arising from changes in the asset for remaining coverage, comprising the following:
 - i) Claims recovered and other directly attributable expenses incurred in the current period, measured at amounts expected at the beginning of the period, excluding:
 - (i) Amounts allocated to the loss-recovery component of the asset for remaining coverage;
 - (ii) Repayment of investment components;
 - (iii) Amounts related to the risk adjustment for non-financial risk.
 - ii) Changes in the risk adjustment for non-financial risk, excluding:
 - (i) Changes included in insurance finance income or expenses of reinsurance contracts held;
 - (ii) Changes that relate to future service;
 - (iii) Amounts allocated to the loss-recovery component.
 - iii) The amount of the contractual service margin recognized in profit or loss for services received during the period.
 - iv) Experience adjustments arising from premiums paid for reinsurance that are not related to future service.

- ii. For reinsurance contracts held measured under the premium allocation approach, the Group recognizes the allocation of premiums paid based on the passage of time over the coverage period of the respective groups of contracts.
- iii. Amounts recoverable from reinsurers:
 - i) Reinsurance recoveries of incurred claims and benefits (excluding investment components and net of allocations of the loss-recovery component);
 - ii) Other incurred reinsurance-related expenses.
 - iii) Changes that relate to past service, i.e., changes in fulfilment cash flows associated with assets for incurred claims;
 - iv) Amounts related to the recovery and reversal of losses on onerous underlying contracts.
- iv. Changes in the reinsurer's non-performance risk.
- i) Insurance finance income or expenses
 - i. Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance contracts arising from the following:
 - i) The effect of the time value of money and changes in the time value of money;
 - ii) The effect of financial risk and changes in financial risk.
 - ii. For contracts measured under the general measurement model, insurance finance income or expenses mainly comprise the following items:
 - i) Interest accreted on fulfilment cash flows and the contractual service margin;
 - ii) The effects of changes in interest rates and other financial assumptions.
 - iii. For contracts measured under the premium allocation approach, insurance finance income or expenses mainly comprise the following items:
 - i) Interest accreted on liabilities for incurred claims;
 - ii) The effects of changes in interest rates and other financial assumptions.
 - iv. The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.
 - v. For the measurement of insurance contracts, the Group has elected to present insurance finance income or expenses for the period in profit or loss.
 - vi. For groups of insurance contracts that give rise to foreign currency cash flows, the Group accounts for the group of contracts, including the contractual service margin, as a monetary item.

j) Interim financial reporting.

The Group elects to change the accounting estimates made in prior interim financial statements when applying IFRS 17 in subsequent interim financial statements or annual reporting periods.

k) Transition.

The Group applies IFRS 17 retrospectively and adopts the fair value approach when full retrospective application is impracticable. All contracts issued after January 1, 2024 are measured using the full retrospective approach, while all other contracts are measured using the fair value approach.

i. Contracts measured using the full retrospective approach.

The Group assesses that, for all insurance contracts issued after January 1, 2024 and prior to the transition date, there is reasonable and supportable information available to apply the full retrospective approach.

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

ii. Contracts measured using the fair value approach.

For all insurance contracts issued before December 31, 2023, the Group is unable to obtain reasonable and supportable information necessary to apply the full retrospective approach; therefore, the fair value approach is applied.

Level of aggregation

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

Measurement at the transition date

In applying the fair value approach at the transition date, the Group estimates the contractual service margin or loss component of the liability for remaining coverage as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows as of that date. In determining fair value, the Group follows the requirements set out in the Financial Supervisory Commission Order No. 11404901651 dated March 18, 2025.

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

Discount rate

The Group uses the discount rate at the transition date, rather than the discount rate at initial recognition.

Insurance acquisition cash flows

At the transition date, the Group determines an asset for insurance acquisition cash flows. The amount is equivalent to the amount that the Group would have the right to recover at the transition date in respect of obtaining the following:

- (i) Insurance acquisition cash flows recoverable from premiums relating to insurance contracts written before the transition date but not yet recognized at the transition date;
- (ii) Future insurance contracts obtained after the transition date, for which no additional payment is required in respect of costs already incurred;
- (iii) Renewals of insurance contracts recognized at the transition date.

At the transition date, the Group does not include insurance acquisition cash flows in the measurement of recognized groups of insurance contracts.

Reinsurance contracts held

For a group of reinsurance contracts held that was purchased before or at the same time the underlying insurance contracts were issued, the Group determines the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the group of underlying onerous insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

3) Special reserve

Special reserves are comprised of special reserves for catastrophic events, special reserves for fluctuation of risk and special reserves for other special purposes.

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

Furthermore, according to the Notice for the improvement of the reserves of natural disaster insurance (commercial-business earthquake, typhoon and flood insurance enterprises) issued by the Financial Supervisory Commission on November 9, 2012, except for those special reserves of compulsory automobile insurance, nuclear energy insurance, residential earthquake insurance, commercial-business earthquake insurance and typhoon and flood insurance, the special reserves recognized as liabilities before December 31, 2012 were used to compensate the deficiencies of commercial-business earthquake insurance and typhoon and flood insurance to the required level and recognized as liabilities. The remaining special reserves were reclassified as equity, net of tax according to IAS 12 starting from January 1, 2013. In addition, the above precautions were amended by Rule No. 11101405951 on June 30, 2022, and the name was changed to “Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises”. Pursuant to Point 8 of the Notices, when the actual retained claims that resulted from disasters exceeded the expected claims net of the recovery of the special reserve for a catastrophic event, or the reserves accumulate to the maximum level, the Company should offset or recover the special reserves for hazard changes according to point three of the “Regulations Governing Various Reserves for Commercial Earthquake Insurance and Typhoon and Flood Insurance Operated by Non-Life Insurance Enterprises”. The write off and recovery of special reserves for catastrophic events and fluctuation of risk that are recognized as liabilities should be in conformity with the notice mentioned above.

In accordance with Rule No. 11504111391 on March 31, 2026, which amended the aforementioned guidelines, and pursuant to Article 10, non-life insurance companies shall transfer a specified amount of the pre-tax favorable impact arising from the initial adoption of IFRS 17 (hereinafter referred to as the “transferable amount”) to the special reserve under liabilities for commercial earthquake insurance and typhoon and flood insurance. The transferable amount is determined in accordance with Article 11 of the said guidelines.

a) Special reserves for catastrophic event

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

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Retirement benefits

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

5) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Material Accounting Judgments

Assessment of insurance contracts.

As of June 30, 2026, the Group's liabilities for insurance contracts issued amounted to \$41,644,311 thousand, comprising the following components:

1) Liability for remaining coverage

Under the general measurement model, the amounts of liability for remaining coverage include the estimates of future cash flows and the effect of discounting, the risk adjustment for non-financial risk, and the contractual service margin.

2) Liability for incurred claims

The amounts of liability for incurred claims include the estimates of future cash flows relating to past service and the effect of discounting, and the risk adjustment for non-financial risk. These amounts are estimated based on reported but not paid claims and incurred but not reported (IBNR) claims for each group of insurance contracts at the balance sheet date.

The Group estimates future cash flows based on historical data, actuarial analysis, and other analytical techniques, particularly in determining the assumptions and methods used for IBNR claims. As actual claim experience may differ from estimates, these estimates involve a high degree of uncertainty, and changes in the underlying assumptions may have a significant impact on the amount of insurance contract liabilities.

In addition, the risk adjustment for non-financial risk represents the compensation the Group requires for bearing the uncertainty in the amount and timing of cash flows arising from non-financial risks. Its measurement reflects the Group's assessment of the uncertainty of future cash flows and its degree of risk aversion.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 28,489	\$ 25,130	\$ 34,156
Checking accounts and demand deposits	5,487,014	4,696,452	3,541,854
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	4,031,467	4,805,834	4,642,191
Commercial paper	<u>3,388,835</u>	<u>5,757,682</u>	<u>6,025,034</u>
	<u>\$ 12,935,805</u>	<u>\$ 15,285,098</u>	<u>\$ 14,243,235</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swap contracts	\$	\$ 37,087	\$ 429,397
Non-derivative financial assets			
Listed shares	552,027	10,065,542	6,313,268
Beneficiary certificates	2,318,077	4,300,969	5,528,220
Financial bonds	<u>261,207</u>	<u>276,637</u>	<u>260,708</u>
	<u>\$ 3,131,311</u>	<u>\$ 14,680,235</u>	<u>\$ 12,531,593</u>
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swap contracts	<u>\$ 274,724</u>	<u>\$ 213,942</u>	<u>\$ -</u>

- a. At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2026</u>			
Currency swap contracts	USD/NTD	2026.7.7-2027.6.24	USD 241,900
<u>December 31, 2025</u>			
Currency swap contracts	USD/NTD	2026.1.13-2026.12.18	USD 219,900
<u>June 30, 2025</u>			
Currency swap contracts	USD/NTD	2025.7.11-2026.6.29	USD 201,600

The Group entered into currency swap contracts to reduce exposures to exchange rate fluctuations of foreign currency-denominated assets and liabilities.

- b. The financial assets at FVTPL were not pledged.

8. FINANCIAL ASSETS AT FVTOCI

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 13,367,961	\$ -	\$ -
Foreign listed shares	<u>577,538</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,945,499</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in debt instruments at FVTOCI			
Beneficiary certificates	\$ 3,720,146	\$ -	\$ -
Government bonds	641,104	653,324	656,816
Financial bonds	<u>100,545</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,461,795</u>	<u>\$ 653,324</u>	<u>\$ 656,816</u>

- a. Dividend income recognized relating to investments in equity instruments at FVTOCI for the six months ended June 30, 2026 and 2025 was \$133,976 thousand and \$0 thousand, respectively. Those related to investment derecognized for the six months ended June 30, 2026 and 2025 amounted to \$31,364 thousand and \$0 thousand, respectively.
- b. In consideration of the investment strategy, the Group sold equity instruments at FVTOCI at a fair value of \$7,896,965 thousand at the time of sale, and transferred the cumulative unrealized valuation gain of \$1,422,303 thousand from other equity to retained earnings for the six months ended June 30, 2026.
- c. Refer to Note 29 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.
- d. The financial assets at FVTOCI were not pledged as collateral.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Corporate bonds	\$ 2,199,968	\$ 1,699,988	\$ 1,699,968
Government bonds	900,280	900,144	950,023
Financial bonds	200,000	200,000	200,000
Foreign bonds	<u>9,702,228</u>	<u>8,864,386</u>	<u>7,749,342</u>
	13,002,476	11,664,518	10,599,333
Less: Deposits in the Central Bank	(299,988)	(299,897)	(299,821)
Less: Loss allowance	<u>(14,646)</u>	<u>(14,141)</u>	<u>(14,021)</u>
	<u>\$ 12,687,842</u>	<u>\$ 11,350,480</u>	<u>\$ 10,285,491</u>

- a. The Group's gains on redemption of bonds at maturity for the six months ended June 30, 2026 and 2025 were \$17 thousand and \$1,285 thousand, respectively.
- b. Refer to Note 29 for information relating to the credit risk management and impairment.
- c. The financial assets at amortized cost were not pledged.

10. LOANS

	June 30, 2026	December 31, 2025	June 30, 2025
Secured loans	\$ 64,266	\$ 69,776	\$ 83,431
Less: Loss allowance	<u>(908)</u>	<u>(987)</u>	<u>(1,189)</u>
	<u>\$ 63,358</u>	<u>\$ 68,789</u>	<u>\$ 82,242</u>

Secured loans are collateralized by property and equipment. The Group applies IFRS 9 and assesses impairment in accordance with the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". Refer to Note 29 for information relating to the credit risk management and impairment for the six months ended June 30, 2026 and 2025.

11. RECEIVABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 194,734	\$ 181,126	\$ 196,118
Other receivables	<u>1,034,962</u>	<u>565,592</u>	<u>588,231</u>
	1,229,696	746,718	784,349
Less: Loss allowance	<u>(40,286)</u>	<u>(40,206)</u>	<u>(40,004)</u>
	<u>\$ 1,189,410</u>	<u>\$ 706,512</u>	<u>\$ 744,345</u>

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 40,206	\$ 39,794
Impairment losses recognized	<u>80</u>	<u>210</u>
Ending balance	<u>\$ 40,286</u>	<u>\$ 40,004</u>

12. REINSURANCE CONTRACT ASSETS

a. Reconciliation of assets and liabilities of reinsurance contracts held

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

For the six months ended June 30, 2026

	Assets for Remaining Coverage			Assets for Incurred Claims of Contracts Measured under the General Measurement Model	Assets for Incurred Claims Measured under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of reinsurance contract assets	\$ 2,196,428	\$ 730	\$ 2,197,158	\$ 7,729,919	\$ 9,497,270	\$ 1,865,159	\$ 11,362,429	\$ 21,289,506
Beginning balance of reinsurance contract liabilities	(4,458)	1	(4,457)	-	1,273	430	1,703	(2,754)
Net balance on January 1, 2026	2,191,970	731	2,192,701	7,729,919	9,498,543	1,865,589	11,364,132	21,286,752
Allocation of premiums paid	(5,789,276)	-	(5,789,276)	-	-	-	-	(5,789,276)
Amounts recovered from reinsurers								
Incurred claims and payments recovered	-	-	-	1,463,419	4,383,461	(686,042)	3,697,419	5,160,838
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	(113)	(113)	-	-	-	-	(113)
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	(867,511)	(4,107,759)	165,755	(3,942,004)	(4,809,515)
Subtotal of amounts recovered from reinsurers	-	(113)	(113)	595,908	275,702	(520,287)	(244,585)	351,210
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	163	-	163	200	966	-	966	1,329
Income or expenses from reinsurance contracts held	(5,789,113)	(113)	(5,789,226)	596,108	276,668	(520,287)	(243,619)	(5,436,737)
Finance income or expenses from reinsurance contracts held								
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest related	(451)	182	(269)	18,818	33,780	-	33,780	52,329
Exchange differences on translation of the financial statements of foreign operations	606	-	606	-	116	20,272	20,388	20,994
Total amount recognized in the statement of comprehensive income	(5,788,958)	69	(5,788,889)	614,926	310,564	(500,015)	(189,451)	(5,363,414)
Investment components	(237,062)	-	(237,062)	113,673	123,389	-	123,389	-
Cash flows during the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(371,113)	(2,326,171)	-	(2,326,171)	(2,697,284)
Premiums paid for reinsurance contracts held	5,942,794	-	5,942,794	-	-	-	-	5,942,794
Subtotal of cash flows during the period	5,942,794	-	5,942,794	(371,113)	(2,326,171)	-	(2,326,171)	3,245,510
Ending balance of reinsurance contract assets	2,108,755	799	2,109,554	8,087,405	7,606,315	1,365,574	8,971,889	19,168,848
Ending balance of reinsurance contract liabilities	(11)	1	(10)	-	10	-	10	-
Net balance on June 30, 2026	\$ 2,108,744	\$ 800	\$ 2,109,544	\$ 8,087,405	\$ 7,606,325	\$ 1,365,574	\$ 8,971,899	\$ 19,168,848

For the six months ended June 30, 2025

	Assets for Remaining Coverage			Assets for Incurred Claims of Contracts Measured under the General Measurement Model	Assets for Incurred Claims Measured under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of reinsurance contract assets	\$ 2,571,099	\$ 522	\$ 2,571,621	\$ 2,714,687	\$ 7,491,377	\$ 830,156	\$ 8,321,533	\$ 13,607,841
Beginning balance of reinsurance contract liabilities	(12,590)	1	(12,589)	-	5,341	990	6,331	(6,258)
Net balance on January 1, 2025	<u>2,558,509</u>	<u>523</u>	<u>2,559,032</u>	<u>2,714,687</u>	<u>7,496,718</u>	<u>831,146</u>	<u>8,327,864</u>	<u>13,601,583</u>
Allocation of premiums paid	(5,621,635)	-	(5,621,635)	-	-	-	-	(5,621,635)
Amounts recovered from reinsurers								
Incurred claims and payments recovered	-	-	-	1,437,118	6,023,484	(13,425)	6,010,059	7,447,177
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	431	431	-	-	-	-	431
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	(857,962)	(2,441,114)	214,946	(2,226,168)	(3,084,130)
Subtotal of amounts recovered from reinsurers	<u>-</u>	<u>431</u>	<u>431</u>	<u>579,156</u>	<u>3,582,370</u>	<u>201,521</u>	<u>3,783,891</u>	<u>4,363,478</u>
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	(26)	-	(26)	(157)	27	-	27	(156)
Income or expenses from reinsurance contracts held	<u>(5,621,661)</u>	<u>431</u>	<u>(5,621,230)</u>	<u>578,999</u>	<u>3,582,397</u>	<u>201,521</u>	<u>3,783,918</u>	<u>(1,258,313)</u>
Finance income or expenses from reinsurance contracts held								
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest related	11,784	92	11,876	21,529	53,408	-	53,408	86,813
Exchange differences on translation of the financial statements of foreign operations	(5,933)	(5)	(5,938)	-	(32,273)	(11,775)	(44,048)	(49,986)
Total amount recognized in the statement of comprehensive income	<u>(5,615,810)</u>	<u>518</u>	<u>(5,615,292)</u>	<u>600,528</u>	<u>3,603,532</u>	<u>189,746</u>	<u>3,793,278</u>	<u>(1,221,486)</u>
Investment components	<u>(259,141)</u>	<u>-</u>	<u>(259,141)</u>	<u>141,703</u>	<u>117,438</u>	<u>-</u>	<u>117,438</u>	<u>-</u>
Cash flows during the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(222,151)	(2,281,831)	-	(2,281,831)	(2,503,982)
Premiums paid for reinsurance contracts held	<u>5,113,216</u>	<u>-</u>	<u>5,113,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,113,216</u>
Subtotal of cash flows during the period	<u>5,113,216</u>	<u>-</u>	<u>5,113,216</u>	<u>(222,151)</u>	<u>(2,281,831)</u>	<u>-</u>	<u>(2,281,831)</u>	<u>2,609,234</u>
Ending balance of reinsurance contract assets	1,932,804	1,041	1,933,845	3,234,767	8,858,769	1,009,482	9,868,251	15,036,863
Ending balance of reinsurance contract liabilities	<u>(136,030)</u>	<u>-</u>	<u>(136,030)</u>	<u>-</u>	<u>77,088</u>	<u>11,410</u>	<u>88,498</u>	<u>(47,532)</u>
Net balance on June 30, 2025	<u>\$ 1,796,774</u>	<u>\$ 1,041</u>	<u>\$ 1,797,815</u>	<u>\$ 3,234,767</u>	<u>\$ 8,935,857</u>	<u>\$ 1,020,892</u>	<u>\$ 9,956,749</u>	<u>\$ 14,989,331</u>

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

The following table presents a reconciliation of components of reinsurance contracts held under the general measurement model, from beginning to ending balances.

For the six months ended June 30, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Total	
Beginning balance of reinsurance contract assets	\$ 7,077,526	\$ 1,586,767	\$ -	\$ 29,868	\$ 420,590	\$ 450,458	\$ 9,114,751
Beginning balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on January 1, 2026	<u>7,077,526</u>	<u>1,586,767</u>	<u>-</u>	<u>29,868</u>	<u>420,590</u>	<u>450,458</u>	<u>9,114,751</u>
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(939,608)	(139,525)	-	247,807	831,326	1,079,133	-
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	-	-	299	(3)	296	296
Effect of contracts initially recognized during the period	<u>(744,847)</u>	<u>449,556</u>	<u>-</u>	<u>-</u>	<u>295,291</u>	<u>295,291</u>	<u>-</u>
Subtotal of changes that relate to future service	<u>(1,684,455)</u>	<u>310,031</u>	<u>-</u>	<u>248,106</u>	<u>1,126,614</u>	<u>1,374,720</u>	<u>296</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(74,843)	(707,434)	(782,277)	(782,277)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(410,252)	-	-	-	-	(410,252)
Experience adjustments	<u>678,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678,442</u>
Subtotal of changes that relate to current service	<u>678,442</u>	<u>(410,252)</u>	<u>-</u>	<u>(74,843)</u>	<u>(707,434)</u>	<u>(782,277)</u>	<u>(514,087)</u>
Changes that relate to past service							
Adjustments related to assets for incurred claims	(988,857)	118,095	-	-	-	-	(870,762)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	<u>575</u>	<u>-</u>	<u>-</u>	<u>(212)</u>	<u>-</u>	<u>(212)</u>	<u>363</u>
Income or expenses from reinsurance contracts held	<u>(1,994,295)</u>	<u>17,874</u>	<u>-</u>	<u>173,051</u>	<u>419,180</u>	<u>592,231</u>	<u>(1,384,190)</u>
Finance income or expenses from reinsurance contracts held							
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest-related	<u>14,241</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>3,907</u>	<u>4,127</u>	<u>18,368</u>
Total amount recognized in the statement of comprehensive income	<u>(1,980,054)</u>	<u>17,874</u>	<u>-</u>	<u>173,271</u>	<u>423,087</u>	<u>596,358</u>	<u>(1,365,822)</u>
Cash flows during the period							
Claims or expenses recovered from reinsurance contracts held	(371,113)	-	-	-	-	-	(371,113)
Premiums paid for reinsurance contracts held	<u>1,884,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,884,318</u>
Subtotal of cash flows during the period	<u>1,513,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,513,205</u>
Ending balance of reinsurance contract assets	6,610,677	1,604,641	-	203,139	843,677	1,046,816	9,262,134
Ending balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on June 30, 2026	<u>\$ 6,610,677</u>	<u>\$ 1,604,641</u>	<u>\$ -</u>	<u>\$ 203,139</u>	<u>\$ 843,677</u>	<u>\$ 1,046,816</u>	<u>\$ 9,262,134</u>

For the six months ended June 30, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Total	Total
Beginning balance of reinsurance contract assets	\$ 2,738,430	\$ 532,598	\$ -	\$ 45,975	\$ 611,423	\$ 657,398	\$ 3,928,426
Beginning balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on January 1, 2025	<u>2,738,430</u>	<u>532,598</u>	<u>-</u>	<u>45,975</u>	<u>611,423</u>	<u>657,398</u>	<u>3,928,426</u>
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(964,654)	111,619	-	227,810	625,225	853,035	-
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	-	-	107	1	108	108
Effect of contracts initially recognized during the period	<u>(912,315)</u>	<u>177,542</u>	<u>-</u>	<u>-</u>	<u>734,773</u>	<u>734,773</u>	<u>-</u>
Subtotal of changes that relate to future service	<u>(1,876,969)</u>	<u>289,161</u>	<u>-</u>	<u>227,917</u>	<u>1,359,999</u>	<u>1,587,916</u>	<u>108</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(87,416)	(942,389)	(1,029,805)	(1,029,805)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(56,478)	-	-	-	-	(56,478)
Experience adjustments	<u>801,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,130</u>
Subtotal of changes that relate to current service	<u>801,130</u>	<u>(56,478)</u>	<u>-</u>	<u>(87,416)</u>	<u>(942,389)</u>	<u>(1,029,805)</u>	<u>(285,153)</u>
Changes that relate to past service							
Adjustments related to assets for incurred claims	(813,423)	(47,208)	-	-	-	-	(860,631)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	<u>46</u>	<u>-</u>	<u>-</u>	<u>(230)</u>	<u>-</u>	<u>(230)</u>	<u>(184)</u>
Income or expenses from reinsurance contracts held	<u>(1,889,216)</u>	<u>185,475</u>	<u>-</u>	<u>140,271</u>	<u>417,610</u>	<u>557,881</u>	<u>(1,145,860)</u>
Finance income or expenses from reinsurance contracts held							
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest-related	<u>24,559</u>	<u>-</u>	<u>-</u>	<u>328</u>	<u>8,426</u>	<u>8,754</u>	<u>33,313</u>
Total amount recognized in the statement of comprehensive income	<u>(1,864,657)</u>	<u>185,475</u>	<u>-</u>	<u>140,599</u>	<u>426,036</u>	<u>566,635</u>	<u>(1,112,547)</u>
Cash flows during the period							
Claims or expenses recovered from reinsurance contracts held	(222,151)	-	-	-	-	-	(222,151)
Premiums paid for reinsurance contracts held	<u>2,022,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,022,873</u>
Subtotal of cash flows during the period	<u>1,800,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800,722</u>
Ending balance of reinsurance contract assets	2,674,495	718,073	-	186,574	1,037,459	1,224,033	4,616,601
Ending balance of reinsurance contract liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net balance on June 30, 2025	<u>\$ 2,674,495</u>	<u>\$ 718,073</u>	<u>\$ -</u>	<u>\$ 186,574</u>	<u>\$ 1,037,459</u>	<u>\$ 1,224,033</u>	<u>\$ 4,616,601</u>

- c. Effect of reinsurance contracts initially recognized that are measured under the general measurement model

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

	For the Six Months Ended June 30	
	2026	2025
Estimates of the present value of cash outflows	\$ (1,980,974)	\$ (1,537,797)
Estimates of the present value of cash inflows	1,236,127	625,482
Risk adjustment for non-financial risk	449,556	177,542
Contractual service margin	<u>295,291</u>	<u>734,773</u>
Effect of contracts initially recognized during the period	<u>\$ -</u>	<u>\$ -</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			June 30, 2026	December 31, 2025	June 30, 2025
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Operating non-life insurance business	100	100	100

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in associates	<u>\$ 2,730,194</u>	<u>\$ 2,553,784</u>	<u>\$ 2,310,256</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Group's share of:				
Profit from continuing operations	\$ (9,105)	\$ 47,035	\$ 100,361	\$ 92,371
Other comprehensive income	<u>(26,669)</u>	<u>(219,704)</u>	<u>76,050</u>	<u>(189,006)</u>
Total comprehensive income for the period	<u>\$ (35,774)</u>	<u>\$ (172,669)</u>	<u>\$ 176,411</u>	<u>\$ (96,635)</u>

Investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

The investments accounted for using the equity method were not pledged.

15. PROPERTY AND EQUIPMENT

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
<u>Cost</u>				
Balance on January 1, 2025	\$ 848,521	\$ 295,146	\$ 61,065	\$ 1,204,732
Additions	5,832	13,487	8,156	27,475
Disposals	(900)	(15,773)	-	(16,673)
Reclassification	22,620	4,600	(32,069)	(4,849)
Foreign exchange	<u>-</u>	<u>(8,412)</u>	<u>-</u>	<u>(8,412)</u>
Balance on June 30, 2025	<u>\$ 876,073</u>	<u>\$ 289,048</u>	<u>\$ 37,152</u>	<u>\$ 1,202,273</u>
<u>Accumulated depreciation and impairment</u>				
Balance on January 1, 2025	\$ 568,509	\$ 172,469	\$ -	\$ 740,978
Depreciation expense	64,650	19,114	-	83,764
Disposals	(900)	(15,756)	-	(16,656)
Foreign exchange	<u>-</u>	<u>(8,189)</u>	<u>-</u>	<u>(8,189)</u>
Balance on June 30, 2025	<u>\$ 632,259</u>	<u>\$ 167,638</u>	<u>\$ -</u>	<u>\$ 799,897</u>
Carrying amounts on June 30, 2025	<u>\$ 243,814</u>	<u>\$ 121,410</u>	<u>\$ 37,152</u>	<u>\$ 402,376</u>
<u>Cost</u>				
Balance on January 1, 2026	\$ 896,427	\$ 303,988	\$ 1,614	\$ 1,202,029
Additions	4,849	5,287	2,094	12,230
Disposals	(268)	(137)	-	(405)
Reclassification	-	-	(3,334)	(3,334)
Foreign exchange	<u>-</u>	<u>924</u>	<u>-</u>	<u>924</u>
Balance on June 30, 2026	<u>\$ 901,008</u>	<u>\$ 310,062</u>	<u>\$ 374</u>	<u>\$ 1,211,444</u>
<u>Accumulated depreciation and impairment</u>				
Balance on January 1, 2026	\$ 696,780	\$ 189,515	\$ -	\$ 886,295
Depreciation expense	56,162	21,041	-	77,203
Disposals	(248)	(94)	-	(342)
Foreign exchange	<u>-</u>	<u>888</u>	<u>-</u>	<u>888</u>
Balance on June 30, 2026	<u>\$ 752,694</u>	<u>\$ 211,350</u>	<u>\$ -</u>	<u>\$ 964,044</u>
Carrying amounts on December 31, 2025 and January 1, 2026	<u>\$ 199,647</u>	<u>\$ 114,473</u>	<u>\$ 1,614</u>	<u>\$ 315,734</u>
Carrying amounts on June 30, 2026	<u>\$ 148,314</u>	<u>\$ 98,712</u>	<u>\$ 374</u>	<u>\$ 247,400</u>

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

Computer equipment	3-5 years
Other equipment	3-5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025	
<u>Carrying amounts</u>				
Buildings	\$ 243,881	\$ 289,017	\$ 143,584	
Transportation equipment	<u>9,904</u>	<u>10,596</u>	<u>11,167</u>	
	<u>\$ 253,785</u>	<u>\$ 299,613</u>	<u>\$ 154,751</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets	<u>\$ 23,674</u>	<u>\$ 41,513</u>	<u>\$ 40,380</u>	<u>\$ 45,767</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 42,578	\$ 43,711	\$ 84,689	\$ 84,812
Transportation equipment	<u>852</u>	<u>809</u>	<u>1,695</u>	<u>1,494</u>
	<u>\$ 43,430</u>	<u>\$ 44,520</u>	<u>\$ 86,384</u>	<u>\$ 86,306</u>

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts	<u>\$ 255,483</u>	<u>\$ 300,801</u>	<u>\$ 154,636</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings	1.17%-8.57%	1.13%-8.57%	1.13%-8.57%
Transportation equipment	1.96%-2.76%	1.96%-2.76%	1.96%-2.76%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	\$ 5,907	\$ 6,008	\$ 12,095	\$ 13,122
Total cash outflow for leases	\$ 57,397	\$ 52,090	\$ 101,185	\$ 101,499

The Group leases certain transportation equipment and buildings which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INTANGIBLE ASSETS

	Computer Software	Other	Total
<u>Cost</u>			
Balance on January 1, 2025	\$ 595,320	\$ 500	\$ 595,820
Additions	15,237	-	15,237
Reclassification	4,849	-	4,849
Foreign exchange	(11,707)	-	(11,707)
Balance on June 30, 2025	\$ 603,699	\$ 500	\$ 604,199
<u>Accumulated amortization</u>			
Balance on January 1, 2025	\$ 491,342	\$ -	\$ 491,342
Amortization expense	32,274	-	32,274
Foreign exchange	(9,512)	-	(9,512)
Balance on June 30, 2025	\$ 514,104	\$ -	\$ 514,104
Carrying amounts on June 30, 2025	\$ 89,595	\$ 500	\$ 90,095

<u>Cost</u>			
Balance on January 1, 2026	\$ 668,016	\$ 500	\$ 668,516
Additions	13,652	-	13,652
Reclassification	3,334	-	3,334
Foreign exchange	1,273	-	1,273
Balance on June 30, 2026	\$ 686,275	\$ 500	\$ 686,775

(Continued)

	Computer Software	Other	Total
<u>Accumulated amortization</u>			
Balance on January 1, 2026	\$ 546,405	\$ -	\$ 546,405
Amortization expense	32,406	-	32,406
Foreign exchange	<u>1,120</u>	<u>-</u>	<u>1,120</u>
Balance on June 30, 2026	<u>\$ 579,931</u>	<u>\$ -</u>	<u>\$ 579,931</u>
Carrying amounts on December 31, 2025 and January 1, 2026	<u>\$ 121,611</u>	<u>\$ 500</u>	<u>\$ 122,111</u>
Carrying amounts on June 30, 2026	<u>\$ 106,344</u>	<u>\$ 500</u>	<u>\$ 106,844</u>
			(Concluded)

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3 years

18. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Deposits in the Central Bank	\$ 299,988	\$ 299,897	\$ 299,821
Statutory deposits	27,563	27,471	27,123
Other deposits	170,304	177,664	186,852
Prepayments	5,057	6,022	3,984
Others	<u>29,067</u>	<u>25,240</u>	<u>41,195</u>
	<u>\$ 531,979</u>	<u>\$ 536,294</u>	<u>\$ 558,975</u>

Refer to Note 32 for the information of the assets, including government bonds and time deposits, pledged as guarantee deposits of the Group.

19. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Integrated income tax payable	\$ 457,975	\$ 670,533	\$ 322,029
Dividend payable	-	-	1,457,492
Other payables	<u>1,220,953</u>	<u>1,352,887</u>	<u>931,962</u>
	<u>\$ 1,678,928</u>	<u>\$ 2,023,420</u>	<u>\$ 2,711,483</u>

20. INSURANCE CONTRACT LIABILITIES

a. Reconciliation of assets and liabilities of insurance contracts issued:

The table below presents a reconciliation of liabilities for remaining coverage and liabilities for incurred claims of insurance contracts issued, from beginning to ending balances.

For the six months ended June 30, 2026

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of insurance contract assets	\$ (5,148)	\$ 105	\$ (5,043)	\$ -	\$ 120	\$ 17	\$ 137	\$ (4,906)
Beginning balance of insurance contract liabilities	14,652,803	31,884	14,684,687	10,702,844	16,136,420	2,149,826	18,286,246	43,673,777
Net balance on January 1, 2026	14,647,655	31,989	14,679,644	10,702,844	16,136,540	2,149,843	18,286,383	43,668,871
Insurance revenue								
Contracts under the fair value approach	(276,249)	-	(276,249)	-	-	-	-	(276,249)
Other contracts	(20,261,992)	-	(20,261,992)	-	-	-	-	(20,261,992)
Subtotal of insurance revenue	(20,538,241)	-	(20,538,241)	-	-	-	-	(20,538,241)
Insurance service expenses								
Claims incurred and other insurance service expenses incurred	-	-	-	2,203,212	10,047,578	(458,166)	9,589,412	11,792,624
Changes that relate to past service - changes in fulfilment cash flows related to liabilities for incurred claims	-	-	-	(834,605)	(2,525,644)	58,732	(2,466,912)	(3,301,517)
Changes that relate to future service - losses and reversals of losses on groups of onerous insurance contracts	-	4,651	4,651	-	-	-	-	4,651
Amortization of insurance acquisition cash flows	3,955,846	-	3,955,846	-	-	-	-	3,955,846
Subtotal of insurance service expenses	3,955,846	4,651	3,960,497	1,368,607	7,521,934	(399,434)	7,122,500	12,451,604
Insurance service result	(16,582,395)	4,651	(16,577,744)	1,368,607	7,521,934	(399,434)	7,122,500	(8,086,637)
Insurance finance income or expenses								
Insurance finance income or expenses recognized in profit or loss - interest related	6,293	1,598	7,891	25,641	66,129	-	66,129	99,661
Foreign exchange gains or losses	(2,460)	9	(2,451)	171	7,451	468	7,919	5,639
Exchange differences on translation of the financial statements of foreign operations	2,385	27	2,412	-	9,286	21,647	30,933	33,345
Total amount recognized in the statement of comprehensive income	(16,576,177)	6,285	(16,569,892)	1,394,419	7,604,800	(377,319)	7,227,481	(7,947,992)
Cash flows during the period								
Premiums received from insurance contracts issued	20,237,675	-	20,237,675	-	-	-	-	20,237,675
Incurred claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(1,124,555)	(9,132,035)	-	(9,132,035)	(10,256,590)
Insurance acquisition cash flows	(4,063,729)	-	(4,063,729)	-	-	-	-	(4,063,729)
Subtotal of cash flows during the period	16,173,946	-	16,173,946	(1,124,555)	(9,132,035)	-	(9,132,035)	5,917,356
Ending balance of insurance contract assets	(9,954)	69	(9,885)	-	3,626	183	3,809	(6,076)
Ending balance of insurance contract liabilities	14,255,378	38,205	14,293,583	10,972,708	14,605,679	1,772,341	16,378,020	41,644,311
Net balance on June 30, 2026	\$ 14,245,424	\$ 38,274	\$ 14,283,698	\$ 10,972,708	\$ 14,609,305	\$ 1,772,524	\$ 16,381,829	\$ 41,638,235

For the six months ended June 30, 2025

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of insurance contract assets	\$ (2,026)	\$ 40	\$ (1,986)	\$ -	\$ (86)	\$ (12)	\$ (98)	\$ (2,084)
Beginning balance of insurance contract liabilities	13,421,583	25,310	13,446,893	4,490,270	13,326,474	1,153,657	14,480,131	32,417,294
Net balance on January 1, 2025	13,419,557	25,350	13,444,907	4,490,270	13,326,388	1,153,645	14,480,033	32,415,210
Insurance revenue								
Contracts under the fair value approach	(446,044)	-	(446,044)	-	-	-	-	(446,044)
Other contracts	(18,979,932)	-	(18,979,932)	-	-	-	-	(18,979,932)
Subtotal of insurance revenue	(19,425,976)	-	(19,425,976)	-	-	-	-	(19,425,976)
Insurance service expenses								
Claims incurred and other insurance service expenses incurred	-	-	-	2,240,535	10,303,396	(94,543)	10,208,853	12,449,388
Changes that relate to past service - changes in fulfillment cash flows related to liabilities for incurred claims	-	-	-	(682,332)	280,474	271,651	552,125	(130,207)
Changes that relate to future service - losses and reversals of losses on groups of onerous insurance contracts	-	10,864	10,864	-	-	-	-	10,864
Amortization of insurance acquisition cash flows	3,811,992	-	3,811,992	-	-	-	-	3,811,992
Subtotal of insurance service expenses	3,811,992	10,864	3,822,856	1,558,203	10,583,870	177,108	10,760,978	16,142,037
Insurance service result	(15,613,984)	10,864	(15,603,120)	1,558,203	10,583,870	177,108	10,760,978	(3,283,939)
Insurance finance income or expenses								
Insurance finance income or expenses recognized in profit or loss - interest related	25,052	12,930	37,982	34,953	104,904	-	104,904	177,839
Foreign exchange gains or losses	(540)	(13)	(553)	(4,358)	(70,702)	(8,073)	(78,775)	(83,686)
Exchange differences on translation of the financial statements of foreign operations	(21,022)	(468)	(21,490)	-	(40,807)	(11,881)	(52,688)	(74,178)
Total amount recognized in the statement of comprehensive income	(15,610,494)	23,313	(15,587,181)	1,588,798	10,577,265	157,154	10,734,419	(3,263,964)
Cash flows during the period								
Premiums received from insurance contracts issued	20,068,713	-	20,068,713	-	-	-	-	20,068,713
Incurred claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(823,023)	(8,929,741)	-	(8,929,741)	(9,752,764)
Insurance acquisition cash flows	(3,953,607)	-	(3,953,607)	-	-	-	-	(3,953,607)
Subtotal of cash flows during the period	16,115,106	-	16,115,106	(823,023)	(8,929,741)	-	(8,929,741)	6,362,342
Ending balance of insurance contract assets	(4,605)	51	(4,554)	-	79	11	90	(4,464)
Ending balance of insurance contract liabilities	13,928,774	48,612	13,977,386	5,256,045	14,973,833	1,310,788	16,284,621	35,518,052
Net balance on June 30, 2025	\$ 13,924,169	\$ 48,663	\$ 13,972,832	\$ 5,256,045	\$ 14,973,912	\$ 1,310,799	\$ 16,284,711	\$ 35,513,588

b. Reconciliation of components of insurance contract assets and liabilities

The table below presents a reconciliation of components of insurance contracts issued that are measured under the general measurement model, from beginning to ending balances.

For the six months ended June 30, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning balance of insurance contract liabilities	10,382,530	2,163,448	-	352,125	679,253	1,031,378	13,577,356
Net balance on January 1, 2026	10,382,530	2,163,448	-	352,125	679,253	1,031,378	13,577,356
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(49,794)	22,868	-	122,444	(95,518)	26,926	-
Losses and reversals of losses on groups of onerous contracts	300	-	-	125	59	184	484
Effect of contracts initially recognized during the period	(1,184,710)	456,394	-	-	728,318	728,318	2
Subtotal of changes that relate to future service	(1,234,204)	479,262	-	122,569	632,859	755,428	486
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(161,884)	(619,453)	(781,337)	(781,337)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(67,519)	-	-	-	-	(67,519)
Experience adjustments	843,627	-	-	-	-	-	843,627
Subtotal of changes that relate to current service	843,627	(67,519)	-	(161,884)	(619,453)	(781,337)	(5,229)
Changes that relate to past service							
Changes in fulfilment cash flows related to incurred claims	(1,094,347)	(318,928)	-	-	-	-	(1,413,275)
Insurance service result	(1,484,924)	92,815	-	(39,315)	13,406	(25,909)	(1,418,018)
Insurance finance income or expenses							
Insurance finance income or expenses recognized in profit or loss - interest related	21,710	-	-	2,591	7,639	10,230	31,940
Foreign exchange gains or losses	192	25	-	2	-	2	219
Total amount recognized in the statement of comprehensive income	(1,463,022)	92,840	-	(36,722)	21,045	(15,677)	(1,385,859)
Cash flows during the period							
Premiums received from insurance contracts issued	3,497,841	-	-	-	-	-	3,497,841
Incurred claims and other insurance service expenses paid for insurance contracts issued	(1,124,555)	-	-	-	-	-	(1,124,555)
Insurance acquisition cash flows	(537,240)	-	-	-	-	-	(537,240)
Total cash flows during the period	1,836,046	-	-	-	-	-	1,836,046
Ending balance of insurance contract assets	-	-	-	-	-	-	-
Ending balance of insurance contract liabilities	10,755,554	2,256,288	-	315,403	700,298	1,015,701	14,027,543
Net balance on June 30, 2026	<u>\$ 10,755,554</u>	<u>\$ 2,256,288</u>	<u>\$ -</u>	<u>\$ 315,403</u>	<u>\$ 700,298</u>	<u>\$ 1,015,701</u>	<u>\$ 14,027,543</u>

For the six months ended June 30, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning balance of insurance contract liabilities	4,823,024	833,438	-	378,291	684,963	1,063,254	6,719,716
Net balance on January 1, 2025	<u>4,823,024</u>	<u>833,438</u>	<u>-</u>	<u>378,291</u>	<u>684,963</u>	<u>1,063,254</u>	<u>6,719,716</u>
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(438,010)	9,180	-	406,764	22,066	428,830	-
Losses and reversals of losses on groups of onerous contracts	-	-	-	5,640	39	5,679	5,679
Effect of contracts initially recognized during the period	<u>(1,513,668)</u>	<u>372,703</u>	<u>-</u>	<u>-</u>	<u>1,140,965</u>	<u>1,140,965</u>	<u>-</u>
Subtotal of changes that relate to future service	<u>(1,951,678)</u>	<u>381,883</u>	<u>-</u>	<u>412,404</u>	<u>1,163,070</u>	<u>1,575,474</u>	<u>5,679</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(285,021)	(841,467)	(1,126,488)	(1,126,488)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	378	-	-	-	-	378
Experience adjustments	<u>887,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,629</u>
Subtotal of changes that relate to current service	<u>887,629</u>	<u>378</u>	<u>-</u>	<u>(285,021)</u>	<u>(841,467)</u>	<u>(1,126,488)</u>	<u>(238,481)</u>
Changes that relate to past service							
Changes in fulfilment cash flows related to incurred claims	<u>(677,388)</u>	<u>(156,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(834,233)</u>
Insurance service result	<u>(1,741,437)</u>	<u>225,416</u>	<u>-</u>	<u>127,383</u>	<u>321,603</u>	<u>448,986</u>	<u>(1,067,035)</u>
Insurance finance income or expenses							
Insurance finance income or expenses recognized in profit or loss - interest related	48,937	-	-	2,699	8,387	11,086	60,023
Foreign exchange gains or losses	<u>(3,796)</u>	<u>(538)</u>	<u>-</u>	<u>(7)</u>	<u>(10)</u>	<u>(17)</u>	<u>(4,351)</u>
Total amount recognized in the statement of comprehensive income	<u>(1,696,296)</u>	<u>224,878</u>	<u>-</u>	<u>130,075</u>	<u>329,980</u>	<u>460,055</u>	<u>(1,011,363)</u>
Cash flows during the period							
Premiums received from insurance contracts issued	3,729,744	-	-	-	-	-	3,729,744
Incurred claims and other insurance service expenses paid for insurance contracts issued	<u>(823,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(823,004)</u>
Insurance acquisition cash flows	<u>(544,411)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(544,411)</u>
Total cash flows during the period	<u>2,362,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362,329</u>
Ending balance of insurance contract assets	(60)	6	-	-	17	17	(37)
Ending balance of insurance contract liabilities	<u>5,489,117</u>	<u>1,058,310</u>	<u>-</u>	<u>508,366</u>	<u>1,014,926</u>	<u>1,523,292</u>	<u>8,070,719</u>
Net balance on June 30, 2025	<u>\$ 5,489,057</u>	<u>\$ 1,058,316</u>	<u>\$ -</u>	<u>\$ 508,366</u>	<u>\$ 1,014,943</u>	<u>\$ 1,523,309</u>	<u>\$ 8,070,682</u>

- c. Effect of initial recognition of insurance contracts measured under the general measurement model.

The following table presents the impact on the consolidated balance sheet arising from insurance contracts initially recognized during the period:

For the six months ended June 30, 2026

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
<u>Estimates of present value of future cash outflows</u>			
Insurance acquisition cash flows	\$ (497,296)	\$ 1	\$ (497,295)
Claims and other directly attributable expenses	<u>(1,716,703)</u>	<u>4</u>	<u>(1,716,699)</u>
Total	<u>(2,213,999)</u>	<u>5</u>	<u>(2,213,994)</u>
Estimates of present value of future cash inflows	3,398,712	(8)	3,398,704
Risk adjustment for non-financial risk	(456,395)	1	(456,394)
Contractual service margin	<u>(728,318)</u>	<u>-</u>	<u>(728,318)</u>
Effect of contracts initially recognized during the period	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (2)</u>

For the six months ended June 30, 2025

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
<u>Estimates of present value of future cash outflows</u>			
Insurance acquisition cash flows	\$ (549,472)	\$ -	\$ (549,472)
Claims and other directly attributable expenses	<u>(1,544,705)</u>	<u>-</u>	<u>(1,544,705)</u>
Total	<u>(2,094,177)</u>	<u>-</u>	<u>(2,094,177)</u>
Estimates of present value of future cash inflows	3,607,845	-	3,607,845
Risk adjustment for non-financial risk	(372,703)	-	(372,703)
Contractual service margin	<u>(1,140,965)</u>	<u>-</u>	<u>(1,140,965)</u>
Effect of contracts initially recognized during the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

21. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Special reserve-compulsory automobile liability insurance	\$ 1,625,287	\$ 1,568,563	\$ 1,469,015
Special reserve-all insurances other than compulsory automobile liability insurance	2,327,211	308,499	403,161
Other liability - others	<u>2,202,906</u>	<u>1,596,451</u>	<u>1,819,395</u>
	<u>\$ 6,155,404</u>	<u>\$ 3,473,513</u>	<u>\$ 3,691,571</u>

a. Special reserve for compulsory automobile liability insurance

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 1,568,563	\$ 1,404,675
Provision	60,221	70,592
Recovery	<u>(3,497)</u>	<u>(6,252)</u>
Ending balance	<u>\$ 1,625,287</u>	<u>\$ 1,469,015</u>

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, from January 1 to June 30, 2026 and 2025, NT\$15 and NT\$15 per insurance contract will be set aside as this reserve, respectively, and recognized as expenses in its own compulsory automobile liability insurance business. In the case of a deficit in the annual net insurance premium in the business run by a property insurance company in the future, the deficit shall be compensated with the special reserve first; if there is still any shortage, it shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

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

	For the Six Months Ended June 30, 2026		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ -	\$ 308,499	\$ 308,499
Provision of special reserve pursuant to Rule No. 11504111391	<u>858,400</u>	<u>1,160,312</u>	<u>2,018,712</u>
Adjusted beginning balance	858,400	1,468,811	2,327,211
Provision	-	-	-
Recovery	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 858,400</u>	<u>\$ 1,468,811</u>	<u>\$ 2,327,211</u>

	For the Six Months Ended June 30, 2025		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 94,662	\$ 308,499	\$ 403,161
Provision	-	-	-
Recovery	-	-	-
Ending balance	<u>\$ 94,662</u>	<u>\$ 308,499</u>	<u>\$ 403,161</u>

In accordance with Rule No. 11504111391 on March 31, 2026, the Company has transferred in full the favorable pre-tax impact of \$2,018,712 thousand arising from the initial application of IFRS 17 to the special reserve under liabilities for commercial earthquake insurance and typhoon and flood insurance.

The non-application of the Directions for Strengthening the Provisions on Catastrophe Reserves for Property Insurance Enterprises, the Directions for Strengthening the Provisions on Reserves for Members of the Residential Earthquake Insurance Pool, and the Regulations Governing the Provision of Various Reserves for Nuclear Insurance by Property Insurance Enterprises had no impact on the Company's profit or loss before tax or earnings per share for the second quarters of 2026 and 2025. Liabilities decreased by \$1,615,551 thousand and \$94,662 thousand, respectively, while equity increased by \$1,614,091 thousand and \$239,520 thousand, respectively.

22. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Insurance acquisition cash flows	\$ 2,682	\$ 3,415	\$ 5,365	\$ 6,830
Other directly attributable expenses	1,579	2,010	3,157	4,019
Other operating expenses	<u>992</u>	<u>1,254</u>	<u>1,985</u>	<u>2,509</u>
	<u>\$ 5,253</u>	<u>\$ 6,679</u>	<u>\$ 10,507</u>	<u>\$ 13,358</u>

23. EQUITY

a. Share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares issued	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of ordinary shares	\$ 7,806,316	\$ 7,806,316	\$ 7,806,316
<u>May not be used for any purpose</u>			
Recognition of employee share options by the parent company	<u>54,817</u>	<u>54,817</u>	<u>54,817</u>
	<u>\$ 7,861,133</u>	<u>\$ 7,861,133</u>	<u>\$ 7,861,133</u>

Note: The capital surplus from shares issued in excess of par (share premium from the issuance of ordinary shares) may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, under Rule No. 10202501991 issued by the FSC, the Company can distribute its capital surplus pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met, and the related information is delivered and approved by the authority.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 26 (c).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserves may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under Rule No. 10202501991 issued by the FSC, the Company can distribute its legal reserve pursuant to Article 241 of the Company Act only if the Company's legal reserve exceeds its paid-in capital, other conditions requested under the Rule are met and the related information is delivered and approved by the authority.

Under Rule No. 11004920441, Rule No. 10904939031 and Rule No. 10804932431 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2025 and 2024, which were resolved by the board of directors acting on behalf of the shareholders on April 28, 2026 and May 9, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
Legal reserve	\$ 751,450	\$ 527,324
Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises)	678,667	634,193
Special reserve (FinTech development)	(567)	(707)
Special reserve (according to Rule No. 10904939031)	21,108	18,320
Cash dividends	2,306,589	1,457,492
Cash dividends per share (NT\$)	11.53	7.29

d. Special reserve

	For the Six Months Ended June 30, 2026				
	Special Reserve				
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	\$ 1,343,220	\$ 4,595,274	\$ -	\$ 87,338	\$ 6,025,832
Provision	-	-	-	-	-
Recovery/reversal	-	-	-	(567)	(567)
Ending balance	<u>\$ 1,343,220</u>	<u>\$ 4,595,274</u>	<u>\$ -</u>	<u>\$ 86,771</u>	<u>\$ 6,025,265</u>

	For the Six Months Ended June 30, 2025				
	Special Reserve				
	Catastrophic Event	Fluctuation of Risk	Others	Others	Total
Beginning balance	\$ 1,046,427	\$ 4,213,400	\$ -	\$ 66,937	\$ 5,326,764
Provision	-	-	-	-	-
Recovery/reversal	-	-	-	(707)	(707)
Ending balance	<u>\$ 1,046,427</u>	<u>\$ 4,213,400</u>	<u>\$ -</u>	<u>\$ 66,230</u>	<u>\$ 5,326,057</u>

According to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the increased reserved amounts of special reserve for catastrophic events and the special reserve for fluctuation of risk should be recognized at the end of each year. This portion of retained earnings may not be distributed or used for other purposes.

e. Other equity items

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	<u>\$ (273,918)</u>	<u>\$ (232,465)</u>
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	4,066	(76,104)
Share from associates accounted for using the equity method	<u>111,305</u>	<u>(173,270)</u>
Other comprehensive income (loss) recognized for the period	<u>115,371</u>	<u>(249,374)</u>
Ending balance	<u>\$ (158,547)</u>	<u>\$ (481,839)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 27,033	\$ 32,841
The quantified impact of the re-designation of financial assets	<u>827,607</u>	<u>-</u>
Beginning balance of the re-designation of financial assets	<u>854,640</u>	<u>32,841</u>
Recognized for the period		
Unrealized gain		
Equity instruments	4,803,792	-
Debt instruments	20,745	5,867
Adjustments of loss allowance in debt instruments	551	6
Share from associates accounted for using the equity method	<u>(35,255)</u>	<u>(15,736)</u>
Tax effects	<u>(12,556)</u>	<u>-</u>
Other comprehensive income (loss) recognized for the period	<u>4,777,277</u>	<u>(9,863)</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(1,422,303)	-
Changes from investments in associates accounted for using equity method	<u>(13,663)</u>	<u>(490)</u>
Ending balance	<u>\$ 4,195,951</u>	<u>\$ 22,488</u>

3) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (172,343)	\$ (174,975)
Remeasurement of defined benefit plans	(896)	-
Tax effects	<u>179</u>	<u>-</u>
Other comprehensive income recognized for the period	<u>(717)</u>	<u>-</u>
Ending balance	<u>\$ (173,060)</u>	<u>\$ (174,975)</u>

24. INSURANCE SERVICE RESULT

a. Insurance revenue

For the three months ended June 30, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	\$ 774,714	\$ 6,475	\$ 781,189	\$ -	\$ -	\$ -	\$ 774,714	\$ 6,475	\$ 781,189
Contractual service margin recognized for services provided	408,915	4,933	413,848	-	-	-	408,915	4,933	413,848
Release of the risk adjustment for non-financial risk	187,069	2,050	189,119	-	-	-	187,069	2,050	189,119
Allocation of premiums related to the recovery of insurance acquisition cash flows	<u>240,339</u>	<u>289</u>	<u>240,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,339</u>	<u>289</u>	<u>240,628</u>
Total insurance revenue measured under the general measurement model	<u>1,611,037</u>	<u>13,747</u>	<u>1,624,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,611,037</u>	<u>13,747</u>	<u>1,624,784</u>
Insurance revenue measured under the premium allocation approach	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,566,792</u>	<u>236,962</u>	<u>8,803,754</u>	<u>8,566,792</u>	<u>236,962</u>	<u>8,803,754</u>
Total insurance revenue	<u>\$ 1,611,037</u>	<u>\$ 13,747</u>	<u>\$ 1,624,784</u>	<u>\$ 8,566,792</u>	<u>\$ 236,962</u>	<u>\$ 8,803,754</u>	<u>\$ 10,177,829</u>	<u>\$ 250,709</u>	<u>\$ 10,428,538</u>

For the three months ended June 30, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	\$ 650,096	\$ 5,715	\$ 655,811	\$ -	\$ -	\$ -	\$ 650,096	\$ 5,715	\$ 655,811
Contractual service margin recognized for services provided	662,702	6,590	669,292	-	-	-	662,702	6,590	669,292
Release of the risk adjustment for non-financial risk	139,710	1,582	141,292	-	-	-	139,710	1,582	141,292
Allocation of premiums related to the recovery of insurance acquisition cash flows	<u>238,504</u>	<u>219</u>	<u>238,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,504</u>	<u>219</u>	<u>238,723</u>
Total insurance revenue measured under the general measurement model	<u>1,691,012</u>	<u>14,106</u>	<u>1,705,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,691,012</u>	<u>14,106</u>	<u>1,705,118</u>
Insurance revenue measured under the premium allocation approach	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,986,419</u>	<u>274,641</u>	<u>8,261,060</u>	<u>7,986,419</u>	<u>274,641</u>	<u>8,261,060</u>
Total insurance revenue	<u>\$ 1,691,012</u>	<u>\$ 14,106</u>	<u>\$ 1,705,118</u>	<u>\$ 7,986,419</u>	<u>\$ 274,641</u>	<u>\$ 8,261,060</u>	<u>\$ 9,677,431</u>	<u>\$ 288,747</u>	<u>\$ 9,966,178</u>

For the six months ended June 30, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	\$ 1,599,425	\$ 12,826	\$ 1,612,251	\$ -	\$ -	\$ -	\$ 1,599,425	\$ 12,826	\$ 1,612,251
Contractual service margin recognized for services provided	772,795	8,542	781,337	-	-	-	772,795	8,542	781,337
Release of the risk adjustment for non-financial risk	388,014	4,021	392,035	-	-	-	388,014	4,021	392,035
Allocation of premiums related to the recovery of insurance acquisition cash flows	<u>478,765</u>	<u>522</u>	<u>479,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,765</u>	<u>522</u>	<u>479,287</u>
Total insurance revenue measured under the general measurement model	<u>3,238,999</u>	<u>25,911</u>	<u>3,264,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,238,999</u>	<u>25,911</u>	<u>3,264,910</u>
Insurance revenue measured under the premium allocation approach	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,794,541</u>	<u>478,790</u>	<u>17,273,331</u>	<u>16,794,541</u>	<u>478,790</u>	<u>17,273,331</u>
Total insurance revenue	<u>\$ 3,238,999</u>	<u>\$ 25,911</u>	<u>\$ 3,264,910</u>	<u>\$ 16,794,541</u>	<u>\$ 478,790</u>	<u>\$ 17,273,331</u>	<u>\$ 20,033,540</u>	<u>\$ 504,701</u>	<u>\$ 20,538,241</u>

For the six months ended June 30, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	\$ 1,231,023	\$ 11,989	\$ 1,243,012	\$ -	\$ -	\$ -	\$ 1,231,023	\$ 11,989	\$ 1,243,012
Contractual service margin recognized for services provided	1,116,663	9,825	1,126,488	-	-	-	1,116,663	9,825	1,126,488
Release of the risk adjustment for non-financial risk	258,171	3,070	261,241	-	-	-	258,171	3,070	261,241
Allocation of premiums related to the recovery of insurance acquisition cash flows	<u>452,300</u>	<u>370</u>	<u>452,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,300</u>	<u>370</u>	<u>452,670</u>
Total insurance revenue measured under the general measurement model	<u>3,058,157</u>	<u>25,254</u>	<u>3,083,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,058,157</u>	<u>25,254</u>	<u>3,083,411</u>
Insurance revenue measured under the premium allocation approach	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,826,621</u>	<u>515,944</u>	<u>16,342,565</u>	<u>15,826,621</u>	<u>515,944</u>	<u>16,342,565</u>
Total insurance revenue	<u>\$ 3,058,157</u>	<u>\$ 25,254</u>	<u>\$ 3,083,411</u>	<u>\$ 15,826,621</u>	<u>\$ 515,944</u>	<u>\$ 16,342,565</u>	<u>\$ 18,884,778</u>	<u>\$ 541,198</u>	<u>\$ 19,425,976</u>

b. Insurance service expenses

For the three months ended June 30, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	\$ (927,298)	\$ 9,778	\$ (917,520)	\$ (4,380,017)	\$ (115,534)	\$ (4,495,551)	\$ (5,307,315)	\$ (105,756)	\$ (5,413,071)
Incurred other insurance service expenses	(42,768)	-	(42,768)	(356,671)	-	(356,671)	(399,439)	-	(399,439)
Changes that relate to past service - adjustments to liabilities for incurred claims	300,419	3,696	304,115	1,635,258	(87,500)	1,547,758	1,935,677	(83,804)	1,851,873
Changes that relate to future service - losses and reversals of losses on groups of onerous contracts	405	-	405	2,892	(15,807)	(12,915)	3,297	(15,807)	(12,510)
Amortization of insurance acquisition cash flows	<u>(240,339)</u>	<u>(289)</u>	<u>(240,628)</u>	<u>(1,787,215)</u>	<u>(805)</u>	<u>(1,788,020)</u>	<u>(2,027,554)</u>	<u>(1,094)</u>	<u>(2,028,648)</u>
Insurance service expenses	<u>\$ (909,581)</u>	<u>\$ 13,185</u>	<u>\$ (896,396)</u>	<u>\$ (4,885,753)</u>	<u>\$ (219,646)</u>	<u>\$ (5,105,399)</u>	<u>\$ (5,795,334)</u>	<u>\$ (206,461)</u>	<u>\$ (6,001,795)</u>

For the three months ended June 30, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	\$ (364,153)	\$ (14,095)	\$ (378,248)	\$ (3,236,594)	\$ (150,143)	\$ (3,386,737)	\$ (3,600,747)	\$ (164,238)	\$ (3,764,985)
Incurred other insurance service expenses	(37,963)	-	(37,963)	(343,221)	-	(343,221)	(381,184)	-	(381,184)
Changes that relate to past service - adjustments to liabilities for incurred claims	168,524	134	168,658	(258,790)	(84,192)	(342,982)	(90,266)	(84,058)	(174,324)
Changes that relate to future service - losses and reversals of losses on groups of onerous contracts	(5,516)	-	(5,516)	456	(18,006)	(17,550)	(5,060)	(18,006)	(23,066)
Amortization of insurance acquisition cash flows	<u>(238,504)</u>	<u>(219)</u>	<u>(238,723)</u>	<u>(1,720,790)</u>	<u>(1,514)</u>	<u>(1,722,304)</u>	<u>(1,959,294)</u>	<u>(1,733)</u>	<u>(1,961,027)</u>
Insurance service expenses	<u>\$ (477,612)</u>	<u>\$ (14,180)</u>	<u>\$ (491,792)</u>	<u>\$ (5,558,939)</u>	<u>\$ (253,855)</u>	<u>\$ (5,812,794)</u>	<u>\$ (6,036,551)</u>	<u>\$ (268,035)</u>	<u>\$ (6,304,586)</u>

For the six months ended June 30, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	\$ (2,100,548)	\$ (19,130)	\$ (2,119,678)	\$ (8,663,190)	\$ (265,031)	\$ (8,928,221)	\$ (10,763,738)	\$ (284,161)	\$ (11,047,899)
Incurred other insurance service expenses	(83,534)	-	(83,534)	(661,191)	-	(661,191)	(744,725)	-	(744,725)
Changes that relate to past service - adjustments to liabilities for incurred claims	813,222	21,383	834,605	2,574,106	(107,194)	2,466,912	3,387,328	(85,811)	3,301,517
Changes that relate to future service - losses and reversals of losses on groups of onerous contracts	1,143	(141)	1,002	1,218	(6,871)	(5,653)	2,361	(7,012)	(4,651)
Amortization of insurance acquisition cash flows	<u>(478,765)</u>	<u>(522)</u>	<u>(479,287)</u>	<u>(3,475,470)</u>	<u>(1,089)</u>	<u>(3,476,559)</u>	<u>(3,954,235)</u>	<u>(1,611)</u>	<u>(3,955,846)</u>
Insurance service expenses	<u>\$ (1,848,482)</u>	<u>\$ 1,590</u>	<u>\$ (1,846,892)</u>	<u>\$ (10,224,527)</u>	<u>\$ (380,185)</u>	<u>\$ (10,604,712)</u>	<u>\$ (12,073,009)</u>	<u>\$ (378,595)</u>	<u>\$ (12,451,604)</u>

For the six months ended June 30, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	\$ (2,133,991)	\$ (35,149)	\$ (2,169,140)	\$ (9,334,950)	\$ (213,103)	\$ (9,548,053)	\$ (11,468,941)	\$ (248,252)	\$ (11,717,193)
Incurred other insurance service expenses	(71,395)	-	(71,395)	(660,800)	-	(660,800)	(732,195)	-	(732,195)
Changes that relate to past service - adjustments to liabilities for incurred claims	636,938	45,394	682,332	(337,272)	(214,853)	(552,125)	299,666	(169,459)	130,207
Changes that relate to future service - losses and reversals of losses on groups of onerous contracts	(5,503)	-	(5,503)	(5,908)	547	(5,361)	(11,411)	547	(10,864)
Amortization of insurance acquisition cash flows	<u>(452,300)</u>	<u>(370)</u>	<u>(452,670)</u>	<u>(3,356,887)</u>	<u>(2,435)</u>	<u>(3,359,322)</u>	<u>(3,809,187)</u>	<u>(2,805)</u>	<u>(3,811,992)</u>
Insurance service expenses	<u>\$ (2,026,251)</u>	<u>\$ 9,875</u>	<u>\$ (2,016,376)</u>	<u>\$ (13,695,817)</u>	<u>\$ (429,844)</u>	<u>\$ (14,125,661)</u>	<u>\$ (15,722,068)</u>	<u>\$ (419,969)</u>	<u>\$ (16,142,037)</u>

c. Expected contractual service margin recognized in profit or loss

The following table presents the expected timing of recognition in profit or loss of the remaining contractual service margin for insurance contracts issued and reinsurance contracts held that are measured under the general measurement model:

June 30, 2026

	Within 1 Year	1 to 3 Years	More Than 3 Years	Total
Insurance contracts issued	\$ 691,389	\$ 264,111	\$ 60,201	\$ 1,015,701
Reinsurance contracts held	686,174	262,559	98,083	1,046,816

June 30, 2025

	Within 1 Year	1 to 3 Years	More Than 3 Years	Total
Insurance contracts issued	\$ 1,024,793	\$ 375,022	\$ 123,494	\$ 1,523,309
Reinsurance contracts held	932,846	229,626	61,561	1,224,033

d. Income or expenses from reinsurance contracts held

For the three months ended June 30, 2026

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes that relate to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	\$ (423,744)	\$ -	\$ (423,744)
Changes in the risk adjustment for non-financial risk	(159,309)	-	(159,309)
Contractual service margin recognized in profit or loss for services received	(346,921)	-	(346,921)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(1,942,603)</u>	<u>(1,942,603)</u>
Total	<u>(929,974)</u>	<u>(1,942,603)</u>	<u>(2,872,577)</u>

(Continued)

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	\$ 786,031	\$ 636,835	\$ 1,422,866
Changes that relate to past service - adjustments to assets for incurred claims	(321,071)	(1,229,642)	(1,550,713)
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	299	(346)	(47)
Effect of changes in the risk of non- performance by the issuer of reinsurance contracts held	<u>116</u>	<u>867</u>	<u>983</u>
Total	<u>465,375</u>	<u>(592,286)</u>	<u>(126,911)</u>
Net expenses from reinsurance contracts held	<u>\$ (464,599)</u>	<u>\$ (2,534,889)</u>	<u>\$ (2,999,488)</u> (Concluded)

For the three months ended June 30, 2025

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes that relate to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	\$ (282,637)	\$ -	\$ (282,637)
Changes in the risk adjustment for non- financial risk	(90,521)	-	(90,521)
Contractual service margin recognized in profit or loss for services received	(648,624)	-	(648,624)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(2,015,320)</u>	<u>(2,015,320)</u>
Total	<u>(1,021,782)</u>	<u>(2,015,320)</u>	<u>(3,037,102)</u>
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	492,223	777,577	1,269,800
Changes that relate to past services - adjustments to assets for incurred claims	(718,774)	(62,449)	(781,223)
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	109	(263)	(154)
Effect of changes in the risk of non- performance by the issuer of reinsurance contracts held	<u>63</u>	<u>228</u>	<u>291</u>
Total	<u>(226,379)</u>	<u>715,093</u>	<u>488,714</u>
Net expenses from reinsurance contracts held	<u>\$ (1,248,161)</u>	<u>\$ (1,300,227)</u>	<u>\$ (2,548,388)</u>

For the six months ended June 30, 2026

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes that relate to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	\$ (871,721)	\$ -	\$ (871,721)
Changes in the risk adjustment for non-financial risk	(326,759)	-	(326,759)
Contractual service margin recognized in profit or loss for services received	(782,276)	-	(782,276)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(3,808,520)</u>	<u>(3,808,520)</u>
Total	<u>(1,980,756)</u>	<u>(3,808,520)</u>	<u>(5,789,276)</u>
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	1,463,419	3,697,419	5,160,838
Changes that relate to past service - adjustments to assets for incurred claims	(867,511)	(3,942,004)	(4,809,515)
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	295	(408)	(113)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	<u>363</u>	<u>966</u>	<u>1,329</u>
Total	<u>596,566</u>	<u>(244,027)</u>	<u>352,539</u>
Net expenses from reinsurance contracts held	<u>\$ (1,384,190)</u>	<u>\$ (4,052,547)</u>	<u>\$ (5,436,737)</u>

For the six months ended June 30, 2025

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes that relate to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	\$ (527,069)	\$ -	\$ (527,069)
Changes in the risk adjustment for non-financial risk	(168,068)	-	(168,068)
Contractual service margin recognized in profit or loss for services received	(1,029,805)	-	(1,029,805)
Contracts measured under the premium allocation approach	-	(3,896,693)	(3,896,693)
Total	<u>(1,724,942)</u>	<u>(3,896,693)</u>	<u>(5,621,635)</u>
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	1,437,118	6,010,059	7,447,177
Changes that relate to past services - adjustments to assets for incurred claims	(857,962)	(2,226,168)	(3,084,130)
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	109	322	431
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	<u>(183)</u>	<u>27</u>	<u>(156)</u>
Total	<u>579,082</u>	<u>3,784,240</u>	<u>4,363,322</u>
Net expenses from reinsurance contracts held	<u>\$ (1,145,860)</u>	<u>\$ (112,453)</u>	<u>\$ (1,258,313)</u>

25. INSURANCE FINANCE INCOME OR EXPENSES AND NET GAIN ON INVESTMENTS

The following table summarizes the components of insurance finance income and expenses and their relationship with the investment returns on the corresponding assets:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net gain on investments				
Interest income	\$ 257,387	\$ 239,266	\$ 489,505	\$ 468,597
Gain (loss) on financial assets and liabilities at fair value through profit or loss	227,640	482,696	62,201	(173,239)
Net gain on derecognition of financial assets at amortized cost	8	8	17	1,285
Realized gain on financial assets at fair value through other comprehensive income	133,976	-	133,976	-
Share of (loss) profit of associates and joint ventures accounted for using the equity method	(9,105)	47,035	100,361	92,371
Foreign exchange (loss) gain	(39,353)	(734,708)	118,988	(642,973)
Expected credit impairment loss on investments	<u>(78)</u>	<u>(362)</u>	<u>(927)</u>	<u>(1,160)</u>
Net gain (loss) on investments recognized in profit or loss	<u>\$ 570,475</u>	<u>\$ 33,935</u>	<u>\$ 904,121</u>	<u>\$ (255,119)</u>
Net gain (loss) on investments recognized in other comprehensive income	<u>\$ 4,075,931</u>	<u>\$ 2,790</u>	<u>\$ 4,789,833</u>	<u>\$ (9,863)</u>
Insurance finance income or expenses recognized in profit or loss				
Interest accreted	\$ (5,638)	\$ (6,659)	\$ (10,230)	\$ (11,087)
Effect of changes in interest rates and other financial assumptions	<u>(26,834)</u>	<u>(82,774)</u>	<u>(89,431)</u>	<u>(166,752)</u>
	<u>\$ (32,472)</u>	<u>\$ (89,433)</u>	<u>\$ (99,661)</u>	<u>\$ (177,839)</u>
Insurance finance income or expenses for reinsurance contracts held recognized in profit or loss				
Interest accreted	<u>\$ 16,645</u>	<u>\$ 46,805</u>	<u>\$ 52,329</u>	<u>\$ 86,813</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The net effect of insurance finance income or expenses and net gain (loss) on investments				
The amounts recognized in profit or loss	\$ 554,648	\$ (8,693)	\$ 856,789	\$ (346,145)
The amounts recognized in other comprehensive income	<u>4,075,931</u>	<u>2,790</u>	<u>4,789,833</u>	<u>(12,653)</u>
	<u>\$ 4,630,579</u>	<u>\$ (5,903)</u>	<u>\$ 5,646,622</u>	<u>\$ (358,798)</u>
				(Concluded)

26. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Bank deposits	\$ 28,945	\$ 31,262	\$ 51,089	\$ 56,663
Financial instruments at FVTPL	13,468	68,714	23,713	136,713
Financial instruments at FVTOCI	49,930	2,871	89,710	5,710
Financial assets at amortized cost	136,151	114,360	265,606	227,517
Others	<u>28,893</u>	<u>22,059</u>	<u>59,387</u>	<u>41,994</u>
	<u>\$ 257,387</u>	<u>\$ 239,266</u>	<u>\$ 489,505</u>	<u>\$ 468,597</u>

b. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits				
Salaries and wages	\$ 902,339	\$ 878,664	\$ 1,803,796	\$ 1,772,610
Labor and health insurance	84,311	80,216	173,390	178,090
Post-employment benefits				
Defined contribution plans	30,699	30,325	61,429	60,672
Defined benefit plans (Note 22)	5,253	6,679	10,507	13,358
Remuneration of directors	10,643	9,875	20,370	17,485
Other employee benefits	<u>21,784</u>	<u>21,634</u>	<u>38,318</u>	<u>38,617</u>
	<u>\$ 1,055,029</u>	<u>\$ 1,027,393</u>	<u>\$ 2,107,810</u>	<u>\$ 2,080,832</u>
An analysis of employee benefits expense by function				
Insurance acquisition cash flows	\$ 523,344	\$ 555,252	\$ 1,148,198	\$ 1,188,511
Other directly attributable expenses	266,085	261,157	535,080	525,429
Other operating expenses	<u>265,600</u>	<u>210,984</u>	<u>424,532</u>	<u>366,892</u>
	<u>\$ 1,055,029</u>	<u>\$ 1,027,393</u>	<u>\$ 2,107,810</u>	<u>\$ 2,080,832</u>

c. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The estimated compensation of employees and the remuneration of directors and supervisors for the six months ended June 30, 2026 and 2025 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2026	2025
Compensation of employees	0.10%	0.10%
Remuneration of directors and supervisors	0.07%	0.10%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Compensation of employees	\$ 1,593	\$ 768	\$ 2,881	\$ 2,000
Remuneration of directors and supervisors	1,950	1,950	1,950	1,950

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

The compensation of employees and remuneration of directors and supervisors for 2025 and 2024 that were approved by the board of directors separately on March 10, 2026 and March 5, 2025 are as follows:

Amount

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 4,422	\$ 3,915
Remuneration of directors and supervisors	\$ 3,900	\$ 3,900

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

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

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Right-of-use assets	\$ 43,430	\$ 44,520	\$ 86,384	\$ 86,306
Property and equipment	38,838	42,273	77,203	83,764
Intangible assets	<u>16,083</u>	<u>16,080</u>	<u>32,406</u>	<u>32,274</u>
	<u>\$ 98,351</u>	<u>\$ 102,873</u>	<u>\$ 195,993</u>	<u>\$ 202,344</u>
An analysis of depreciation by function				
Insurance acquisition cash flows	\$ 42,348	\$ 45,020	\$ 84,211	\$ 87,994
Other directly attributable expenses	27,485	28,880	54,656	56,447
Other operating expenses	<u>12,435</u>	<u>12,893</u>	<u>24,720</u>	<u>25,629</u>
	<u>\$ 82,268</u>	<u>\$ 86,793</u>	<u>\$ 163,587</u>	<u>\$ 170,070</u>
An analysis of amortization by function				
Insurance acquisition cash flows	\$ 7,710	\$ 7,394	\$ 15,317	\$ 14,698
Other directly attributable expenses	5,003	4,741	9,939	9,426
Other operating expenses	<u>3,370</u>	<u>3,945</u>	<u>7,150</u>	<u>8,150</u>
	<u>\$ 16,083</u>	<u>\$ 16,080</u>	<u>\$ 32,406</u>	<u>\$ 32,274</u>

27. INCOME TAX

- a. Major components of income tax expense recognized are as follows

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current period	\$ 248,246	\$ 232,236	\$ 475,488	\$ 374,620
Adjustment for prior periods	<u>(297,129)</u>	<u>(31,726)</u>	<u>(297,129)</u>	<u>(31,726)</u>
	<u>(48,883)</u>	<u>200,510</u>	<u>178,359</u>	<u>342,894</u>
Deferred tax				
In respect of the current period	3,716	(70,851)	6,073	(48,657)
Adjustment for prior periods	<u>320,393</u>	<u>18,289</u>	<u>320,393</u>	<u>18,289</u>
	<u>324,109</u>	<u>(52,562)</u>	<u>326,466</u>	<u>(30,368)</u>
Income tax expense recognized in profit or loss	<u>\$ 275,226</u>	<u>\$ 147,948</u>	<u>\$ 504,825</u>	<u>\$ 312,526</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Deferred tax</u>				
In respect of the current period:				
Unrealized gain on financial assets at fair value through other comprehensive income	\$ 18,078	\$ -	\$ 12,556	\$ -
Remeasurement of defined benefit plans	<u>-</u>	<u>-</u>	<u>(179)</u>	<u>-</u>
Total income tax recognized in other comprehensive income	<u>\$ 18,078</u>	<u>\$ -</u>	<u>\$ 12,377</u>	<u>\$ -</u>

- c. Income tax assessments

Income tax returns through 2020 of the Company have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Profit for the period attributable to owners of the Company	<u>\$ 1,315,782</u>	<u>\$ 467,625</u>	<u>\$ 2,373,270</u>	<u>\$ 601,384</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

June 30, 2026

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	<u>\$ 12,687,842</u>	<u>\$ -</u>	<u>\$ 12,070,521</u>	<u>\$ -</u>	<u>\$ 12,070,521</u>
Other assets					
Domestic government bonds (deposits in the Central Bank)	<u>\$ 299,988</u>	<u>\$ -</u>	<u>\$ 299,794</u>	<u>\$ -</u>	<u>\$ 299,794</u>

December 31, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	<u>\$ 11,350,480</u>	<u>\$ -</u>	<u>\$ 10,971,493</u>	<u>\$ -</u>	<u>\$ 10,971,493</u>
Other assets					
Domestic government bonds (deposits in the Central Bank)	<u>\$ 299,897</u>	<u>\$ -</u>	<u>\$ 298,369</u>	<u>\$ -</u>	<u>\$ 298,369</u>

June 30, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	<u>\$ 10,285,491</u>	<u>\$ -</u>	<u>\$ 9,862,292</u>	<u>\$ -</u>	<u>\$ 9,862,292</u>
Other assets					
Domestic government bonds (deposits in the Central Bank)	<u>\$ 299,821</u>	<u>\$ -</u>	<u>\$ 296,879</u>	<u>\$ -</u>	<u>\$ 296,879</u>

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 552,027	\$ -	\$ -	\$ 552,027
Beneficiary certificates	2,318,077	-	-	2,318,077
Domestic financial bonds	-	261,207	-	261,207
	<u>\$ 2,870,104</u>	<u>\$ 261,207</u>	<u>\$ -</u>	<u>\$ 3,131,311</u>
Financial assets at FVTOCI				
Listed shares	\$ 13,945,499	\$ -	\$ -	\$ 13,945,499
Domestic government bonds	-	641,104	-	641,104
Domestic financial bonds	-	100,545	-	100,545
Beneficiary certificates	3,720,146	-	-	3,720,146
	<u>\$ 17,665,645</u>	<u>\$ 741,649</u>	<u>\$ -</u>	<u>\$ 18,407,294</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 274,724	\$ -	\$ 274,724

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 37,087	\$ -	\$ 37,087
Listed shares	10,065,542	-	-	10,065,542
Beneficiary certificates	4,300,969	-	-	4,300,969
Domestic financial bonds	-	276,637	-	276,637
	<u>\$ 14,366,511</u>	<u>\$ 313,724</u>	<u>\$ -</u>	<u>\$ 14,680,235</u>
Financial assets at FVTOCI				
Domestic government bonds	\$ -	\$ 653,324	\$ -	\$ 653,324
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 213,942	\$ -	\$ 213,942

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 429,397	\$ -	\$ 429,397
Listed shares	6,313,268	-	-	6,313,268
Beneficiary certificates	5,528,220	-	-	5,528,220
Domestic financial bonds	-	260,708	-	260,708
	<u>\$ 11,841,488</u>	<u>\$ 690,105</u>	<u>\$ -</u>	<u>\$ 12,531,593</u>
Financial assets at FVTOCI				
Domestic government bonds	<u>\$ -</u>	<u>\$ 656,816</u>	<u>\$ -</u>	<u>\$ 656,816</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2026 and 2025.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - currency swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Domestic financial bonds	Quotation by Taipei Exchange
Domestic government bonds	Reference to quotation by the investment system

c. Categories of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
FVTPL	\$ 3,131,311	\$ 14,680,235	\$ 12,531,593
Financial assets at FVTOCI			
Investments in equity instruments	13,945,499	-	-
Investments in debt instruments	4,461,795	653,324	656,816
Financial assets at amortized cost (1)	27,374,270	30,643,300	30,137,918
<u>Financial liabilities</u>			
FVTPL			
Held for trading	274,724	213,942	-
Amortized cost (2)	1,678,928	2,023,420	2,711,483

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, receivables, financial assets at amortized cost, loans, and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, derivatives, receivables and payables. The major risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk that changes in market risk factors, such as exchange rate, product price, interest rate, credit spread, and stock price, may decrease the Group's income or value of investment portfolio.

The Group continues to use market risk management tools such as value at risk ("VaR") and stress testing to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is used to measure the maximum potential loss of a portfolio in a given period and confidence level when the market risk factors change. The Group calculates VaR on the next day (week or two weeks) at a 99% confidence level.

b) Stress testing

In addition to the VaR model, the Group periodically uses stress testing to assess the potential risk of extreme and abnormal events.

The Group conducts stress testing regularly on positions by simple sensitivity analysis tests and scenario analysis. Such tests cover the losses on positions resulting from changes of various risk factors in various historical scenarios.

i. Simple sensitivity test

Simple sensitivity test measures the changes in value of the investment portfolio caused by specific risk factors.

ii. Scenario analysis

Scenario analysis measures the changes in the total value of the investment portfolio under a stress event, including the following scenarios:

i) Historical scenario

By considering the fluctuations in risk factors during a specific historical event, the Group evaluates that losses would be incurred for the current investment portfolio in the event.

ii) Hypothetical scenario

The Group simulates rational expectations for possible extreme market changes to evaluate the losses incurred for the investment positions by considering the fluctuations in related risk factors and the relevance between the investment targets and the risk factors.

The risk management department performs stress testing with historical and hypothetical scenarios regularly. The Group's risk analysis, early warning, and business management are in accordance with the stress testing report.

Table of Stress Testing				
Risk Factors	Changes (+/-)	June 30, 2026	December 31, 2025	June 30, 2025
Equity price risk (index)	-10%	\$ (1,942,009)	\$ (1,386,476)	\$ (1,156,952)
Interest rate risk (yield curve)	+20bps	(221,274)	(192,023)	(159,373)
Foreign currency risk (exchange rate)	USD depreciates by NT\$1 against NTD	(202,924)	(196,354)	(188,082)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Information of subsidiaries is not disclosed due to immaterial effects on disclosures for consolidation of subsidiaries.

i) Foreign currency risk

The Group has foreign currency-denominated assets and liabilities, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

ii) Price risk

The Group was exposed to equity price risk through its investments in listed shares and beneficiary certificates.

iii) Sensitivity analysis

For the Six Months Ended June 30, 2026			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 51,897	\$ 1,995
	CNY appreciates 1%	819	-
	HKD appreciates 1%	887	1,402
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	6,907
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(7,917)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(7)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,848)	(340)
	Increases 1% in equity price	21,038	173,163

For the Six Months Ended June 30, 2025			
Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 37,984	\$ 7,906
	CNY appreciates 1%	705	-
	HKD appreciates 1%	245	-
	EUR appreciates 1%	10	-
	VND appreciates 1%	-	6,551
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,904)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(13)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,366)	(646)
Equity securities price sensitivity	Increases 1% in equity price	115,695	-

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Impacts of changes in equity are not included in those of changes in profit or loss.

Note 4: Information of subsidiaries is not disclosed due to immaterial effects on disclosures for consolidation of subsidiaries.

2) Credit risk

- a) The Group's credit risk exposure of financial transactions includes issuer credit risk, counterparty credit risk and credit risk of underlying assets.
 - i. Issuer credit risk is the risk that the Group may suffer financial losses on debt instruments or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations in accordance with agreed conditions due to default, bankruptcy or liquidation.
 - ii. Counterparty credit risk is the risk that the Group may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
 - iii. Credit risk of underlying assets is the risk that the Group may suffer losses due to deterioration of the credit quality, increase in credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Credit concentration risk analysis

The amounts of credit risk exposure of the Group's financial assets by region are as follows:

June 30, 2026

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 12,596,421	\$ -	\$ -	\$ -	\$ 310,895	\$ 12,907,316
Financial assets at FVTPL	261,207	-	-	-	-	261,207
Financial assets at FVTOCI	4,461,795	-	-	-	-	4,461,795
Financial assets at amortized cost	3,601,812	415,839	894,666	6,830,724	1,244,789	12,987,830
Total	\$ 20,921,235	\$ 415,839	\$ 894,666	\$ 6,830,724	\$ 1,555,684	\$ 30,618,148
Proportion	68.33%	1.36%	2.92%	22.31%	5.08%	100.00%

December 31, 2025

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 14,999,363	\$ -	\$ -	\$ -	\$ 260,605	\$ 15,259,968
Financial assets at FVTPL	313,724	-	-	-	-	313,724
Financial assets at FVTOCI	653,324	-	-	-	-	653,324
Financial assets at amortized cost	3,095,126	410,727	884,494	6,032,344	1,227,686	11,650,377
Total	\$ 19,061,537	\$ 410,727	\$ 884,494	\$ 6,032,344	\$ 1,488,291	\$ 27,877,393
Proportion	68.38%	1.47%	3.17%	21.64%	5.34%	100.00%

June 30, 2025

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 13,944,319	\$ -	\$ -	\$ -	\$ 264,760	\$ 14,209,079
Financial assets at FVTPL	690,105	-	-	-	-	690,105
Financial assets at FVTOCI	656,816	-	-	-	-	656,816
Financial assets at amortized cost	3,127,545	177,901	842,253	5,243,952	1,193,661	10,585,312
Total	\$ 18,418,785	\$ 177,901	\$ 842,253	\$ 5,243,952	\$ 1,458,421	\$ 26,141,312
Proportion	70.46%	0.68%	3.22%	20.06%	5.58%	100.00%

c) Determinants for whether the credit risk has increased significantly since initial recognition

- i. The Group assesses at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, the Group considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
- ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

d) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of the Group is the same as a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs, and a financial asset is credit-impaired:

- i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs, and a financial asset is credit impaired.

- ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
 - iii) The collaterals of the borrowers are seized provisionally or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
 - iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment models.
- e) Measurement of expected credit losses
- i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit-impaired, the Group measures the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, the Group multiplies exposure at default by the 12-month and the lifetime probability of default of the issuers, guarantee agencies and borrowers and loss given default. The Group also considers the effect of the time value of money when calculating the 12-month and lifetime expected credit losses.

The default rate is the rate at which a default occurs on issuers, guarantee agencies and borrowers, while the loss given default is the loss rate that resulted from the default of issuers, guarantee agencies and borrowers. The loss given default used by the Group in impairment assessment is based on information regularly issued by Moody's, while the probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. The exposure at default is measured at amortized cost and interest receivables of the financial assets.

- ii. Consideration of forward-looking information

The Group takes forward-looking information into consideration when measuring expected credit losses of the financial assets.

f) Carrying amount of maximum credit risk exposure and category of credit quality

i. Financial assets of the Group

June 30, 2026						
Stage 3						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 4,461,795	\$ -	\$ -	\$ -	\$ -	\$ 4,461,795
Financial assets measured at amortized cost	13,002,476	-	-	-	(14,646)	12,987,830
December 31, 2025						
Stage 3						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 653,324	\$ -	\$ -	\$ -	\$ -	\$ 653,324
Financial assets measured at amortized cost	11,664,518	-	-	-	(14,141)	11,650,377
June 30, 2025						
Stage 3						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 656,816	\$ -	\$ -	\$ -	\$ -	\$ 656,816
Financial assets measured at amortized cost	10,599,333	-	-	-	(14,021)	10,585,312

Note: Investment grade assets refer to those with credit rating of at least BBB-; non-investment grade assets are those with credit rating lower than BBB-.

ii. Secured loans of the Group

June 30, 2026						
Stage 3						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
Secured loans	\$ 64,266	\$ -	\$ -	\$ -	\$ (908)	\$ 63,358
December 31, 2025						
Stage 3						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
Secured loans	\$ 69,776	\$ -	\$ -	\$ -	\$ (987)	\$ 68,789

	June 30, 2025					
	Stage 3			Purchased or Originated Credit- impaired Financial Assets	Loss Allowance	Carrying Amount
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses			
Secured loans	\$ 83,431	\$ -	\$ -	\$ -	\$ (1,189)	\$ 82,242

g) Reconciliation for loss allowance is summarized below:

i. Debt instrument at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 56	\$ -	\$ -	\$ -	\$ 56
Changes in models/risk parameters	<u>551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551</u>
June 30, 2026	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>
January 1, 2025	\$ 51	\$ -	\$ -	\$ -	\$ 51
Changes in models/risk parameters	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
June 30, 2025	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>

ii. Financial assets at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 14,141	\$ -	\$ -	\$ -	\$ 14,141
Changes in models/risk parameters	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505</u>
June 30, 2026	<u>\$ 14,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,646</u>
January 1, 2025	\$ 14,054	\$ -	\$ -	\$ -	\$ 14,054
Changes in models/risk parameters	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>
June 30, 2025	<u>\$ 14,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,021</u>

iii. Secured loans

	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets			
January 1, 2026	\$ 7	\$ -	\$ -	\$ -	\$ 7	\$ 987
Changes in models/ risk parameters	(5)	-	-	-	-	(5)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	(74)	(74)
June 30, 2026	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 908</u>
January 1, 2025	\$ 10	\$ -	\$ -	\$ -	\$ 1,389	\$ 1,399
Changes in models/ risk parameters	1	-	-	-	-	1
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	(211)	(211)
June 30, 2025	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178</u>	<u>\$ 1,189</u>

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

h) Exposure to credit risk and loss allowance of receivables

Measurement of loss allowance of the Group's notes receivable and premiums receivables which are in the scope of the impairment requirements under IFRS 9 are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under simplified approach is as follows:

June 30, 2026	Not Overdue	Overdue	Total
Carrying amount	\$ 194,423	\$ 311	\$ 194,734
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,944	\$ 311	\$ 2,255
December 31, 2025	Not Overdue	Overdue	Total
Carrying amount	\$ 180,749	\$ 377	\$ 181,126
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,808	\$ 377	\$ 2,185
June 30, 2025	Not Overdue	Overdue	Total
Carrying amount	\$ 195,913	\$ 205	\$ 196,118
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,959	\$ 205	\$ 2,164

3) Liquidity risk

a) Sources of liquidity risk

Liquidity risks of the financial instruments are classified as funding liquidity risk and market liquidity risk. Funding liquidity risk represents the risk that the Group is unable to turn assets into cash or obtain sufficient funds to meet matured obligations. Market liquidity risk represents the risk of significant changes in fair value when dealing with or offsetting positions held due to insufficient market depth or disorder.

b) Liquidity risk management

The Group established a comprehensive capital liquidity management mechanism by assessing the business features, monitoring short-term cash flow, and considering the trading volume and holding position to carefully manage the market liquidity risk.

According to the actual management need or special situations, the Group uses a cash flow model and stress testing to assess cash flow risk. Moreover, the Group has drawn up a plan for capital requirements with respect to abnormal and emergency conditions to deal with significant liquidity risk.

The analysis of cash outflows to the Group is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows, and, accordingly, for certain line items, the disclosed amounts are different from the amounts on consolidated balance sheets.

The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2026

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 79,984	\$ 77,617	\$ 41,457	\$ 19,484	\$ 13,726
<u>Derivative financial liabilities</u>					
Currency swap contracts	3,966,415	3,388,253	-	-	-

December 31, 2025

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 83,173	\$ 78,212	\$ 105,284	\$ 26,392	\$ 14,661
<u>Derivative financial liabilities</u>					
Currency swap contracts	3,300,233	3,352,546	-	-	-

June 30, 2025

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 50,371	\$ 22,748	\$ 35,483	\$ 35,688	\$ 15,597

30. TRANSACTIONS WITH RELATED PARTIES

All transactions, account balances, income and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the transactions between the Group and other related parties were as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Cathay Financial Holdings Co., Ltd.	The Company's parent
Cathay Life Insurance Co., Ltd.	Fellow subsidiary
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Securities Corporation	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Life Insurance Co., Ltd. (Vietnam)	Subsidiary of the fellow subsidiary
Indovina Bank Limited (Vietnam)	Subsidiary of the fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of the fellow subsidiary
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Hong-Sui Co., Ltd.	Other related party
TPIsoftware Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Others (including directors, supervisors, key management and its spouse or relatives within second degree)	Other related parties

b. Operating transactions

Nature of Transaction	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2026	2025	2026	2025
Premiums	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	\$ 17,700	\$ 3,542	\$ 149,276	\$ 148,446
	Cathay United Bank Co., Ltd.	61,095	52,203	138,687	109,690
	Cathay Securities Corporation	1,191	109	3,434	2,058
	Other related parties				
	Cathay Hospitality Consulting Co., Ltd.	33	26	6,192	6,559
	San Ching Engineering Co., Ltd.	3,929	25,260	8,793	25,856
	Ally Logistic Property Co., Ltd.	714	553	4,854	8,424
	Cathay Hospitality Management Co., Ltd.	32	34	3,980	5,183
	Hong-Sui Co., Ltd.	-	2,271	871	4,608
	Cathay Real Estate Development Co., Ltd.	587	497	3,081	2,286
		<u>\$ 85,281</u>	<u>\$ 84,495</u>	<u>\$ 319,168</u>	<u>\$ 313,110</u>
Insurance service expenses and other operating expenses					
Marketing costs	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	\$ 220,845	\$ 234,787	\$ 449,142	\$ 444,972
	Cathay United Bank Co., Ltd.	29,060	17,542	58,899	47,289
	Cathay Life Insurance Co., Ltd. (Vietnam)	2,085	1,967	5,341	4,895
Processing fees	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	43,693	42,044	86,982	82,127
Group insurance expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	11,680	8,799	17,585	17,599
Other equipment expenses	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	-	8,996	7,266	8,996
Management fee expenses	Fellow subsidiary				
	Cathay Securities Investment Trust Co., Ltd.	7,140	1,273	10,865	2,680
Building management fee	Fellow subsidiary				
	Cathay Life Insurance Co., Ltd.	3,737	3,710	5,639	5,532
Other expenses	The Company's parent				
	Cathay Financial Holdings Co., Ltd.	285	3,522	4,055	3,522
	Fellow subsidiary				
	Cathay United Bank Co., Ltd.	3,732	5,673	3,732	5,673
	Other related party				
	TPISoftware Co., Ltd.	1,020	1,567	2,047	3,080
	Symphox Information Co., Ltd.	9,882	9,612	19,440	19,836
	Seaward Card Co., Ltd.	1,806	-	3,020	-
		<u>\$ 334,965</u>	<u>\$ 339,492</u>	<u>\$ 674,013</u>	<u>\$ 646,201</u>

c. Payables to related parties

Line Item	Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Other payables	The Company's parent Cathay Financial Holdings Co., Ltd. (Note)	\$ 457,975	\$ 674,433	\$ 1,779,521
	Other related party Symphox Information Co., Ltd.	<u>4,976</u>	<u>1,992</u>	<u>3,620</u>
		<u>\$ 462,951</u>	<u>\$ 676,425</u>	<u>\$ 1,783,141</u>

Note: Including (1) Income tax payable under the integrated income tax system. (2) Payable for remuneration of directors and supervisors. (3) Payable for dividends.

d. Accrued marketing expenses on insurance contract sales

Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary Cathay Life Insurance Co., Ltd.	<u>\$ 113,069</u>	<u>\$ 81,489</u>	<u>\$ 99,823</u>

e. Cash in bank

Line Item	Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	\$ 4,579,783	\$ 3,233,602	\$ 2,727,984
	Indovina Bank Limited (Vietnam)	40,577	45,354	34,400
Time deposits	Fellow subsidiary and its subsidiary Cathay United Bank Co., Ltd.	20,158	20,158	20,110
	Indovina Bank Limited (Vietnam)	<u>215,525</u>	<u>200,903</u>	<u>192,647</u>
		<u>\$ 4,856,043</u>	<u>\$ 3,500,017</u>	<u>\$ 2,975,141</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, time deposits pledged recognized in guarantee deposits were \$27,563 thousand, \$27,471 thousand and \$27,123 thousand, respectively.

f. Interest income

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	\$ 3,857	\$ 3,605	\$ 7,071	\$ 7,213
Indovina Bank Limited (Vietnam)	<u>2,561</u>	<u>2,907</u>	<u>5,044</u>	<u>6,667</u>
	<u>\$ 6,418</u>	<u>\$ 6,512</u>	<u>\$ 12,115</u>	<u>\$ 13,880</u>

g. Discretionary account management balance

Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	\$ 3,208,082	\$ 1,983,303	\$ 1,757,341

h. Guarantee deposits

Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	\$ 38,541	\$ 38,733	\$ 38,040
Cathay United Bank Co., Ltd.	22,100	22,007	22,183
Cathay Futures Co., Ltd.	59,230	59,055	58,880
Indovina Bank Limited (Vietnam)	<u>7,405</u>	<u>7,313</u>	<u>7,013</u>
	<u>\$ 127,276</u>	<u>\$ 127,108</u>	<u>\$ 126,116</u>

i. Secured loans

For the six months ended June 30, 2026

Category	Number of Households or Names of Related Parties	Highest Balance During the Current Period	Ending Balance	Loan Classification		Collaterals	Whether the Transaction Terms Differ from Those with Non-related Parties
				Normal Loans	Nonperforming Loans		
Owner-occupied residential mortgage loans	1 Unit	\$ 1,318	\$ 1,254	V	-	Real estate	None

For the six months ended June 30, 2025

Category	Number of Households or Names of Related Parties	Highest Balance During the Current Period	Ending Balance	Loan Classification		Collaterals	Whether the Transaction Terms Differ from Those with Non-related Parties
				Normal Loans	Nonperforming Loans		
Owner-occupied residential mortgage loans	1 Unit	\$ 11,442	\$ 11,380	V	-	Real estate	None

For the three months and six months ended June 30, 2026 and 2025, the interest income earned from above loans to other related party amounted to \$7 thousand, \$63 thousand, \$14 thousand and \$126 thousand, respectively.

j. Lease arrangements

		For the Six Months Ended June 30		
Related Party Category/Name		2026	2025	
<u>Acquisitions of right-of-use assets</u>				
Fellow subsidiary				
Cathay Life Insurance Co., Ltd.		\$ 578	\$ 28,770	
Cathay United Bank Co., Ltd.		<u>13,897</u>	<u>-</u>	
		<u>\$ 14,475</u>	<u>\$ 28,770</u>	
Line Item	Related Party Category/Name	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	\$ 195,743	\$ 261,769	\$ 101,898
	Cathay United Bank Co., Ltd.	12,326	2,202	6,608
	Other related party			
	Cathay Real Estate Development Co., Ltd.	<u>2,993</u>	<u>3,549</u>	<u>4,098</u>
		<u>\$ 211,062</u>	<u>\$ 267,520</u>	<u>\$ 112,604</u>

k. Currency swap contracts

As of June 30, 2026, December 31, 2025 and June 30, 2025, the nominal amount of the derivative financial instruments transaction with related parties is listed below:

		December 31,	
Related Party Category/Name		June 30, 2026	June 30, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.		US\$ 71,000	US\$ 82,900

1. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	\$ 30,064	\$ 26,025	\$ 54,814	\$ 47,484
Post-employment benefits	<u>1,176</u>	<u>1,324</u>	<u>2,352</u>	<u>2,905</u>
	<u>\$ 31,240</u>	<u>\$ 27,349</u>	<u>\$ 57,166</u>	<u>\$ 50,389</u>

The remuneration of directors and key executives was based on the performance of individuals and market trends.

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

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The Company

Item of Assets	June 30, 2026	December 31, 2025	June 30, 2025
Guarantee deposits - government bonds	\$ 299,988	\$ 299,897	\$ 299,821
Guarantee deposits - time deposits	<u>20,158</u>	<u>20,158</u>	<u>20,110</u>
	<u>\$ 320,146</u>	<u>\$ 320,055</u>	<u>\$ 319,931</u>

The pledged assets are stated at book value. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company provided government bonds amounting to \$299,988 thousand, \$299,914 thousand and \$299,838 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to \$0 thousand, \$17 thousand and \$17 thousand, respectively, which are in the scope of the impairment requirements under IFRS 9.

b. Cathay Insurance Co., Ltd. (Vietnam)

Item of Assets	June 30, 2026	December 31, 2025	June 30, 2025
Guarantee deposits - time deposits	<u>\$ 7,405</u>	<u>\$ 7,313</u>	<u>\$ 7,013</u>

The pledged assets are stated at book value. As of June 30, 2026, December 31, 2025 and June 30, 2025, according to the Insurance Act of Vietnam, Cathay Insurance Co., Ltd. (Vietnam) provides guarantee deposits at an amount equal to 2% of its paid-in capital. The guarantee deposits of Cathay Insurance Co., Ltd. (Vietnam) are time deposits.

33. OTHER ITEMS

a. Capital management

1) Management objectives

In order to ensure capital structure and stimulate business growth, the Company manages its capital adequacy in accordance with Regulations Governing Capital Adequacy of Insurance Companies and management policies established by the Company and maintains adequate capital to effectively absorb different types of risk.

2) Management policies

In order for sufficient capital to assume all types of risks, the Company applies the capital adequacy ratio as the management indicator for capital adequacy. The Company calculates the capital adequacy ratio periodically and aperiodically to monitor the status of short- and mid-term capital adequacy and the calculation would serve as a reference for business objectives, asset allocation and dividend policy.

3) Management procedures

a) Periodical calculation

The Company submits a capital adequacy report every half year to the authority in accordance with requirements and analyzes the possible changes of capital resources and risk capital when making the next-year financial forecast of business and investment development plan at the end of every year, which ensures the soundness of capital structure and implements capital adequacy management.

b) Aperiodic calculation

The Company conducts capital adequacy ratio analysis for specific events and assesses their impacts, such as usage of funding, business development, reinsurance arrangements, or changes of the financial market and regulations.

4) Current status of capital adequacy ratio

The Company's capital adequacy ratio, which is calculated in accordance with the Regulations Governing Capital Adequacy of Insurance Companies as of the end of 2025, is above 200% and the net worth ratio is more than 3% for the previous two years, which complied with the regulations.

b. Total amount of assets and liabilities expected to recover or settle within/over 12 months

Items	June 30, 2026		
	Recovery/ Settlement Within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 12,935,805	\$ -	\$ 12,935,805
Receivables	1,189,410	-	1,189,410
Investments			
Financial assets at FVTPL	3,131,311	-	3,131,311
Financial assets at FVTOCI	17,665,645	741,649	18,407,294
Financial assets at amortized cost	1,460,096	11,227,746	12,687,842
Investments accounted for using the equity method	-	2,730,194	2,730,194
Loans	590	62,768	63,358
Total investments	<u>22,257,642</u>	<u>14,762,357</u>	<u>37,019,999</u>
Insurance contract assets	6,076	-	6,076
Reinsurance contract assets	9,904,783	9,264,065	19,168,848
Property and equipment	-	247,400	247,400
Right-of-use assets	-	253,785	253,785
Intangible assets	-	106,844	106,844
Deferred tax assets	-	4,209,461	4,209,461
Other assets	<u>-</u>	<u>531,979</u>	<u>531,979</u>
Total assets	<u>\$ 46,293,716</u>	<u>\$ 29,375,891</u>	<u>\$ 75,669,607</u>
Payables	\$ 1,678,928	\$ -	\$ 1,678,928
Financial liabilities at FVTPL	274,724	-	274,724
Insurance contract liabilities	27,616,768	14,027,543	41,644,311
Reinsurance contract liabilities	-	-	-
Provisions	-	283,106	283,106
Lease liabilities	168,914	86,569	255,483
Deferred tax liabilities	-	409,469	409,469
Other liabilities	<u>6,155,404</u>	<u>-</u>	<u>6,155,404</u>
Total liabilities	<u>\$ 35,894,738</u>	<u>\$ 14,806,687</u>	<u>\$ 50,701,425</u>

December 31, 2025			
Items	Recovery/ Settlement Within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 15,285,098	\$ -	\$ 15,285,098
Receivables	706,512	-	706,512
Investments			
Financial assets at FVTPL	14,680,235	-	14,680,235
Financial assets at FVTOCI	-	653,324	653,324
Financial assets at amortized cost	1,187,487	10,162,993	11,350,480
Investments accounted for using the equity method	-	2,553,784	2,553,784
Loans	183	68,606	68,789
Total investments	<u>15,867,905</u>	<u>13,438,707</u>	<u>29,306,612</u>
Insurance contract assets	4,906	-	4,906
Reinsurance contract assets	14,263,969	7,025,537	21,289,506
Property and equipment	-	315,734	315,734
Right-of-use assets	-	299,613	299,613
Intangible assets	-	122,111	122,111
Deferred tax assets	-	4,504,900	4,504,900
Other assets	<u>25,239</u>	<u>511,055</u>	<u>536,294</u>
Total assets	<u>\$ 46,153,629</u>	<u>\$ 26,217,657</u>	<u>\$ 72,371,286</u>
Payables	\$ 2,023,420	\$ -	\$ 2,023,420
Financial liabilities at FVTPL	213,942	-	213,942
Insurance contract liabilities	29,261,431	14,412,346	43,673,777
Reinsurance contract liabilities	2,754	-	2,754
Provisions	-	292,047	292,047
Lease liabilities	155,157	145,644	300,801
Deferred tax liabilities	-	793,566	793,566
Other liabilities	<u>3,473,513</u>	<u>-</u>	<u>3,473,513</u>
Total liabilities	<u>\$ 35,130,217</u>	<u>\$ 15,643,603</u>	<u>\$ 50,773,820</u>

June 30, 2025			
Items	Recovery/ Settlement Within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	\$ 14,243,235	\$ -	\$ 14,243,235
Receivables	744,345	-	744,345
Investments			
Financial assets at FVTPL	12,378,634	152,959	12,531,593
Financial assets at FVTOCI	-	656,816	656,816
Financial assets at amortized cost	534,669	9,750,822	10,285,491
Investments accounted for using the equity method	-	2,310,256	2,310,256
Loans	277	81,965	82,242
Total investments	<u>12,913,580</u>	<u>12,952,818</u>	<u>25,866,398</u>
Insurance contract assets	4,464	-	4,464
Reinsurance contract assets	10,736,722	4,300,141	15,036,863
Property and equipment	-	402,376	402,376
Right-of-use assets	-	154,751	154,751
Intangible assets	-	90,095	90,095
Deferred tax assets	-	4,498,557	4,498,557
Other assets	<u>-</u>	<u>558,975</u>	<u>558,975</u>
Total assets	<u>\$ 38,642,346</u>	<u>\$ 22,957,713</u>	<u>\$ 61,600,059</u>
Payables	\$ 2,711,483	\$ -	\$ 2,711,483
Financial liabilities at FVTPL	-	-	-
Insurance contract liabilities	27,447,333	8,070,719	35,518,052
Reinsurance contract liabilities	47,532	-	47,532
Provisions	-	298,535	298,535
Lease liabilities	70,281	84,355	154,636
Deferred tax liabilities	-	777,834	777,834
Other liabilities	<u>3,691,571</u>	<u>-</u>	<u>3,691,571</u>
Total liabilities	<u>\$ 33,968,200</u>	<u>\$ 9,231,443</u>	<u>\$ 43,199,643</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2026

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 346,317	31.837 (USD:NTD)	\$ 11,025,675
CNY	15,888	4.693 (CNY:NTD)	74,557
Non-monetary items			
USD	56,745	31.837 (USD:NTD)	1,806,593
Investments accounted for using the equity method			
CNY	581,784	4.693 (CNY:NTD)	2,730,194
<u>Financial liabilities</u>			
Non-monetary items			
Derivative instruments (Note)			
USD	241,900	31.837 (USD:NTD)	274,724

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 317,331	31.438 (USD:NTD)	\$ 9,983,244
Non-monetary items			
USD	34,929	31.438 (USD:NTD)	1,098,112
Investments accounted for using the equity method			
CNY	567,735	4.498 (CNY:NTD)	2,553,784
Derivative instruments (Note)			
USD	61,900	31.438 (USD:NTD)	37,087
<u>Financial liabilities</u>			
Non-monetary items			
Derivative instruments (Note)			
USD	158,000	31.438 (USD:NTD)	213,942

June 30, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 273,822	29.902 (USD:NTD)	\$ 8,187,842
Non-monetary items			
USD	46,667	29.902 (USD:NTD)	1,395,422
Investments accounted for using the equity method			
CNY	553,620	4.174 (CNY:NTD)	2,310,256
Derivative instruments (Note)			
USD	201,600	29.902 (USD:NTD)	429,397

Note: The foreign currency amount of the derivatives is the nominal amount of the contract.

For the six months ended June 30, 2026 and 2025 (realized and unrealized) net foreign exchange gains (losses) were \$118,988 thousand and \$(642,973) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. investees:

- 1) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital (None)
- 2) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital (None)
- 3) Transactions with related parties involving main business items reaching NT\$100 million or 20% of paid-in capital or more (Table 3)
- 4) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 5) Trading in derivative instruments (Note 7)
- 6) Intercompany relationships and significant intercompany transactions (Table 4)
- 7) Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)
 - a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.
 - b) The amount of property transactions and the amount of the resultant gains or losses.
 - c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.

36. SEGMENT INFORMATION

The Group operates property insurance in accordance with the Insurance Act. In accordance with IFRS 8, the Group only provides insurance contract products, and it has no different channel, client type or regulatory environment. The chief operating decision maker of the Group also allocates resources on an overall basis and therefore considers the Group as a single operating segment.

37. DISCLOSURE OF INSURANCE CONTRACT

a. Gross retained earned premiums for compulsory insurance

For the six months ended June 30, 2026

Insurance Type	Insurance Revenue from Direct Underwriting Business (1)	Insurance Revenue from Reinsurance Inward Business (2)	Allocated Reinsurance Premiums Paid for Reinsurance Ceded (3)	Insurance Finance Income or Expenses from Direct Underwriting Business - Excluding Any Loss Component (4)	Insurance Finance Income or Expenses from Reinsurance Inward Business - Excluding Any Loss Component (5)	Insurance Finance Income or Expenses from Reinsurance Contracts Held - Excluding Loss Recovery Component (6)	Gross Retained Earned Premiums (7) = (1) + (2) - (3) - (4) - (5) - (6)
Compulsory automobile liability insurance	\$ 1,540,003	\$ 394,931	\$ 652,325	\$ -	\$ -	\$ -	\$ 1,282,609

For the six months ended June 30, 2025

Insurance Type	Insurance Revenue from Direct Underwriting Business (1)	Insurance Revenue from Reinsurance Inward Business (2)	Allocated Reinsurance Premiums Paid for Reinsurance Ceded (3)	Insurance Finance Income or Expenses from Direct Underwriting Business - Excluding Any Loss Component (4)	Insurance Finance Income or Expenses from Reinsurance Inward Business - Excluding Any Loss Component (5)	Insurance Finance Income or Expenses from Reinsurance Contracts Held - Excluding Loss Recovery Component (6)	Gross Retained Earned Premiums (7) = (1) + (2) - (3) - (4) - (5) - (6)
Compulsory automobile liability insurance	\$ 1,514,514	\$ 390,799	\$ 641,687	\$ -	\$ -	\$ -	\$ 1,263,626

b. Retained claims payments for compulsory insurance

For the six months ended June 30, 2026

Insurance Type	Payments for Incurred Claims and Other Insurance Service Expenses - Direct Underwriting Business (1)	Payments for Incurred Claims and Other Insurance Service Expenses - Reinsurance Inward Business (2)	Amounts Received from Ceded Reinsurance - (Claims or Expenses Recovered from Reinsurance Contracts Held) (3)	Opening Balance of Retained Liabilities for Incurred Claims (4)	Ending Balance of Retained Liability for Incurred Claims (5)	Retained Claims (6) = (1) + (2) - (3) - (4) + (5)
Compulsory automobile liability insurance	\$ 981,760	\$ 348,376	\$ 582,350	\$ 1,045,881	\$ 1,072,526	\$ 774,431

For the six months ended June 30, 2025

Insurance Type	Payments for Incurred Claims and Other Insurance Service Expenses - Direct Underwriting Business (1)	Payments for Incurred Claims and Other Insurance Service Expenses - Reinsurance Inward Business (2)	Amounts Received from Ceded Reinsurance - (Claims or Expenses Recovered from Reinsurance Contracts Held) (3)	Opening Balance of Retained Liabilities for Incurred Claims (4)	Ending Balance of Retained Liability for Incurred Claims (5)	Retained Claims (6) = (1) + (2) - (3) - (4) + (5)
Compulsory automobile liability insurance	\$ 991,242	\$ 354,158	\$ 578,095	\$ 1,014,185	\$ 1,031,364	\$ 784,484

c. Asset segregation requirements for specified assets

The accounting of the compulsory automobile liability insurance (“CAL Insurance”) held by the Company is based on the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to the Compulsory Automobile Liability Insurance Act.

Under Article 5 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, for the special reserve set aside for CAL Insurance, the insurer should purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

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

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

If the balance of the Group's special reserve becomes less than 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for the special reserve mentioned above, held by an insurer for CAL Insurance (various reserve, payables and temporary receipts) should be deposited in a financial institution in the form of demand deposits and time deposits. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- 1) Treasury bills.
- 2) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- 3) Government bonds under repurchase agreements.

The term "funds" in the preceding paragraph refers to all types of reserves, payables, temporary credits and amounts to be carried forward.

The amount of demand deposits placed in financial institutions, which are mentioned in the preceding paragraph, should not be less than both (a) 45% of the remaining balance of the funds after subtracting the special reserves from the funds held by the Group due to the operation of CAL Insurance, and less than (b) 30% of the retained earned pure premiums for the most recent period as audited or reviewed by an independent certified public accountant. The relevant authorities may raise the percentage of demand deposits required for the Group to a level they deem appropriate on the basis of the Group's operating status.

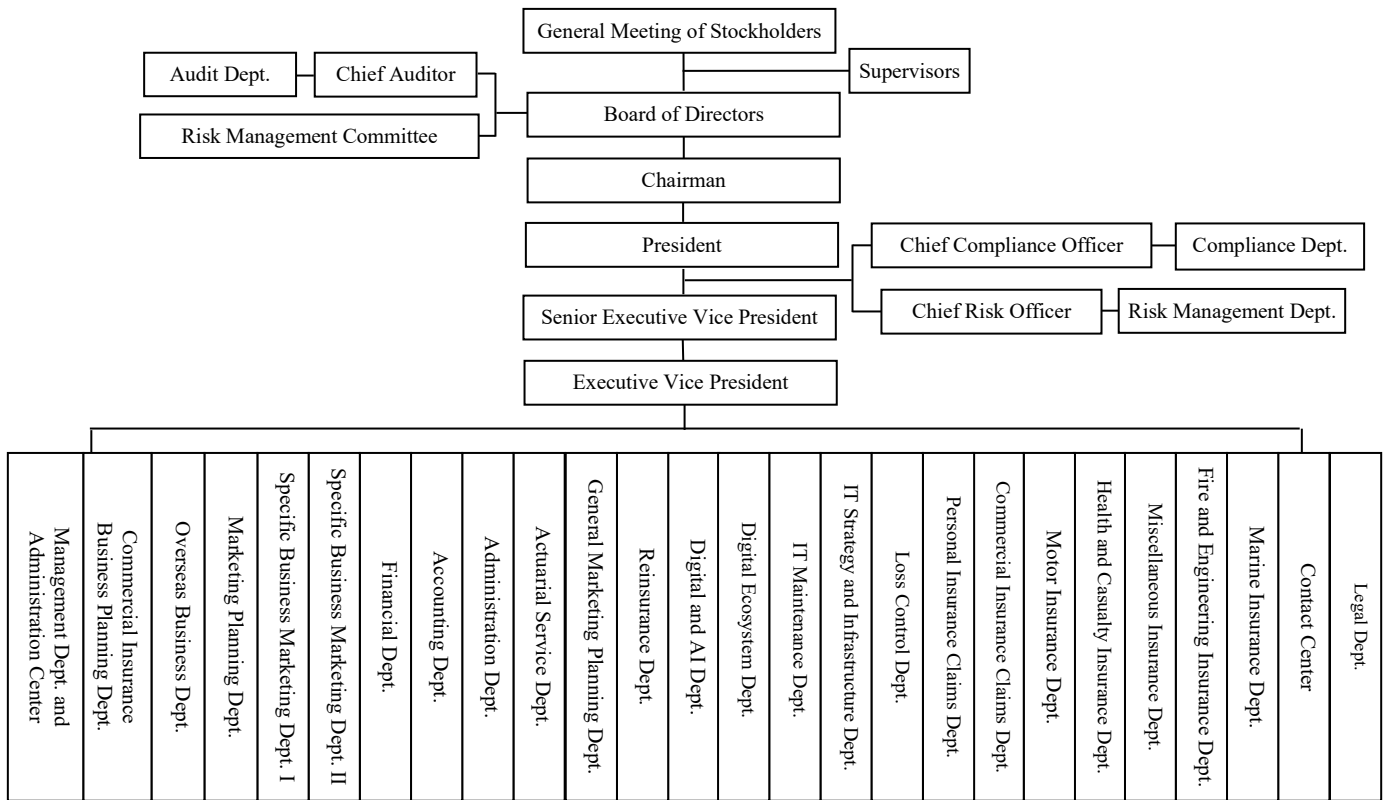
If the total amount of unearned premium reserve and loss reserve of the Group for CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by the Group through its provision of this insurance should be deposited in full in a financial institution.

Under Article 11 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the various reserves for this insurance should be transferred to the various reserves set aside for handling this insurance by the other insurer or other property and casualty insurance company if the Group suspends its business operations or ceases to provide this type of insurance.

The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if (a) the Group has been duly ordered to suspend its business and undergo rehabilitation or ordered to dissolve, or (b) its permission to operate this insurance business has been revoked, and no other insurance company can sustain this insurance business.

d. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

Board of directors

- The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
- The board of directors should establish an appropriate risk management system and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.
- The board of directors should consider the effect of the aggregated risks from the Company's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

Risk management department

a) Risk management committee

- The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.

- ii. The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of the overall management mechanisms regularly.
- iii. The committee should assist and monitor the risk management activities performed by each department.
- iv. The committee should assist in deliberating related procedures for formulating risk limits.
- v. The committee should arrange the risk category, risk limit allocation and risk-taking method according to changes in the environment.
- vi. The committee should enhance cross-department interaction and communication.

b) Chief risk officer

The appointment of chief risk officers of the Company should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role nor have the right to access any information which may affect the Company's risk overview.

- i. The chief risk officer should be in charge of the overall risk management.
- ii. The chief risk officer should participate in the important decision-making process and provide appropriate suggestions from a risk management perspective.
- iii. The chief risk officer should be a member of the risk management committee.

c) Risk management department

- i. The Company established a risk management department, which is responsible for monitoring, measuring and evaluating major risks. The department is independent from the business units.
- ii. Responsibilities of the risk management department are as follows:
 - i) Propose and execute the risk management policies set by the board of directors.
 - ii) Propose the risk limits based on risk appetite.
 - iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.
 - iv) Regularly present risk management reports.
 - v) Regularly review the risk limits and their use by each business unit.
 - vi) Assist to execute stress testing and back testing if necessary.
 - vii) Other risk management-related issues.

Business units

- a) The risk management duties of the manager of a business unit are as follows:
 - i. Manage and report the daily risk of the business unit and take necessary responsive actions.
 - ii. Supervise regular submission of risk management information to the risk management department.
- b) The risk management duties of a business unit are as follows:
 - i. Identify and measure risks and promptly report the status of risk exposures and impacts.
 - ii. Regularly review the risks and their limits to ensure the effective execution of risk limits within business unit.
 - iii. Monitor risk exposures and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions of the business units.
 - iv. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
 - v. Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.
 - vi. Assist to collect data related to operational risk.

Audit department

The department is responsible for the audit of each department's performance of risk management pursuant to the applicable laws and regulations and related rules and guidance of the Company.

- e. Risk reporting and range and nature of risk assessment for the property insurance business
 - 1) Risk management reporting
 - a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.
 - b) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limits, submits a monthly risk management report to the chairman, and submits quarterly reports to the risk management committee and the board of directors.
 - 2) The scope and nature of risk assessment

The risk management departments of the Company and its parent company, Cathay Financial Holdings, collaborated in building the market risk management system (measurement of value at risk, stress testing, etc.) The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system.

For other credit risk, liquidity risk, underwriting risk, catastrophe risk, and capital adequacy risk, the Group has established risk measurement indicators and performs risk measurement and monitoring on a monthly basis through manual review of reports. For underwriting risk, in particular, the Group has also established the CoRadar Insurance Panorama Radar System, which provides information on the risk levels of each line of insurance on a monthly basis in accordance with the Company's underwriting risk indicator requirements.

- f. Processes to undertake, evaluate, supervise and control the insurance risk of the property insurance business and underwrite policies to ensure proper risk classification and premium level

The risk management department of the Company is responsible for monitoring and integrating insurance risks as a whole, and setting up risk indicators, risk limits, and the managing mechanism. Each related department is the execution unit of insurance risk control and regularly reports execution to the risk management department in accordance with the laws and regulations, internal rules, and professional knowledge and experience related to its duties. The risk management department proposes the insurance risk management report to the risk management committee and the board of directors each quarter.

- g. The scope of insurance risk assessment and management from a company-wide perspective

Insurance risk management of the Company covers product design and pricing, underwriting, reinsurance, catastrophe, claims, and reserves. Proper management mechanisms are set up and executed thoroughly.

- h. Methods to limit insurance risk exposure and avoid inappropriate concentration risk

When the Company undertakes a new business, the underwriter evaluates the quality of the business based on the underwriting criteria of each insurance to decide whether to undertake the business to properly hedge and control the risk exposure and reduce the exposure.

In addition, for the reinsurance business, the risk management mechanism is set up in accordance with the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. The capabilities for undertaking risk are considered in developing the reinsurance risk management plan and the maximum of accumulated retained risks of each risk unit and each individual risk event for execution.

Accumulated risk assessment of the portfolio of directly written business and other inward reinsurance business is conducted before an individual case of outward/inward reinsurance is executed. When the cumulative insurance amount exceeds the contract limit or self-retained limit, risk is diversified through facultative reinsurance arrangements.

According to the Company's reinsurance risk management policy, the basis for managing the maximum accumulated risk limit of each risk unit requires the risk management and each insurance department to jointly review and discuss the accumulated retained risk limit of a risk unit for each insurance type every year, which is submitted to the general manager for approval before implementation. The following table summarizes the maximum accumulated retained risk limit of a risk unit by insurance type:

Insurance Type	For the Year Ended December 31	
	2026	2025
Fire insurance	\$ 1,200,000	\$ 1,200,000
Marine insurance	1,200,000	1,200,000
Engineering insurance	1,200,000	1,200,000
Miscellaneous insurance/liability insurance	1,200,000	1,200,000
Health and accident insurance	1,200,000	1,200,000
Automobile physical damage insurance	50,000	50,000
Third-party liability insurance	250,000	250,000

i. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

Financial accounting and actuarial departments should identify the possible market risk, liquidity risk and insurance risk that may occur during operation. The cash inflows from assets are measured by cash flow test method (or other method) to evaluate whether the amount of inflows is sufficient to cover the cash outflow for liabilities, that is, whether the asset allocation has reasonable liquidity to pay liabilities for expenditures in future years.

2) Asset-liability coordinated with risk response

When market risk, liquidity risk and insurance risk events occur, financial, accounting and actuarial service departments should take appropriate reactions to coordinated asset-liability risk, and report to the risk management department and propose to the risk management committee an evaluation of the risk.

j. Procedures to manage, monitor and control a special event for which the property insurance business is committed to assuming additional liabilities or raising additional capital

The Group has established a set of capital adequacy management standards, including risk-based capital management indicators for regular review, under which risk-based capital is calculated each quarter and a risk-based capital management report is prepared every half year as implementation of risk-based capital management.

If the risk-based capital ratio exceeds the control criteria (risk limit) or other exceptions occur, the related departments should propose a reaction to the risk management committee and inform the parent company, Cathay Financial Holdings Co., Ltd., to review the impact on the capital adequacy ratio of Cathay Financial Holdings Co., Ltd. and its subsidiaries.

k. Sensitivity to insurance risk

1) The Company

For the six months ended June 30, 2026

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	\$ (1,353,959)	\$ (513,726)	\$ (1,083,167)	\$ (410,981)
Unpaid Claims Decreased by 5%	1,353,960	513,726	1,083,168	410,981

For the six months ended June 30, 2025

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	\$ (1,051,106)	\$ (417,242)	\$ (840,885)	\$ (333,794)
Unpaid Claims Decreased by 5%	1,052,277	411,861	841,822	329,488

The above table shows that a 5% increase in outstanding claims would have a certain impact on income. However, after taking the reinsurance arrangements into account, the impact on profit or loss would be reduced, thereby achieving the effect of risk diversification.

2) Cathay Insurance Co., Ltd. (Vietnam)

For the six months ended June 30, 2026

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	\$ (11,009)	\$ (4,777)	\$ (8,807)	\$ (3,821)
Unpaid Claims Decreased by 5%	11,009	4,777	8,807	3,821

For the six months ended June 30, 2025

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	\$ (12,427)	\$ (5,084)	\$ (9,942)	\$ (4,067)
Unpaid Claims Decreased by 5%	12,427	5,084	9,942	4,067

The above table shows that a 5% increase in the outstanding claims of the Company's subsidiary, Cathay Insurance Co., Ltd. (Vietnam), would have a certain impact on income. However, after taking into account the reinsurance arrangements, the impact on profit or loss would be reduced, thereby achieving the effect of risk diversification.

1. Risk concentration

1) The Company

a) Situations that may cause concentration of insurance risk

i. Single insurance contract or several related contracts

As of June 30, 2026, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the insurance risk management guidelines by the underwriting department, reinsurance department and risk management department or in a project meeting.

ii. Exposure to unanticipated change in trend

As of June 30, 2026, the solar photovoltaic business covered under the Company's engineering insurance was significantly affected by Typhoon Danas, and no unexpected changes have occurred in other insurance exposures.

iii. Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

Each unit of the Company has appointed a staff for compliance matters. In addition, before executing any external contracts, each unit is required to submit a "Legal Consultation Form" with specific legal questions to the Legal Department for legal advice first to minimize possible legal risk. As of June 30, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, the Company established "points for handling teams of catastrophe and major events" and "Operation Standards under Crisis". Besides, the Company implemented a business continuity management mechanism, under which the crisis handling team is set up in response to the event and executes emergency actions after ensuring employee safety, such as resource coordination, fund procurement monitoring changes in the financial market, and adjusting investment positions to protect the rights of insureds, ensure the Company's continuous operation, and ensure financial stability.

- v. When a non-linear relationship as a certain key variable has approached to the extent that future cash flows may be materially influenced

Since the 3rd stage of liberalization of property insurance premium rates took effect, the Company has conducted regular reviews in accordance with the regulations. When the actual loss rate exceeds the expected loss rate to a certain percentage, premium rates will be properly adjusted to avoid increased losses. In addition, the insurance department and actuarial department also continuously observe the changes in trend of loss rates of each product and adjusts pricing and coverage in a timely manner to effectively lower insurance risks.

For investment instruments, changes in risk indicators are monitored on a regular basis with cash flow analysis as well as stress testing to control and manage the impact of fluctuations in major risk factors.

In addition, stress testing is performed for the overall business every year to assess the impacts on financial positions due to extreme scenarios of the assets and insurance risk, and the major risk factors are identified and dealt with in a timely manner.

- vi. Concentration of geographic regions and operating segments

The Company's catastrophe insurance for earthquakes, typhoons and floods is mainly in the areas of Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Pingtung, Hualian and Taitung.

- b) Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature

The following table summarizes the Company's concentration of risk by insurance type before and after reinsurance for the three months ended and six months ended June 30, 2026 and 2025:

Insurance Type	For the Three Months Ended June 30, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	\$ 1,370,741	\$ 949,468	\$ 421,273
Marine insurance	384,259	234,264	149,995
Land and air insurance	4,175,512	168,006	4,007,506
Liability insurance	820,790	199,537	621,253
Guarantee insurance	37,181	20,523	16,658
Other property insurance	859,841	749,333	110,508
Accident insurance	1,338,306	34,072	1,304,234
Health insurance	159,062	9,292	149,770
Policy-oriented residential earthquake insurance	145,138	114,949	30,189
Compulsory automobile liability insurance	975,093	329,045	646,048
Total	\$ 10,265,923	\$ 2,808,489	\$ 7,457,434

Insurance Type	For the Three Months Ended June 30, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	\$ 1,341,934	\$ 1,047,002	\$ 294,932
Marine insurance	321,668	200,926	120,742
Land and air insurance	3,943,379	204,193	3,739,186
Liability insurance	788,660	257,050	531,610
Guarantee insurance	22,355	12,029	10,326
Other property insurance	984,532	786,961	197,571
Accident insurance	1,180,854	37,593	1,143,261
Health insurance	115,015	-	115,015
Policy-oriented residential earthquake insurance	141,909	111,986	29,923
Compulsory automobile liability insurance	963,106	323,609	639,497
Total	\$ 9,803,412	\$ 2,981,349	\$ 6,822,063

Insurance Type	For the Six Months Ended June 30, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	\$ 2,682,917	\$ 1,825,196	\$ 857,721
Marine insurance	732,241	470,502	261,739
Land and air insurance	8,226,971	345,557	7,881,414
Liability insurance	1,616,597	393,160	1,223,437
Guarantee insurance	65,774	37,987	27,787
Other property insurance	1,759,809	1,625,773	134,036
Accident insurance	2,594,631	66,357	2,528,274
Health insurance	324,666	19,147	305,519
Policy-oriented residential earthquake insurance	286,663	227,501	59,162
Compulsory automobile liability insurance	1,934,934	652,325	1,282,609
Total	\$ 20,225,203	\$ 5,663,505	\$ 14,561,698

Insurance Type	For the Six Months Ended June 30, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	\$ 2,666,671	\$ 1,955,958	\$ 710,713
Marine insurance	675,803	385,730	290,073
Land and air insurance	7,736,887	413,787	7,323,100
Liability insurance	1,563,554	487,940	1,075,614
Guarantee insurance	54,804	29,854	24,950
Other property insurance	1,654,394	1,281,269	373,125
Accident insurance	2,310,323	72,468	2,237,855
Health insurance	223,612	-	223,612
Policy-oriented residential earthquake insurance	280,135	221,327	58,808
Compulsory automobile liability insurance	1,905,313	641,687	1,263,626
Total	\$ 19,071,496	\$ 5,490,020	\$ 13,581,476

- c) Disclosure of the past performance of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to enable users of the financial statements to assess the uncertainty of cash flows related to such risks

Catastrophes such as earthquake, typhoon, and flood along with related huge claims, result in tremendous impact to the property insurance business.

To control and manage risk with low frequency of occurrence but enormous impact, the Company assesses the risk of natural disasters and special insured items (for example, high-tech factory, power plant, and traffic engineering), transfers these risks through reinsurance, controls cumulative risks according to retention limits, and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

2) Cathay Insurance Co., Ltd. (Vietnam)

a) Situations that may cause concentration of insurance risk:

i. Single insurance contract or several related contracts

As of June 30, 2026, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

ii. Exposure to unanticipated change in trend

As of June 30, 2026, due to the small premium base of engineering insurance and the impact of a large claim incurred in June 2026, the loss ratio of engineering insurance became significantly high. As Cathay Insurance Co., Ltd. (Vietnam) has performed well in risk diversification, there has been no impact on business risk at present, and Cathay Insurance Co., Ltd. (Vietnam) will continue monitoring the changes in risk exposure.

iii. Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

“The Procedure for Subrogation” and “The Proceedings of the Court” are set up to safeguard the rights of Cathay Insurance Co., Ltd. (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of June 30, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance Co., Ltd. (Vietnam) established the Points for Handling Major Events of Cathay Insurance Co., Ltd. (Vietnam), under which an emergency team is set up in response to the event and executes emergency actions such as resource coordination and fund procurement to protect the rights of the insured and Cathay Insurance Co., Ltd. (Vietnam) and to maintain financial stability. As of June 30, 2026, there is no interaction among risks resulting from a catastrophe.

v. Concentration of geographic regions and operating segments

Cathay Insurance Co., Ltd. (Vietnam)’s catastrophe insurance for earthquakes and floods is mainly in the areas of Ho Chi Minh City, Tinh Dong Nai and Tinh Ha Tinh.

- b) Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes Cathay Insurance Co., Ltd. (Vietnam)'s concentration of risk before and after reinsurance for the three months ended and six months ended June 30, 2026 and 2025 insurance types:

Insurance Type	For the Three Months Ended June 30, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	\$ 59,161	\$ 23	\$ 59,138
Marine insurance	4,448	2,060	2,388
Fire insurance and engineering insurance	84,397	61,920	22,477
Accident insurance	14,008	7	14,001
Other insurance	1,065	543	522
Total	\$ 163,079	\$ 64,553	\$ 98,526

Insurance Type	For the Three Months Ended June 30, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	\$ 66,698	\$ 12	\$ 66,686
Marine insurance	2,858	1,404	1,454
Fire insurance and engineering insurance	82,053	57,324	24,729
Accident insurance	13,498	-	13,498
Other insurance	951	304	647
Total	\$ 166,058	\$ 59,044	\$ 107,014

Insurance Type	For the Six Months Ended June 30, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	\$ 119,389	\$ 46	\$ 119,343
Marine insurance	8,656	9,239	(583)
Fire insurance and engineering insurance	163,478	123,171	40,307
Accident insurance	27,052	16	27,036
Other insurance	2,326	1,163	1,163
Total	\$ 320,901	\$ 133,635	\$ 187,266

Insurance Type	For the Six Months Ended June 30, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	\$ 138,593	\$ 26	\$ 138,567
Marine insurance	6,107	2,911	3,196
Fire insurance and engineering insurance	182,936	130,462	52,474
Accident insurance	27,497	-	27,497
Other insurance	1,755	623	1,132
Total	\$ 356,888	\$ 134,022	\$ 222,866

- 3) Disclosure of the past performance of property insurance businesses regarding management risks with low frequency of occurrence but enormous impact to the users of financial statements to assess the uncertainty of cash flows related to risks.

Catastrophes, such as typhoons and floods along with related huge claims, result in tremendous impact on the property insurance business. To control and manage risk with a low frequency of occurrence but enormous impact, Cathay Insurance Co., Ltd. (Vietnam) assesses the risk of natural disasters and special insured items and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

m. Development trend of claims

1) The Company

June 30, 2026

Accident Year	≤2019	2020	2021	2022	2023	2024	2025	2026	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	\$ 25,028,818	\$ 10,183,878	
After the first year	-	11,023,615	10,637,168	44,819,446	14,066,286	16,341,741	20,625,038	-	
After the second year	-	11,009,236	10,420,320	44,403,185	13,500,045	16,773,900	-	-	
After the third year	-	10,856,229	10,393,667	44,262,816	13,543,721	-	-	-	
After the fourth year	-	10,941,749	10,288,458	44,286,592	-	-	-	-	
After the fifth year	-	10,942,175	10,530,625	-	-	-	-	-	
After the sixth year	-	10,939,710	-	-	-	-	-	-	
Final estimated claim payments	-	10,939,710	10,530,625	44,286,592	13,543,721	16,773,900	20,625,038	10,183,878	
Accumulated claim disbursed	-	10,845,851	10,040,726	43,927,600	12,868,258	14,239,483	12,303,193	1,989,473	
	297,898	93,859	489,899	358,992	675,463	2,534,417	8,321,845	8,194,405	\$ 20,966,778
Adjustment	37,509	10,441	61,975	64,828	119,315	412,001	1,575,480	1,109,311	3,390,860
Amount recognized in balance sheet	\$ 335,407	\$ 104,300	\$ 551,874	\$ 423,820	\$ 794,778	\$ 2,946,418	\$ 9,897,325	\$ 9,303,716	\$ 24,357,638

December 31, 2025

Accident Year	≤2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	\$ 25,028,818	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	16,341,741	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,500,045	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,262,816	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,288,458	-	-	-	-	
After the fifth year	-	10,188,477	10,942,175	-	-	-	-	-	
After the sixth year	-	10,187,044	-	-	-	-	-	-	
Final estimated claim payments	-	10,187,044	10,942,175	10,288,458	44,262,816	13,500,045	16,341,741	25,028,818	
Accumulated claim disbursed	-	10,155,532	10,835,545	10,003,116	43,833,613	12,700,358	13,153,265	8,097,296	
	268,974	31,512	106,630	285,342	429,203	799,687	3,188,476	16,931,522	\$ 22,041,346
Adjustment	34,323	4,805	11,722	48,353	76,710	127,691	626,854	2,857,660	3,788,118
Amount recognized in balance sheet	\$ 303,297	\$ 36,317	\$ 118,352	\$ 333,695	\$ 505,913	\$ 927,378	\$ 3,815,330	\$ 19,789,182	\$ 25,829,464

June 30, 2025

Accident Year	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 10,190,448	\$ 9,508,911	\$10,259,775	\$43,545,821	\$14,539,239	\$18,967,938	\$10,155,515	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	17,148,044	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,729,502	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,365,744	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,370,710	-	-	-	-	
After the fifth year	-	10,188,477	10,942,317	-	-	-	-	-	
After the sixth year	-	10,186,298	-	-	-	-	-	-	
Final estimated claim payments	-	10,186,298	10,942,317	10,370,710	44,365,744	13,729,502	17,148,044	10,155,515	
Accumulated claim disbursed	275,721	10,148,832	10,823,656	9,871,790	43,554,723	12,512,395	12,032,110	1,919,484	
Adjustment	39,569	4,475	15,134	54,369	154,869	154,850	660,706	684,423	\$ 16,310,861
Amount recognized in balance sheet	\$ 315,290	\$ 41,941	\$ 133,795	\$ 553,289	\$ 965,890	\$ 1,371,957	\$ 5,776,640	\$ 8,920,454	\$ 18,079,256

Note 1: The upper part of the table illustrates claim payments estimated in underwriting years by property insurance businesses. The lower part of the table illustrates the reconciliation of the accumulated claims disbursed to the balance sheet.

Note 2: The above tables exclude compulsory insurance and policy-oriented residential earthquake insurance.

2) Cathay Insurance Co., Ltd. (Vietnam)

Since the claim data of Cathay Insurance Co., Ltd. (Vietnam) is still immature, the historical experience for development trend of claim is not available. Cathay Insurance Co., Ltd. (Vietnam) provided liability for incurred claims at 5% of retained premiums following the suggestion by Vietnamese Ministry of Finance 2842/BTC/QLBH.

n. Credit risk of insurance contract

The main source of the credit risk of an insurance contract is the reinsurance business. The Company arranges its reinsurance business under the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. Most of the designated ceded reinsurers have a certain level of credit rating and are qualified for the reinsurance business. The Group regularly monitors the net changes in the credit rating of these ceded reinsurers.

- 1) As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts of maximum exposure to risk for insurance contracts issued were \$4,735,430 thousand, \$2,751,246 thousand, and \$4,364,179 thousand, respectively.
- 2) As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts of maximum exposure to risk for reinsurance contracts held were \$3,588,902 thousand, \$3,705,499 thousand, and \$3,509,048 thousand, respectively.
- 3) The Company discloses its transactions with non-qualified ceded reinsurers as follows, based on Regulations for the Management of the Reserve for Unqualified Reinsurance.

a) Summary of reinsurance contracts and related ceded reinsurers.

June 30, 2026

Ceded Reinsurer	Type
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Evergreen Insurance Co., Ltd.	Facultative reinsurance of fire insurance

December 31, 2025

Ceded Reinsurer	Type
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Evergreen Insurance Co., Ltd.	Facultative reinsurance of fire insurance

June 30, 2025

Ceded Reinsurer	Type
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance
Tugu Insurance Company HK	Facultative reinsurance of marine insurance
Evergreen Insurance Co., Ltd.	Facultative reinsurance of fire insurance

- b) Reconciliation of reinsurance contract assets and liabilities for reinsurance contracts held.

For the six months ended June 30, 2026

	Assets for Remaining Coverage	Assets for Incurred Claims	Total
Beginning balance of reinsurance contract assets	\$ -	\$ 58	\$ 58
Beginning balance of reinsurance contract liabilities	-	-	-
Net balance on January 1, 2026	-	58	58
Amounts recovered from reinsurers			
Changes that relate to past services			
- adjustments to assets for incurred claims	-	(19)	(19)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-	(6)	(6)
Income or expenses from reinsurance contracts held	-	(25)	(25)
Total amount recognized in the statement of comprehensive income	-	(25)	(25)
Ending balance of reinsurance contract assets	-	33	33
Ending balance of reinsurance contract liabilities	-	-	-
Net balance on June 30, 2026	\$ -	\$ 33	\$ 33

For the six months ended June 30, 2025

	Assets for Remaining Coverage	Assets for Incurred Claims	Total
Beginning balance of reinsurance contract assets	\$ -	\$ 237	\$ 237
Beginning balance of reinsurance contract liabilities	-	-	-
Net balance on January 1, 2025	-	237	237
Amounts recovered from reinsurers			
Changes that relate to past services			
- adjustments to assets for incurred claims	-	(3,115)	(3,115)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-	488	488
Income or expenses from reinsurance contracts held	-	(2,627)	(2,627)
Total amount recognized in the statement of comprehensive income	-	(2,627)	(2,627)
Ending balance of reinsurance contract assets	-	-	-
Ending balance of reinsurance contract liabilities	-	(2,390)	(2,390)
Net balance on June 30, 2025	\$ -	\$ (2,390)	\$ (2,390)

- c) The estimated future cash flows used in measuring groups of reinsurance contracts held, and the assumptions reflecting the reinsurer's non-performance risk embedded in those estimates.

As of June 30, 2026 and 2025, the estimated future cash flows for groups of non-qualifying reinsurance contracts held amounted to \$34 thousand and \$(2,615) thousand, respectively, and the assumptions reflecting the reinsurer's non-performance risk embedded in those estimates were 18.82% and 18.82%, respectively.

- d) Sensitivity analysis of changes in assumptions regarding non-performance risk (excluding contracts measured under the premium allocation approach), including the impact of changes in assumptions on reinsurance contract assets, the methods and assumptions used in the sensitivity analysis, and changes from the prior period and the reasons for such changes.

The above reinsurance contract assets related to unqualified ceded reinsurers are measured under the premium allocation approach; therefore, this disclosure is not applicable.

o. Liquidity risk of insurance contracts

The table below presents an analysis of the maturity of insurance contract liabilities. The analysis is prepared based on the present value of estimated future cash flows and excludes amounts related to the liability for remaining coverage of insurance contracts measured under the premium allocation approach.

June 30, 2026

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 18,679,558	\$ 4,249,311	\$ 1,631,585	\$ 581,287	\$ 216,166	\$ 133,150	\$ 25,491,057

December 31, 2025

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 19,144,560	\$ 4,971,240	\$ 1,536,050	\$ 560,672	\$ 210,115	\$ 135,415	\$ 26,558,052

June 30, 2025

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 14,683,757	\$ 3,512,142	\$ 1,341,629	\$ 441,416	\$ 142,408	\$ 112,583	\$ 20,233,935

p. Market risk of insurance contracts

1) The Company

For the six months ended June 30, 2026

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Yield curve: Upward parallel shift by 1bp	\$ 2,467	\$ 1,142	\$ 1,974	\$ 914

For the six months ended June 30, 2025

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Yield curve: Upward parallel shift by 1bp	\$ 2,541	\$ (1,962)	\$ 2,033	\$ (1,570)

2) Cathay Insurance Co., Ltd. (Vietnam)

For the six months ended June 30, 2026

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Yield curve: Upward parallel shift by 1bp	\$ 14	\$ 2	\$ 11	\$ 1

For the six months ended June 30, 2025

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Yield curve: Upward parallel shift by 1bp	\$ 41	\$ (12)	\$ 32	\$ (10)

38. INFORMATION OF DISCRETIONARY INVESTMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Domestic stocks and beneficiary certificates	\$ 4,969,123	\$ 3,397,091	\$ 2,219,013
Bank deposit	1,362,057	493,461	923,934
Futures margins	<u>38,978</u>	<u>38,867</u>	<u>38,756</u>
	<u>\$ 6,370,158</u>	<u>\$ 3,929,419</u>	<u>\$ 3,181,703</u>

The fair values of the financial assets managed by securities investment trust enterprises under discretionary investment mandates are equal to their carrying amounts.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the discretionary investment limits were \$1,200,000 thousand at each reporting date.

39. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

a. Unconsolidated structured entities

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

Types of Structured Entity	Nature and Purpose	Interests Owned
Securitization vehicle	Investment in asset-backed securities to receive returns	Investment in securitization vehicles issued by the entity

b. As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Securitization vehicle			
Financial assets at FVTPL	\$ 182,598	\$ 190,615	\$ 322,541
Financial assets at amortized cost	<u>275,374</u>	<u>274,240</u>	<u>263,070</u>
	<u>\$ 457,972</u>	<u>\$ 464,855</u>	<u>\$ 585,611</u>

TABLE 1**CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES****BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE
(In Thousands of New Taiwan Dollars)**

Items	Amount			Items	Amount		
Assets	June 30, 2026	December 31, 2025	June 30, 2025	Liabilities	June 30, 2026	December 31, 2025	June 30, 2025
Cash and bank deposits	\$ 3,129,003	\$ 3,135,057	\$ 2,976,123	Insurance contract liabilities	\$ 4,010,756	\$ 3,963,214	\$ 3,898,776
Notes receivable	-	-	-	Reinsurance contract liabilities	-	-	-
Insurance contract assets	-	-	-	Other liabilities	-	-	-
Reinsurance contract assets	1,762,453	1,742,600	1,725,475	Temporary receipts and suspense accounts	-	-	-
Other receivables	-	-	-	Special reserves	1,625,287	1,568,563	1,469,015
Financial assets at FVTOCI	741,649	653,324	656,816				
Other assets							
Temporary payments and suspense accounts	2,938	796	9,377				
Total assets	\$ 5,636,043	\$ 5,531,777	\$ 5,367,791	Total liabilities	\$ 5,636,043	\$ 5,531,777	\$ 5,367,791

TABLE 2**CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES****OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE
(In Thousands of New Taiwan Dollars)**

Item	For the Six Months Ended June 30	
	2026	2025
Insurance service result		
Insurance revenue	\$ 1,480,310	\$ 1,455,089
Insurance service expenses	(1,408,374)	(1,382,131)
Income or expenses from reinsurance contracts held	<u>(49,185)</u>	<u>(33,250)</u>
Total insurance service result	<u>22,751</u>	<u>39,708</u>
Financial result		
Insurance finance income or expenses	(8,560)	(20,060)
Finance income or expenses from reinsurance contracts held	<u>4,597</u>	<u>8,288</u>
Total financial result	<u>(3,963)</u>	<u>(11,772)</u>
Other operating result		
Other operating costs - interest income	13,333	11,940
Other operating costs - net change in special reserve	<u>(56,724)</u>	<u>(64,340)</u>
Total other operating result	<u>\$ (43,391)</u>	<u>\$ (52,400)</u>

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11304922071, effective October 1, 2024, the Company is required to set aside NT\$15 per insurance policy each month from the operating expenses of this insurance business as a special reserve.

TABLE 3

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

**TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars)**

Company Involving Main Business Items	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cathay Century Insurance Co., Ltd.	Cathay Life Insurance Co., Ltd.	Fellow subsidiary	Premiums	\$ 149,276	-	Based on agreement	\$ -	-	\$ 14,464	-	
	Cathay United Bank Co., Ltd.	Fellow subsidiary	Premiums	138,687	-	Based on agreement	-	-	31,937	-	

Note 1: If the transaction terms of related parties are different from the general terms, the differences and reasons should be described in the column of unit price and payment terms.

Note 2: If there are any payments (receipts) in advance, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the remarks column.

Note 3: Paid-in capital refers to the paid-in capital of the Company.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Transacting Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	a	Reinsurance claims payments	\$ 28,909	Based on agreement	0.13
				Reinsurance premium	838	Based on agreement	-
				Due from reinsurers and ceding companies	572	Based on agreement	-

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transactions flows are as follows:

- a. From parent company to subsidiary,
- b. From subsidiary to parent company, and
- c. Between subsidiaries.

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: Information disclosed in this Table includes balances and transactions that have been eliminated on consolidation between the Group and its subsidiaries.

TABLE 5

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2026	December 31, 2025	Number of Shares (In Thousands)	%	Carrying Amount			
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Vietnam	Property insurance businesses	\$ 845,585	\$ 845,585	-	100	\$ 690,676	\$ 14,204	\$ 14,204	Note

Note: The amounts were calculated based on the audited financial statements for the same period.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2026	Accumulated Repatriation of Investment Income as of June 30, 2026
					Outward	Inward						
Cathay Insurance Co., Ltd. (China)	Property insurance businesses	\$ 12,196,844 (CNY 2,632,653 thousand)	a	\$ 2,964,730	\$ -	\$ -	\$ 2,964,730	\$ 409,635	24.5	\$ 100,361	\$ 2,730,194	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2026	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$2,964,730 (CNY645,000 thousand)	\$2,964,730 (CNY645,000 thousand)	\$14,980,909

Note 1: The investment amount is calculated based on historical exchange rate, and other columns are disclosed based on the exchange rate on June 30, 2026.

Note 2: Investment type is as follows:

- a. The Company made the investment directly.
- b. The Company made the investment through a company registered in a third region.
- c. Others.

Note 3: The calculation was based on financial statements which have not been audited.

Note 4: The limit is up to 60% of the investor’s net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.

Note 5: On December 31, 2006, according to letter No. 094022847 issued by the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”), the Company was authorized to invest US\$28,963 thousand and establish an insurance subsidiary, engaging in the property insurance business. On October 8, 2007, according to letter No. 1272 (2007) issued by China Insurance Regulatory Commission (“CIRC”), the Company was authorized to establish a property insurance company in the form of joint venture with Cathay Life Insurance. The joint venture company named Cathay Insurance Co., Ltd. (China) was established in Mainland China and has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, according to letter No. 10200136010 issued by the MOEAIC, the Company was authorized to remit CNY200,000 thousand to increase the share capital. The Company was authorized by CIRC to remit CNY100,000 thousand each on June 13, 2013 and March 18, 2014. On November 23, 2018, according to No. 10700281680 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Co., Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, according to No. 11100514060 issued by the MOEAIC, the approval for the proposed capital increase of CNY245,000 thousand previously granted under No. 10800291980 issued by the MOEAIC was revoked. As of June 30, 2026, the Company has remitted US\$97,292 thousand in total.

Note 6: The relevant information about Cathay Insurance Co., Ltd. (China) is as follows:

- a. The location: Shanghai, China.
- b. Status of capital operation and related income: As of June 30, 2026, Cathay Insurance Co., Ltd. (China) held investment assets of \$16,212,447 thousand and recognized net investment gain of \$563,422 thousand.
- c. Insurance contract assets and liabilities, and reinsurance contract assets and liabilities: As of June 30, 2026, the insurance contract assets of Cathay Insurance Co., Ltd. (China) amounted to \$35,960 thousand, insurance contract liabilities amounted to \$10,526,616 thousand, reinsurance contract assets amounted to \$946,063 thousand, and reinsurance contract liabilities amounted to \$6,543 thousand.
- d. Percentage of the insurance revenue: For the six months ended June 30, 2026, the insurance revenue of Cathay Insurance Co., Ltd. (China) amounted to \$14,538,876 thousand, representing 71.88% of the Company’s insurance revenue.
- e. Percentage of the insurance service expenses: For the six months ended June 30, 2026, the insurance service expenses of Cathay Insurance Co., Ltd. (China) amounted to \$14,359,525 thousand, representing 116.19% of the Company’s insurance service expenses.