

**Cathay United Bank 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 Shareholder
Cathay United Bank Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Cathay United Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively, the “Company”), which comprise the consolidated balance sheets as of June 30, 2026, December 31, 2025 and June 30, 2025, the consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and the 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 Company as of June 30, 2026, December 31, 2025 and June 30, 2025, its consolidated financial performance for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, and its consolidated cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Company 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 of the Company 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.

Key audit matter of the Company's consolidated financial statements for the six months ended June 30, 2026 is as follows:

Impairment Assessment of Loans

The domestic loans of the Bank, amounting to \$2,883,361,339 thousand were considered material to the financial statements as a whole. The assessment of impairment of loans involves accounting estimates and management's significant judgment, and since the amount of impairment assessed on loans under the relevant regulations issued by the authorities is substantially larger than those assessed under IFRS 9, we determined the impairment of the loans assessed under the relevant regulations prescribed by the authorities as a key audit matter.

The Bank's management regularly assesses its loans for impairment. The decision to recognize the impairment losses on loans is made in accordance with regulations issued by the authorities regarding the classification of credit assets and the provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 5 and 14.

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

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

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2026 and 2025 on which we have issued an unmodified opinion.

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 Public Banks, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 Company 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 Chen-Hsiu Yang and Shu-Wan Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 20, 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 UNITED BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 44)	\$ 150,105,215	3	\$ 141,293,368	3	\$ 123,439,536	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7 and 44)	357,563,359	6	428,777,214	8	433,311,700	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 44 and 49)	357,984,451	7	372,394,084	7	305,327,365	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 11, 44 and 49)	458,908,855	8	383,158,617	7	367,338,884	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 10, 11, 45 and 49)	700,364,785	13	688,483,141	13	736,979,913	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	37,500,339	1	35,291,150	1	19,013,643	-
RECEIVABLES, NET (Notes 13 and 44)	196,857,290	4	148,254,709	3	129,586,854	3
CURRENT INCOME TAX ASSETS (Notes 4 and 42)	58,982	-	66,082	-	119,796	-
DISCOUNTS AND LOANS, NET (Notes 5, 14 and 44)	3,121,391,777	57	2,886,929,378	56	2,742,860,851	56
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Note 17)	2,038,277	-	1,983,287	-	1,849,487	-
OTHER FINANCIAL ASSETS, NET	900,421	-	362,394	-	150,226	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 44)	25,853,315	-	25,617,373	1	25,007,454	1
RIGHT-OF-USE ASSETS, NET (Notes 19 and 44)	6,784,850	-	6,870,873	-	6,343,779	-
INVESTMENT PROPERTIES, NET (Note 20)	2,329,150	-	2,289,150	-	2,238,150	-
INTANGIBLE ASSETS, NET (Note 21)	8,680,675	-	8,541,666	-	8,495,266	-
DEFERRED TAX ASSETS (Notes 4 and 42)	4,311,366	-	4,195,171	-	4,109,283	-
OTHER ASSETS, NET (Notes 22 and 44)	<u>36,867,995</u>	<u>1</u>	<u>33,433,944</u>	<u>1</u>	<u>30,778,552</u>	<u>1</u>
TOTAL	<u>\$ 5,468,501,102</u>	<u>100</u>	<u>\$ 5,167,941,601</u>	<u>100</u>	<u>\$ 4,936,950,739</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 23 and 44)	\$ 202,978,394	4	\$ 178,790,871	4	\$ 138,398,975	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 44 and 49)	99,990,210	2	104,236,118	2	131,141,162	3
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Note 24)	12,946,430	-	2,110,900	-	20,229,831	-
PAYABLES (Notes 25 and 44)	55,631,789	1	47,069,691	1	159,694,926	3
CURRENT TAX LIABILITIES (Notes 4 and 42)	245,364	-	346,511	-	267,041	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	4,673,050,048	86	4,430,955,358	86	4,083,744,051	83
FINANCIAL DEBENTURES PAYABLE (Note 27)	18,600,000	-	18,600,000	-	18,600,000	-
OTHER FINANCIAL LIABILITIES (Note 28)	39,378,279	1	39,028,580	1	39,244,737	1
PROVISIONS (Notes 4, 15, 29 and 44)	3,596,257	-	3,723,071	-	3,520,748	-
LEASE LIABILITIES (Notes 19 and 44)	7,022,474	-	7,038,916	-	6,450,879	-
DEFERRED TAX LIABILITIES (Notes 4 and 42)	2,318,186	-	2,119,807	-	2,217,483	-
OTHER LIABILITIES (Notes 31 and 44)	<u>14,628,256</u>	<u>-</u>	<u>9,262,730</u>	<u>-</u>	<u>34,283,535</u>	<u>1</u>
Total liabilities	<u>5,130,385,687</u>	<u>94</u>	<u>4,843,282,553</u>	<u>94</u>	<u>4,637,793,368</u>	<u>94</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 32)						
Capital stock						
Common stock	137,626,154	2	128,220,970	2	120,113,139	2
Reserve for capitalization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,107,831</u>	<u>-</u>
Total capital stock	<u>137,626,154</u>	<u>2</u>	<u>128,220,970</u>	<u>2</u>	<u>128,220,970</u>	<u>2</u>
Capital surplus	<u>38,869,080</u>	<u>1</u>	<u>38,869,080</u>	<u>1</u>	<u>38,869,080</u>	<u>1</u>
Retained earnings						
Legal reserve	117,781,153	2	105,507,583	2	105,507,583	2
Special reserve	2,523,556	-	6,141,468	-	6,141,468	-
Unappropriated earnings	<u>28,888,681</u>	<u>1</u>	<u>40,877,456</u>	<u>1</u>	<u>22,025,863</u>	<u>1</u>
Total retained earnings	<u>149,193,390</u>	<u>3</u>	<u>152,526,507</u>	<u>3</u>	<u>133,674,914</u>	<u>3</u>
Other equity	<u>7,409,950</u>	<u>-</u>	<u>239,334</u>	<u>-</u>	<u>(6,026,084)</u>	<u>-</u>
Total equity attributable to owners of the Bank	333,098,574	6	319,855,891	6	294,738,880	6
NON-CONTROLLING INTERESTS (Note 32)	<u>5,016,841</u>	<u>-</u>	<u>4,803,157</u>	<u>-</u>	<u>4,418,491</u>	<u>-</u>
Total equity	<u>338,115,415</u>	<u>6</u>	<u>324,659,048</u>	<u>6</u>	<u>299,157,371</u>	<u>6</u>
TOTAL	<u>\$ 5,468,501,102</u>	<u>100</u>	<u>\$ 5,167,941,601</u>	<u>100</u>	<u>\$ 4,936,950,739</u>	<u>100</u>

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INTEREST REVENUE (Notes 33 and 44)								
Interest income	\$ 35,170,020	104	\$ 31,145,128	110	\$ 68,234,453	104	\$ 61,823,232	107
Interest expense	<u>(15,560,472)</u>	<u>(46)</u>	<u>(14,184,293)</u>	<u>(50)</u>	<u>(30,340,665)</u>	<u>(46)</u>	<u>(28,673,789)</u>	<u>(50)</u>
Total net interest revenue	<u>19,609,548</u>	<u>58</u>	<u>16,960,835</u>	<u>60</u>	<u>37,893,788</u>	<u>58</u>	<u>33,149,443</u>	<u>57</u>
NET REVENUE OTHER THAN INTEREST								
Net service fee revenue (Notes 34 and 44)	9,945,349	29	7,741,930	27	19,973,189	30	17,947,740	31
Gain on financial assets or liabilities at fair value through profit or loss (Notes 35 and 44)	2,614,987	8	1,944,801	7	4,899,805	7	4,053,089	7
Realized gain on financial assets at fair value through other comprehensive income (Notes 9 and 36)	589,786	2	787,757	3	807,252	1	925,228	2
(Loss) gain arising from derecognition of financial assets measured at amortised cost (Note 10)	-	-	-	-	(701)	-	64	-
Foreign exchange gain (Note 50)	721,509	2	688,743	2	1,630,051	3	1,424,384	2
Impairment reversal (loss) on assets (Note 37)	37,313	-	(15,748)	-	65,586	-	(18,055)	-
Share of profit of associates and joint ventures accounted for using equity method (Note 17)	30,052	-	21,174	-	56,152	-	40,876	-
Net other revenue other than interest income (Note 44)	<u>250,069</u>	<u>1</u>	<u>249,845</u>	<u>1</u>	<u>350,297</u>	<u>1</u>	<u>402,046</u>	<u>1</u>
Total net revenue other than interest	<u>14,189,065</u>	<u>42</u>	<u>11,418,502</u>	<u>40</u>	<u>27,781,631</u>	<u>42</u>	<u>24,775,372</u>	<u>43</u>
NET REVENUE	<u>33,798,613</u>	<u>100</u>	<u>28,379,337</u>	<u>100</u>	<u>65,675,419</u>	<u>100</u>	<u>57,924,815</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 5, 13, 14, 15, 38 and 44)	<u>(1,773,627)</u>	<u>(5)</u>	<u>(987,736)</u>	<u>(3)</u>	<u>(3,755,221)</u>	<u>(6)</u>	<u>(2,308,471)</u>	<u>(4)</u>
TOTAL OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 39 and 44)	(7,412,603)	(22)	(6,656,215)	(24)	(14,569,939)	(22)	(13,502,580)	(23)
Depreciation and amortization expense (Notes 18, 19, 21 and 40)	(1,218,651)	(4)	(1,038,572)	(4)	(2,381,172)	(3)	(2,062,516)	(4)
Other general and administrative expense (Notes 41 and 44)	<u>(6,618,207)</u>	<u>(19)</u>	<u>(6,077,016)</u>	<u>(21)</u>	<u>(12,370,949)</u>	<u>(19)</u>	<u>(11,663,019)</u>	<u>(20)</u>
Total operating expenses	<u>(15,249,461)</u>	<u>(45)</u>	<u>(13,771,803)</u>	<u>(49)</u>	<u>(29,322,060)</u>	<u>(44)</u>	<u>(27,228,115)</u>	<u>(47)</u>

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE TAX	\$ 16,775,525	50	\$ 13,619,798	48	\$ 32,598,138	50	\$ 28,388,229	49
INCOME TAX EXPENSE (Notes 4 and 42)	<u>(2,986,116)</u>	<u>(9)</u>	<u>(2,419,027)</u>	<u>(9)</u>	<u>(5,612,099)</u>	<u>(9)</u>	<u>(5,009,239)</u>	<u>(8)</u>
NET INCOME	<u>13,789,409</u>	<u>41</u>	<u>11,200,771</u>	<u>39</u>	<u>26,986,039</u>	<u>41</u>	<u>23,378,990</u>	<u>41</u>
OTHER COMPREHENSIVE INCOME (Notes 4 and 32)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax								
Remeasurement of defined benefit plans	-	-	-	-	5,524	-	(585)	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,130,233	27	(4,141,921)	(15)	10,384,428	16	(5,215,477)	(9)
Change in fair value of financial liability attributable to change in credit risk of liability	(241,482)	(1)	(39,486)	-	114,909	-	371,162	1
Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 17)	-	-	-	-	7,234	-	2,405	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 42)	(60,812)	-	251,888	1	77,986	-	241,075	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax								
Exchange differences on translating the financial statements of foreign operations	27,777	-	(4,396,638)	(16)	1,013,748	1	(3,721,800)	(7)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method (Note 17)	-	-	-	-	(8,396)	-	(10,291)	-

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CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	\$ 285,244	1	\$ 2,158,168	8	\$ (2,094,466)	(3)	\$ 3,824,999	7
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 42)	(3,383)	-	772,251	3	(179,582)	-	618,797	1
Other comprehensive income, net of tax	9,137,577	27	(5,395,738)	(19)	9,321,385	14	(3,889,715)	(7)
TOTAL COMPREHENSIVE INCOME	\$ 22,926,986	68	\$ 5,805,033	20	\$ 36,307,424	55	\$ 19,489,275	34
PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	\$ 13,646,977	40	\$ 11,106,352	39	\$ 26,793,975	41	\$ 23,154,983	41
Non-controlling interests	142,432	1	94,419	-	192,064	-	224,007	-
	<u>\$ 13,789,409</u>	<u>41</u>	<u>\$ 11,200,771</u>	<u>39</u>	<u>\$ 26,986,039</u>	<u>41</u>	<u>\$ 23,378,990</u>	<u>41</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	\$ 22,831,294	68	\$ 6,212,620	22	\$ 36,093,740	55	\$ 19,729,210	34
Non-controlling interests	95,692	-	(407,587)	(2)	213,684	-	(239,935)	-
	<u>\$ 22,926,986</u>	<u>68</u>	<u>\$ 5,805,033</u>	<u>20</u>	<u>\$ 36,307,424</u>	<u>55</u>	<u>\$ 19,489,275</u>	<u>34</u>
EARNINGS PER SHARE (Note 43)								
Basic	<u>\$ 0.99</u>		<u>\$ 0.81</u>		<u>\$ 1.95</u>		<u>\$ 1.68</u>	

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

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank													
							Other Equity							
	Capital Stock		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Change in the Fair Value of Financial Liabilities Attributable to Change in the Credit Risk	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gain on Property Revaluation	Total	Non-controlling Interests	Total Equity
	Common Stock	Stock Dividends to Be Distributed		Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2025	\$ 120,113,139	\$ -	\$ 38,869,080	\$ 94,311,239	\$ 8,504,431	\$ 37,320,398	\$ 359,595	\$ (2,531,340)	\$ (420,102)	\$ (2,748,935)	\$ 1,612,099	\$ (3,728,683)	\$ 4,658,426	\$ 300,048,030
Appropriation of 2024 earnings														
Legal reserve	-	-	-	11,196,344	-	(11,196,344)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(2,362,954)	2,362,954	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(20,379,934)	-	-	-	-	-	-	-	(20,379,934)
Stock dividends	-	8,107,831	-	-	-	(8,107,831)	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2025	-	-	-	-	-	23,154,983	-	-	-	-	-	-	224,007	23,378,990
Other comprehensive (loss) income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	(2,666,439)	(1,057,746)	296,929	1,483	-	(3,425,773)	(463,942)	(3,889,715)
Total comprehensive (loss) income for the six months ended June 30, 2025	-	-	-	-	-	23,154,983	(2,666,439)	(1,057,746)	296,929	1,483	-	(3,425,773)	(239,935)	19,489,275
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,129,120)	-	1,129,120	-	-	-	1,129,120	-	-
Others	-	-	-	-	(9)	757	-	-	-	-	(748)	(748)	-	-
BALANCE AT JUNE 30, 2025	<u>\$ 120,113,139</u>	<u>\$ 8,107,831</u>	<u>\$ 38,869,080</u>	<u>\$ 105,507,583</u>	<u>\$ 6,141,468</u>	<u>\$ 22,025,863</u>	<u>\$ (2,306,844)</u>	<u>\$ (2,459,966)</u>	<u>\$ (123,173)</u>	<u>\$ (2,747,452)</u>	<u>\$ 1,611,351</u>	<u>\$ (6,026,084)</u>	<u>\$ 4,418,491</u>	<u>\$ 299,157,371</u>
BALANCE AT JANUARY 1, 2026	\$ 128,220,970	\$ -	\$ 38,869,080	\$ 105,507,583	\$ 6,141,468	\$ 40,877,456	\$ (321,282)	\$ 2,101,692	\$ (182,974)	\$ (2,969,453)	\$ 1,611,351	\$ 239,334	\$ 4,803,157	\$ 324,659,048
Appropriation of 2025 earnings														
Legal reserve	-	-	-	12,273,570	-	(12,273,570)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(3,628,763)	3,628,763	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(22,851,057)	-	-	-	-	-	-	-	(22,851,057)
Stock dividends	9,405,184	-	-	-	-	(9,405,184)	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2026	-	-	-	-	-	26,793,975	-	-	-	-	-	-	192,064	26,986,039
Other comprehensive income for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	762,943	8,439,999	91,928	4,895	-	9,299,765	21,620	9,321,385
Total comprehensive income for the six months ended June 30, 2026	-	-	-	-	-	26,793,975	762,943	8,439,999	91,928	4,895	-	9,299,765	213,684	36,307,424
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	2,094,706	-	(2,094,706)	-	-	-	(2,094,706)	-	-
Others	-	-	-	-	10,851	23,592	-	-	-	-	(34,443)	(34,443)	-	-
BALANCE AT JUNE 30, 2026	<u>\$ 137,626,154</u>	<u>\$ -</u>	<u>\$ 38,869,080</u>	<u>\$ 117,781,153</u>	<u>\$ 2,523,556</u>	<u>\$ 28,888,681</u>	<u>\$ 441,661</u>	<u>\$ 8,446,985</u>	<u>\$ (91,046)</u>	<u>\$ (2,964,558)</u>	<u>\$ 1,576,908</u>	<u>\$ 7,409,950</u>	<u>\$ 5,016,841</u>	<u>\$ 338,115,415</u>

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

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 32,598,138	\$ 28,388,229
Adjustments:		
Depreciation expense	1,991,708	1,710,454
Amortization expense	389,464	352,062
Expected credit loss	3,755,221	2,308,471
Gains on financial assets and liabilities at fair value through profit or loss	(4,899,805)	(4,053,089)
Interest expense	30,340,665	28,673,789
Losses (gains) arising from derecognition of financial assets measured at amortised cost	701	(64)
Interest income	(68,234,453)	(61,823,232)
Dividend income	(502,367)	(793,768)
Share of profit of associates and joint ventures accounted for using equity method	(56,152)	(40,876)
(Gains) losses on disposal of property and equipment	(49,820)	4,442
Gains on disposal of investment properties	-	(4,734)
Gains on disposal of investments	(304,885)	(131,460)
(Reversal of) impairment loss on financial assets	(65,586)	18,055
Gains on sale of nonperforming loans	-	(2,220)
Gains on fair value adjustment of investment property	(40,000)	(56,534)
Others adjustments	-	(76,839)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(6,763,156)	(9,386,599)
Financial assets at fair value through profit or loss	39,674,611	45,746,921
Financial assets at fair value through other comprehensive income	(67,186,995)	538,544
Investments in debt instruments at amortised cost	(11,785,155)	(159,944,248)
Receivables	(47,980,356)	7,582,606
Discounts and loans	(237,970,789)	(65,836,489)
Other financial assets	(538,028)	(113,516)
Other assets	(3,791,073)	2,266,086
Deposits from the Central Bank and banks	24,187,523	(46,283,692)
Financial liabilities at fair value through profit or loss	(27,544,286)	(77,970,888)
Notes and bonds issued under repurchase agreements	10,835,530	9,287,465
Payables	12,253,197	98,894,367
Deposits and remittances	242,094,690	235,157,626
Other financial liabilities	349,699	(6,953,962)
Provisions	(159,808)	(205,014)
Other liabilities	5,371,322	21,066,405
Cash (used in) generated from operations	(74,030,245)	48,318,298
Interest received	71,437,366	65,662,151
Dividends received	228,887	242,736

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025
Interest paid	\$ (31,362,174)	\$ (30,479,298)
Income tax paid	<u>(9,136,188)</u>	<u>(7,690,660)</u>
Net cash (used in) generated from operating activities	<u>(42,862,354)</u>	<u>76,053,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,173,910)	(1,013,020)
Proceeds from disposal of property and equipment	75,301	22
Acquisition of intangible assets	(126,574)	(99,068)
Proceeds from disposal of investment properties	-	102,000
Proceeds from disposal of non-performing loan	-	53,142
Dividends received	<u>-</u>	<u>4,376</u>
Net cash used in investing activities	<u>(1,225,183)</u>	<u>(952,548)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of financial debentures payable	-	5,900,000
Payments of the principal portion of lease liabilities	(1,014,772)	(902,386)
Cash dividends paid	<u>(22,851,057)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(23,865,829)</u>	<u>4,997,614</u>
EFFECTS OF EXCHANGE RATE AND PURCHASING POWER CHANGES ON CASH AND CASH EQUIVALENTS	<u>975,165</u>	<u>(3,499,124)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(66,978,201)	76,599,169
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>461,084,342</u>	<u>371,168,287</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 394,106,141</u>	<u>\$ 447,767,456</u>

(Continued)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	June 30	
	2026	2025
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2026 AND 2025		
Cash and cash equivalents reported in the consolidated balance sheets	\$ 150,105,215	\$ 123,439,536
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	206,500,587	305,314,277
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>37,500,339</u>	<u>19,013,643</u>
Cash and cash equivalents at the end of the period	<u>\$ 394,106,141</u>	<u>\$ 447,767,456</u>

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

(Concluded)

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its subsidiaries (collectively, the “Company”) were approved by the Bank’s board of directors on August 20, 2026.

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

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

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

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

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

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

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

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

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

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

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

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 Company may apply the transition upon initial application.

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

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

The Company 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 Company is continuously assessing the possible impact of the application of the amendments on the Company’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.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

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

Basis of Consolidation

- a. Principles for preparing the consolidated financial statements

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

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

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

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

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

- b. Entities included in the consolidated financial statements

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

Other Material Accounting Policies

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

- a. Derecognition of financial liabilities

Financial liabilities are derecognized on the settlement date, which is the date on which the liability is extinguished because the Company's obligations are discharged, cancelled or have expired, or the liability is substantially modified or exchanged for a debt instrument with substantially different terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

b. Retirement benefits

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

c. Other long-term employee benefits

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

d. Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Assessment of Impairment of Loans

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 25,866,732	\$ 23,482,321	\$ 24,477,492
Checks for clearance	1,803,312	1,874,355	1,810,775
Due from banks	<u>122,625,319</u>	<u>116,127,338</u>	<u>97,279,464</u>
	150,295,363	141,484,014	123,567,731
Less: Allowance for impairment loss	<u>(190,148)</u>	<u>(190,646)</u>	<u>(128,195)</u>
	<u>\$ 150,105,215</u>	<u>\$ 141,293,368</u>	<u>\$ 123,439,536</u>

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

Reconciliations of cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of June 30, 2026 and 2025 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2025 are shown below:

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

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

	June 30, 2026	December 31, 2025	June 30, 2025
Deposit reserves - general account	\$ 140,849,996	\$ 131,889,259	\$ 118,416,921
Deposit reserves - foreign currency account	10,237,434	12,431,910	9,624,983
Deposits in the Central Bank - general account	51,667,378	53,017,685	100,404,113
Call loans and overdrafts	<u>154,833,209</u>	<u>231,482,139</u>	<u>204,910,164</u>
	357,588,017	428,820,993	433,356,181
Less: Allowance for impairment loss	<u>(24,658)</u>	<u>(43,779)</u>	<u>(44,481)</u>
	<u>\$ 357,563,359</u>	<u>\$ 428,777,214</u>	<u>\$ 433,311,700</u>

The Bank

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

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits and recorded as deposit reserves - foreign currency account. These non-interest bearing reserves may be withdrawn at any time. As of June 30, 2026, December 31, 2025 and June 30, 2025, the balances of foreign-currency deposit reserves were \$1,962,987 thousand, \$3,643,467 thousand and \$2,818,623 thousand, respectively.

Indovina Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the State Bank of Vietnam were \$1,345,082 thousand, \$1,472,590 thousand and \$1,437,952 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

CUBC Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the National Bank of Cambodia were \$1,072,382 thousand, \$949,394 thousand and \$941,001 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

CUBCN Bank

In accordance with the relevant local laws and regulations governing credit institutions, the amounts of compulsory reserves for the People's Bank of China were \$5,856,983 thousand, \$6,366,459 thousand and \$4,427,407 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily classified as at <u>fair value through profit or loss</u>			
Commercial paper	\$ 179,887,655	\$ 205,054,265	\$ 119,060,374
Financial debentures	60,662,547	48,679,322	42,993,170
Corporate bonds	26,582,629	30,550,253	25,910,194
Government bonds	20,842,916	23,422,669	14,869,788
Treasury bills	10,913,801	1,274,073	15,056,266
Negotiable certificates of deposit	3,167,453	3,188,250	1,481,622
Stock investments	34,237	1,410,418	667,445
Fund beneficiary certificates	9,462	66,202	-
	<u>302,100,700</u>	<u>313,645,452</u>	<u>220,038,859</u>
Derivative financial instruments			
Interest rate swap contracts	28,014,294	28,083,257	27,755,311
Foreign exchange forward contracts	20,806,809	23,660,088	51,144,380
Options	4,243,177	4,257,669	3,945,241
Cross-currency swap contracts	2,424,660	2,070,155	2,294,835
Others	394,811	677,463	148,739
	<u>55,883,751</u>	<u>58,748,632</u>	<u>85,288,506</u>
	<u>\$ 357,984,451</u>	<u>\$ 372,394,084</u>	<u>\$ 305,327,365</u>
Financial liabilities designated as at fair value <u>through profit or loss</u>			
Bonds	\$ 42,891,446	\$ 41,480,624	\$ 39,617,181
Financial liabilities held for trading			
Derivative financial instruments			
Interest rate swap contracts	28,436,944	28,682,070	27,552,602
Foreign exchange forward contracts	18,719,233	23,233,836	54,445,810
Options	6,855,546	7,928,420	7,519,123
Cross-currency swap contracts	2,686,573	2,228,781	1,853,212
Others	400,468	682,387	153,234
	<u>57,098,764</u>	<u>62,755,494</u>	<u>91,523,981</u>
	<u>\$ 99,990,210</u>	<u>\$ 104,236,118</u>	<u>\$ 131,141,162</u>

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

The contract amounts (nominal amounts) of derivative transactions for accommodating customers' needs and for managing the Company's exposure positions as of June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

(Unit: Thousands of U.S. Dollars)

	Contract Amounts		
	June 30, 2026	December 31, 2025	June 30, 2025
<u>The Bank</u>			
Foreign exchange forward contracts	\$ 100,292,633	\$ 107,412,084	\$ 134,200,723
Interest rate swap contracts	45,072,826	47,723,529	51,145,051
Options	6,783,792	5,885,031	5,981,893
Cross-currency swap contracts	4,790,814	4,376,033	4,270,386
Equity swap contracts	1,268,880	1,197,920	681,360
Futures	244,937	184,284	193,412
<u>Indovina Bank</u>			
Foreign exchange forward contracts	339,173	221,000	216,500
<u>CUBCN Bank</u>			
Interest rate swap contracts	2,208,225	2,155,474	3,487,720
Foreign exchange forward contracts	1,751,649	2,184,524	2,713,679
Options	1,298	1,408	4,156
Cross-currency swap contracts	-	-	10,000

As of June 30, 2026 and December 31, 2025, none of the financial assets at FVTPL was sold under repurchase agreements. As of June 30, 2025, certain financial assets at FVTPL were sold under repurchase agreements with notional amounts of \$3,456,810 thousand. The proceeds amounting to \$3,407,013 thousand, were recorded as notes and bonds sold under repurchase agreements and will be repurchased for \$3,409,070 thousand before the end of July 2025.

Financial Liabilities Designated as at Fair Value through Profit or Loss

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

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

The Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. The Bank also designated the above bank debentures as at fair value through profit or loss to eliminate the accounting mismatch arising from measuring the financial debentures at amortised cost and the derivative instruments at fair value through profit or loss. For the six months ended June 30, 2026 and 2025, such interest rate swap contracts were valued with a net gain of \$991,460 thousand and \$1,893,256 thousand, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instruments			
Domestic listed shares	\$ 25,425,271	\$ 12,959,126	\$ 13,235,313
Overseas stock investments	10,801,512	11,560,441	9,665,581
Domestic unlisted shares	5,846,747	5,413,539	5,225,134
Domestic emerging shares	<u>70,095</u>	<u>78,479</u>	<u>94,148</u>
	<u>42,143,625</u>	<u>30,011,585</u>	<u>28,220,176</u>
Investments in debt instruments			
Government bonds	215,317,734	170,931,591	160,553,535
Corporate bonds	96,246,460	95,809,805	96,207,213
Financial debentures	52,194,495	46,628,830	44,388,302
Asset-backed securities	47,880,309	31,028,033	32,072,146
Negotiable certificates of deposit	<u>5,126,232</u>	<u>8,748,773</u>	<u>5,897,512</u>
	<u>416,765,230</u>	<u>353,147,032</u>	<u>339,118,708</u>
	<u>\$ 458,908,855</u>	<u>\$ 383,158,617</u>	<u>\$ 367,338,884</u>

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

In consideration of its investment strategy, the Company sold its investments in equity instruments at FVTOCI with the fair value of \$12,883,861 thousand and \$20,593,366 thousand during the six months ended June 30, 2026 and 2025, respectively, and the related unrealized gain of \$2,094,706 thousand and loss of \$1,129,120 thousand were transferred from other equity to retained earnings, accordingly.

The Company's dividends from financial assets at FVTOCI of \$502,367 thousand and \$793,768 thousand were recognized as income for the six months ended June 30, 2026 and 2025, respectively. Those related to investments held as of June 30, 2026 and 2025 were \$309,011 thousand and \$349,593 thousand, respectively, and the remaining amounts were related to investments derecognized for the six months ended June 30, 2026 and 2025.

As of June 30, 2026, December 31, 2025 and June 30, 2025, certain financial assets at FVTOCI were sold under repurchase agreements with notional amounts of \$10,984,132 thousand, \$1,497,500 thousand and \$11,778,647 thousand, respectively. The proceeds amounting to \$10,739,553 thousand, \$1,661,079 thousand and \$10,588,459 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for \$10,768,566 thousand, \$1,665,655 thousand and \$10,651,112 thousand before the end of October 2026, June 2026 and December 2025, respectively.

As of June 30, 2026, certain domestic listed shares of investments in equity instruments at FVTOCI had been loaned out under security lending agreement with the fair value of \$500,480 thousand, and in accordance with the agreement, securities were returned progressively by the end of December 2026. As of December 31, 2025 and June 30, 2025, none of the domestic listed shares of investments in equity instruments at FVTOCI were loaned out under security lending agreements.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term bills	\$ 446,120,000	\$ 454,425,000	\$ 524,437,763
Asset-backed securities	122,050,187	106,595,453	73,346,099
Financial debentures	63,601,020	57,165,164	68,307,878
Government bonds	43,929,386	42,673,461	44,564,723
Corporate bonds	<u>24,687,496</u>	<u>27,744,441</u>	<u>26,457,423</u>
	700,388,089	688,603,519	737,113,886
Less: Allowance for impairment loss	<u>(23,304)</u>	<u>(120,378)</u>	<u>(133,973)</u>
	<u>\$ 700,364,785</u>	<u>\$ 688,483,141</u>	<u>\$ 736,979,913</u>

For the six months ended June 30, 2026 and 2025, due to early redemption of part of the bonds by the issuer prior to the maturity date, the Bank recognized the gain or loss arising from derecognition of financial assets measured at amortised cost amounting to loss of \$701 thousand and gain of \$64 thousand, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, certain financial assets measured at amortised cost were sold under repurchase agreements with notional amounts of \$2,231,699 thousand, \$459,267 thousand and \$7,381,150 thousand, respectively. The proceeds amounting to \$2,206,877 thousand, \$449,821 thousand and \$6,234,359 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and will be/were repurchased for \$2,213,235 thousand, \$450,101 thousand and \$6,353,152 thousand before the end of August 2026, January 2026 and July 2025, respectively.

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

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

June 30, 2026

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	\$ 424,879,985	\$ 700,388,089	\$ 1,125,268,074
Less: Allowance for impairment loss	(152,386)	(23,304)	(175,690)
Adjustment to fair value	<u>(7,962,369)</u>	<u>-</u>	<u>(7,962,369)</u>
	<u>\$ 416,765,230</u>	<u>\$ 700,364,785</u>	<u>\$ 1,117,130,015</u>

December 31, 2025

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

June 30, 2025

	Financial Assets at FVTOCI	Investments in Debt Instruments at Amortised Cost	Total
Gross carrying amount	\$ 346,731,280	\$ 737,113,886	\$ 1,083,845,166
Less: Allowance for impairment loss	(143,377)	(133,973)	(277,350)
Adjustment to fair value	<u>(7,469,195)</u>	<u>-</u>	<u>(7,469,195)</u>
	<u>\$ 339,118,708</u>	<u>\$ 736,979,913</u>	<u>\$ 1,076,098,621</u>

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

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

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

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at June 30, 2026
Low credit risk	Low credit risk at the reporting date	12-month ECLs	\$ 1,125,268,074
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	-
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	-

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

Credit Rating	Definition	Basis for Recognizing ECLs	Gross Carrying Amount at June 30, 2025
Low credit risk	Low credit risk at the reporting date	12-month ECLs	\$ 1,083,587,537
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECLs (not credit-impaired)	224,436
Default	Objective evidence of impairment at the reporting date	Lifetime ECLs (credit-impaired)	33,193

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

For the six months ended June 30, 2026

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	\$ 173,967	\$ 72,852	\$ -
New debt instruments purchased	80,137	-	-
Derecognition	(45,525)	(72,852)	-
Effect of exchange rate changes and others	<u>(32,889)</u>	<u>-</u>	<u>-</u>
Balance at the end of the period	<u>\$ 175,690</u>	<u>\$ -</u>	<u>\$ -</u>

For the six months ended June 30, 2025

	Credit Rating		
	Low Credit Risk (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	In Default (Lifetime ECLs - Credit-impaired)
Balance at the beginning of the period	\$ 161,645	\$ 119,213	\$ -
New debt instruments purchased	79,797	-	-
Derecognition	(36,544)	(32,111)	-
Effect of exchange rate changes and others	<u>(12,727)</u>	<u>(1,923)</u>	<u>-</u>
Balance at the end of the period	<u>\$ 192,171</u>	<u>\$ 85,179</u>	<u>\$ -</u>

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Corporate bonds	\$ 29,945,577	\$ 23,368,480	\$ 12,335,555
Government bonds	4,565,106	8,171,333	3,837,976
Financial debentures	<u>2,991,561</u>	<u>3,754,534</u>	<u>2,841,724</u>
	37,502,244	35,294,347	19,015,255
Less: Allowance for impairment loss	<u>(1,905)</u>	<u>(3,197)</u>	<u>(1,612)</u>
	<u>\$ 37,500,339</u>	<u>\$ 35,291,150</u>	<u>\$ 19,013,643</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, none of the securities purchased under resell agreements were sold under repurchase agreements.

13. RECEIVABLES, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and accounts receivable	\$ 159,924,152	\$ 122,222,130	\$ 103,899,623
Factoring receivables	16,309,900	8,882,221	5,052,960
Interest receivables	15,151,630	14,574,810	12,503,746
Acceptances	1,267,174	1,177,954	1,153,173
Others	<u>7,274,765</u>	<u>4,467,870</u>	<u>9,807,406</u>
	199,927,621	151,324,985	132,416,908
Less: Allowance for impairment loss	<u>(3,070,331)</u>	<u>(3,070,276)</u>	<u>(2,830,054)</u>
	<u>\$ 196,857,290</u>	<u>\$ 148,254,709</u>	<u>\$ 129,586,854</u>

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

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

For the six months ended June 30, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 146,942,338	\$ 1,993,718	\$ 2,388,929	\$ 151,324,985
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(599,362)	606,093	(6,731)	-
Transferred to credit-impaired financial assets	(247,682)	(226,289)	473,971	-
				(Continued)

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Transferred to 12-month ECLs	\$ 267,905	\$ (264,724)	\$ (3,181)	\$ -
Derecognition of financial assets in the period	(70,387,612)	(1,952,044)	(332,804)	(72,672,460)
New financial assets purchased or originated	119,168,227	1,717,256	424,226	121,309,709
Written-off as bad debt expense	-	-	(549,870)	(549,870)
Effects of exchange rate changes and others	<u>512,928</u>	<u>123</u>	<u>2,206</u>	<u>515,257</u>
Balance at the end of the period	<u>\$ 195,656,742</u>	<u>\$ 1,874,133</u>	<u>\$ 2,396,746</u>	<u>\$ 199,927,621</u> (Concluded)

For the six months ended June 30, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 136,497,189	\$ 2,355,699	\$ 2,300,482	\$ 141,153,370
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(655,402)	659,942	(4,540)	-
Transferred to credit-impaired financial assets	(288,155)	(276,273)	564,428	-
Transferred to 12-month ECLs	249,574	(245,905)	(3,669)	-
Derecognition of financial assets in the period	(68,634,898)	(1,706,649)	(360,131)	(70,701,678)
New financial assets purchased or originated	61,357,138	1,713,113	450,219	63,520,470
Written-off as bad debt expense	-	-	(659,570)	(659,570)
Effects of exchange rate changes and others	<u>(871,369)</u>	<u>(12,337)</u>	<u>(11,978)</u>	<u>(895,684)</u>
Balance at the end of the period	<u>\$ 127,654,077</u>	<u>\$ 2,487,590</u>	<u>\$ 2,275,241</u>	<u>\$ 132,416,908</u>

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

For the six months ended June 30, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 805,296	\$ 374,682	\$ 1,790,300	\$ 2,970,278	\$ 99,998	\$ 3,070,276
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(22,818)	218,942	(4,015)	192,109	-	192,109
Transferred to credit-impaired financial assets	(14,479)	(88,830)	436,700	333,391	-	333,391
Transferred to 12-month ECLs	16,534	(92,667)	(2,177)	(78,310)	-	(78,310)
Derecognition of financial assets in the period	(360,914)	(129,395)	(168,339)	(658,648)	-	(658,648)
New financial assets purchased or originated	293,504	61,568	232,892	587,964	-	587,964
Differences of impairment loss under the regulations	-	-	-	-	81,309	81,309
Written-off as bad debt expense	-	-	(549,870)	(549,870)	-	(549,870)
Effects of exchange rate changes and others	50,844	10,174	31,092	92,110	-	92,110
Balance at the end of the period	<u>\$ 767,967</u>	<u>\$ 354,474</u>	<u>\$ 1,766,583</u>	<u>\$ 2,889,024</u>	<u>\$ 181,307</u>	<u>\$ 3,070,331</u>

For the six months ended June 30, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 685,139	\$ 409,352	\$ 1,819,915	\$ 2,914,406	\$ 73,353	\$ 2,987,759
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(22,456)	221,622	(3,211)	195,955	-	195,955
Transferred to credit-impaired financial assets	(15,946)	(114,920)	664,681	533,815	-	533,815
Transferred to 12-month ECLs	15,757	(89,451)	(2,407)	(76,101)	-	(76,101)
Derecognition of financial assets in the period	(294,222)	(140,248)	(358,441)	(792,911)	-	(792,911)
New financial assets purchased or originated	246,218	67,191	245,843	559,252	-	559,252
Differences of impairment loss under the regulations	-	-	-	-	(2,579)	(2,579)
Written-off as bad debt expense	-	-	(659,570)	(659,570)	-	(659,570)
Effects of exchange rate changes and others	59,346	13,795	11,293	84,434	-	84,434
Balance at the end of the period	<u>\$ 673,836</u>	<u>\$ 367,341</u>	<u>\$ 1,718,103</u>	<u>\$ 2,759,280</u>	<u>\$ 70,774</u>	<u>\$ 2,830,054</u>

14. DISCOUNTS AND LOANS, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Discounts and overdrafts	\$ 1,334,561	\$ 517,994	\$ 773,195
Short-term loans	807,006,960	698,967,701	649,529,547
Medium-term loans	951,616,768	867,002,850	790,813,908
Long-term loans	1,402,919,875	1,360,288,155	1,339,436,731
Export negotiations	611,478	693,085	926,399
Non-accrual loans transferred from loans	<u>9,309,563</u>	<u>7,851,208</u>	<u>7,172,463</u>
	3,172,799,205	2,935,320,993	2,788,652,243
Less: Allowance for impairment loss	<u>(51,407,428)</u>	<u>(48,391,615)</u>	<u>(45,791,392)</u>
	<u>\$ 3,121,391,777</u>	<u>\$ 2,886,929,378</u>	<u>\$ 2,742,860,851</u>

As of June 30, 2026, the amount of the domestic loans of the Bank was \$2,883,361,339 thousand, and allowance for impairment loss was \$46,012,492 thousand.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the balances of nonaccrual loans were \$9,309,563 thousand, \$7,851,208 thousand and \$7,172,463 thousand, respectively. For the six months ended June 30, 2026 and 2025, the Company did not write off certain credits without completing the required legal procedures.

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

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

For the six months ended June 30, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 2,824,433,030	\$ 88,517,420	\$ 22,370,543	\$ 2,935,320,993
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(20,577,489)	20,823,111	(245,622)	-
Transferred to credit-impaired financial assets	(2,716,870)	(1,583,369)	4,300,239	-
Transferred to 12-month ECLs	25,037,258	(24,683,192)	(354,066)	-
Derecognition of financial assets in the period	(558,098,907)	(27,290,471)	(1,993,113)	(587,382,491)
New financial assets purchased or originated	792,441,682	28,176,349	1,808,756	822,426,787
Written-off as bad debt expense	-	-	(1,161,919)	(1,161,919)
Effects of exchange rate changes and others	<u>3,283,768</u>	<u>257,323</u>	<u>54,744</u>	<u>3,595,835</u>
Balance at the end of the period	<u>\$ 3,063,802,472</u>	<u>\$ 84,217,171</u>	<u>\$ 24,779,562</u>	<u>\$ 3,172,799,205</u>

For the six months ended June 30, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Total
Balance at the beginning of the period	\$ 2,628,181,220	\$ 76,013,179	\$ 19,869,764	\$ 2,724,064,163
Changes of financial instruments recognized at the beginning of the current reporting period				
Transferred to Lifetime ECLs	(28,901,994)	29,022,569	(120,575)	-
Transferred to credit-impaired financial assets	(2,328,043)	(1,239,564)	3,567,607	-
Transferred to 12-month ECLs	19,919,175	(19,736,945)	(182,230)	-
Derecognition of financial assets in the period	(515,854,061)	(13,505,916)	(1,558,498)	(530,918,475)
New financial assets purchased or originated	608,442,773	11,433,368	1,738,743	621,614,884
Written-off as bad debt expense	-	-	(1,432,838)	(1,432,838)
Effects of exchange rate changes and others	<u>(22,090,999)</u>	<u>(2,114,486)</u>	<u>(470,006)</u>	<u>(24,675,491)</u>
Balance at the end of the period	<u>\$ 2,687,368,071</u>	<u>\$ 79,872,205</u>	<u>\$ 21,411,967</u>	<u>\$ 2,788,652,243</u>

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

For the six months ended June 30, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 4,258,964	\$ 2,844,425	\$ 8,819,705	\$ 15,923,094	\$ 32,468,521	\$ 48,391,615
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(82,771)	1,216,114	(40,022)	1,093,321	-	1,093,321
Transferred to credit-impaired financial assets	(25,927)	(434,879)	1,316,787	855,981	-	855,981
Transferred to 12-month ECLs	73,621	(776,994)	(38,440)	(741,813)	-	(741,813)
Derecognition of financial assets in the period	(1,125,506)	(283,509)	(829,310)	(2,238,325)	-	(2,238,325)
New financial assets purchased or originated	1,238,044	341,692	1,649,937	3,229,673	-	3,229,673
Differences of impairment loss under the regulations	-	-	-	-	2,986,278	2,986,278
Written-off as bad debt expense	-	-	(1,161,919)	(1,161,919)	-	(1,161,919)
Effects of exchange rate changes and others	<u>(607,313)</u>	<u>(291,099)</u>	<u>(108,971)</u>	<u>(1,007,383)</u>	<u>-</u>	<u>(1,007,383)</u>
Balance at the end of the period	<u>\$ 3,729,112</u>	<u>\$ 2,615,750</u>	<u>\$ 9,607,767</u>	<u>\$ 15,952,629</u>	<u>\$ 35,454,799</u>	<u>\$ 51,407,428</u>

For the six months ended June 30, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 4,421,053	\$ 3,773,954	\$ 8,296,741	\$ 16,491,748	\$ 28,339,740	\$ 44,831,488
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(101,609)	1,574,923	(38,955)	1,434,359	-	1,434,359
Transferred to credit-impaired financial assets	(18,819)	(660,293)	1,438,710	759,598	-	759,598
Transferred to 12-month ECLs	162,235	(1,276,388)	(37,285)	(1,151,438)	-	(1,151,438)
Derecognition of financial assets in the period	(1,124,361)	(239,503)	(692,274)	(2,056,138)	-	(2,056,138)
New financial assets purchased or originated	1,161,337	136,170	1,161,866	2,459,373	-	2,459,373
Differences of impairment loss under the regulations	-	-	-	-	1,635,153	1,635,153
Written-off as bad debt expense	-	-	(1,432,838)	(1,432,838)	-	(1,432,838)
Effects of exchange rate changes and others	(238,774)	(176,875)	(272,516)	(688,165)	-	(688,165)
Balance at the end of the period	<u>\$ 4,261,062</u>	<u>\$ 3,131,988</u>	<u>\$ 8,423,449</u>	<u>\$ 15,816,499</u>	<u>\$ 29,974,893</u>	<u>\$ 45,791,392</u>

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

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

For the six months ended June 30, 2026

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 222,813	\$ 16,300	\$ 20,454	\$ 259,567	\$ 186,881	\$ 446,448
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(1,324)	17,634	(3)	16,307	-	16,307
Transferred to credit-impaired financial assets	(3)	(57)	704	644	-	644
Transferred to 12-month ECLs	1,135	(8,857)	(645)	(8,367)	-	(8,367)
Derecognition of financial assets in the period	(72,255)	(13,560)	(6,996)	(92,811)	-	(92,811)
New financial assets purchased or originated	123,874	9,888	3,738	137,500	-	137,500
Differences of impairment loss under the regulations	-	-	-	-	28,996	28,996
Effects of exchange rate changes and others	(14,523)	(3,699)	(423)	(18,645)	-	(18,645)
Balance at the end of the period	<u>\$ 259,717</u>	<u>\$ 17,649</u>	<u>\$ 16,829</u>	<u>\$ 294,195</u>	<u>\$ 215,877</u>	<u>\$ 510,072</u>

For the six months ended June 30, 2025

	12-month ECLs	Lifetime ECLs (Collectively Assessed)	Lifetime ECLs (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Differences of Impairment Loss under Regulations	Total
Balance at the beginning of the period	\$ 259,893	\$ 65,268	\$ 7,233	\$ 332,394	\$ 188,954	\$ 521,348
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(964)	13,631	-	12,667	-	12,667
Transferred to credit-impaired financial assets	(4)	-	944	940	-	940
Transferred to 12-month ECLs	6,995	(31,536)	(334)	(24,875)	-	(24,875)
Derecognition of financial assets in the period	(105,145)	(14,345)	(1,216)	(120,706)	-	(120,706)
New financial assets purchased or originated	90,938	10,351	7,787	109,076	-	109,076
Differences of impairment loss under the regulations	-	-	-	-	2,821	2,821
Effects of exchange rate changes and others	(31,888)	(10,434)	2,977	(39,345)	-	(39,345)
Balance at the end of the period	<u>\$ 219,825</u>	<u>\$ 32,935</u>	<u>\$ 17,391</u>	<u>\$ 270,151</u>	<u>\$ 191,775</u>	<u>\$ 461,926</u>

16. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

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

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Description
			June 30, 2026	December 31, 2025	June 30, 2025	
The Bank	Indovina Bank Limited (Indovina Bank)	Bank business	50	50	50	Incorporated in Vietnam on November 21, 1990
	Cathay United Bank (Cambodia) PLC. (CUBC Bank) (Note 1)	Bank business	100	100	100	SBC Bank was incorporated in Cambodia on July 5, 1993, and renamed as CUBC Bank as of January 14, 2014
	Cathay United Bank (China) Limited (CUBCN Bank) (Note 2)	Bank business	100	100	100	Incorporated in China on September 3, 2018
CUBC Bank	CUBC Investment Co., Ltd. (CUBC-I)	Investment business	49 (Note 3)	49 (Note 3)	49 (Note 3)	Incorporated in Cambodia on August 14, 2012

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

Note 2: As a major subsidiary, its financial statements have been audited. Please refer to Table 4 for the relevant investment information.

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

17. INVESTMENTS MEASURED BY EQUITY METHOD, NET

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Associates that are not individually material</u>			
Taiwan Real-estate Management Corp.	\$ 108,002	\$ 108,462	\$ 102,649
Taiwan Finance Corp.	<u>1,930,275</u>	<u>1,874,825</u>	<u>1,746,838</u>
	<u>\$ 2,038,277</u>	<u>\$ 1,983,287</u>	<u>\$ 1,849,487</u>

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2026	2025	2026	2025
The Bank's share of				
Current net income	\$ 30,052	\$ 21,174	\$ 56,152	\$ 40,876
Current other comprehensive loss	<u>-</u>	<u>-</u>	<u>(1,162)</u>	<u>(7,886)</u>
Current comprehensive income	<u>\$ 30,052</u>	<u>\$ 21,174</u>	<u>\$ 54,990</u>	<u>\$ 32,990</u>

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

18. PROPERTY AND EQUIPMENT, NET

For the six months ended June 30, 2026

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
<u>Cost</u>								
Balance at the beginning of the period	\$ 15,216,774	\$ 9,801,410	\$ 6,926,653	\$ 129,945	\$ 9,621,595	\$ 469,407	\$ 1,338,031	\$ 43,503,815
Additions	-	-	216,035	1,437	212,587	618	743,233	1,173,910
Disposals	(4,387)	(16,635)	(154,532)	(5,243)	(167,954)	(944)	-	(349,695)
Reclassification	-	-	504,356	-	234,994	1,258	(770,206)	(29,598)
Exchange differences	<u>6,470</u>	<u>4,131</u>	<u>16,211</u>	<u>1,603</u>	<u>2,084</u>	<u>15,501</u>	<u>2,790</u>	<u>48,790</u>
Balance at the end of the period	<u>15,218,857</u>	<u>9,788,906</u>	<u>7,508,723</u>	<u>127,742</u>	<u>9,903,306</u>	<u>485,840</u>	<u>1,313,848</u>	<u>44,347,222</u>
<u>Accumulated depreciation and impairment</u>								
Balance at the beginning of the period	-	5,454,715	5,076,384	101,984	6,877,781	375,578	-	17,886,442
Depreciation	-	102,400	415,520	4,077	357,489	20,452	-	899,938
Disposals	-	(8,439)	(154,450)	(5,243)	(155,142)	(940)	-	(324,214)
Reclassification	-	-	-	-	-	-	-	-
Exchange differences	<u>-</u>	<u>2,419</u>	<u>13,535</u>	<u>1,299</u>	<u>1,973</u>	<u>12,515</u>	<u>-</u>	<u>31,741</u>
Balance at the end of the period	<u>-</u>	<u>5,551,095</u>	<u>5,350,989</u>	<u>102,117</u>	<u>7,082,101</u>	<u>407,605</u>	<u>-</u>	<u>18,493,907</u>
<u>Net</u>								
Balance at the end of the period	<u>\$ 15,218,857</u>	<u>\$ 4,237,811</u>	<u>\$ 2,157,734</u>	<u>\$ 25,625</u>	<u>\$ 2,821,205</u>	<u>\$ 78,235</u>	<u>\$ 1,313,848</u>	<u>\$ 25,853,315</u>

For the six months ended June 30, 2025

	Land	Buildings	Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Equipment	Total
<u>Cost</u>								
Balance at the beginning of the period	\$ 15,238,554	\$ 9,825,700	\$ 6,301,870	\$ 131,374	\$ 9,033,301	\$ 447,227	\$ 1,031,739	\$ 42,009,765
Additions	-	-	131,067	139	155,066	1,869	724,879	1,013,020
Disposals	-	-	(201,629)	(19)	(162,073)	-	-	(363,721)
Reclassification	-	-	56,117	1,603	334,899	1,012	(406,997)	(13,366)
Exchange differences and inflation adjustment	(46,691)	(31,178)	(73,366)	(11,543)	(28,589)	(33,305)	(6,235)	(230,907)
Balance at the end of the period	<u>15,191,863</u>	<u>9,794,522</u>	<u>6,214,059</u>	<u>121,554</u>	<u>9,332,604</u>	<u>416,803</u>	<u>1,343,386</u>	<u>42,414,791</u>
<u>Accumulated depreciation and impairment</u>								
Balance at the beginning of the period	-	5,265,124	4,768,916	99,381	6,688,585	328,838	-	17,150,844
Depreciation	-	102,611	312,313	3,940	309,056	20,008	-	747,928
Disposals	-	-	(201,109)	(19)	(158,129)	-	-	(359,257)
Exchange differences and inflation adjustment	-	(17,042)	(60,645)	(8,876)	(21,381)	(24,234)	-	(132,178)
Balance at the end of the period	-	<u>5,350,693</u>	<u>4,819,475</u>	<u>94,426</u>	<u>6,818,131</u>	<u>324,612</u>	-	<u>17,407,337</u>
<u>Net</u>								
Balance at the end of the period	<u>\$ 15,191,863</u>	<u>\$ 4,443,829</u>	<u>\$ 1,394,584</u>	<u>\$ 27,128</u>	<u>\$ 2,514,473</u>	<u>\$ 92,191</u>	<u>\$ 1,343,386</u>	<u>\$ 25,007,454</u>

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

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

As of June 30, 2026, December 31, 2025 and June 30, 2025, no property and equipment was pledged as collateral.

19. LEASE AGREEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of right-of-use assets			
Land and buildings	\$ 5,963,148	\$ 5,972,095	\$ 6,285,771
Equipment	749,460	837,807	1,159
Transportation equipment	<u>72,242</u>	<u>60,971</u>	<u>56,849</u>
	<u>\$ 6,784,850</u>	<u>\$ 6,870,873</u>	<u>\$ 6,343,779</u>
		For the Six Months Ended June 30	
		2026	2025
Additions to right-of-use assets		<u>\$ 993,477</u>	<u>\$ 1,227,894</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation charge for right-of-use assets				
Land and buildings	\$ 504,658	\$ 475,143	\$ 985,919	\$ 943,168
Equipment	44,153	194	88,368	384
Transportation equipment	<u>8,798</u>	<u>9,257</u>	<u>17,483</u>	<u>18,974</u>
	<u>\$ 557,609</u>	<u>\$ 484,594</u>	<u>\$ 1,091,770</u>	<u>\$ 962,526</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of lease liabilities	<u>\$ 7,022,474</u>	<u>\$ 7,038,916</u>	<u>\$ 6,450,879</u>

The discount rate intervals of lease liabilities are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Land and buildings	0.12%-6.63%	0.12%-6.63%	0.12%-6.63%
Equipment	1.13%-3.49%	0.36%-3.49%	0.36%-3.49%
Transportation equipment	1.13%-6.25%	1.13%-6.58%	0.63%-6.58%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	<u>\$ 139,199</u>	<u>\$ 128,381</u>	<u>\$ 269,477</u>	<u>\$ 240,605</u>
Expenses relating to low-value asset leases	<u>\$ 51,003</u>	<u>\$ 38,019</u>	<u>\$ 92,410</u>	<u>\$ 87,022</u>
Total cash outflow for leases	<u>\$ 767,711</u>	<u>\$ 672,373</u>	<u>\$ 1,425,488</u>	<u>\$ 1,266,893</u>

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

20. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
Balance at January 1, 2026	\$ 2,251,087	\$ 38,063	\$ 2,289,150
Gain (loss) on fair value adjustment	<u>41,209</u>	<u>(1,209)</u>	<u>40,000</u>
Balance at June 30, 2026	<u>\$ 2,292,296</u>	<u>\$ 36,854</u>	<u>\$ 2,329,150</u>
Balance at January 1, 2025	\$ 2,198,648	\$ 102,696	\$ 2,301,344
Disposals	(35,444)	(61,822)	(97,266)
Gain (loss) on fair value adjustment	57,950	(1,416)	56,534
Others (Note)	<u>(22,462)</u>	<u>-</u>	<u>(22,462)</u>
Balance at June 30, 2025	<u>\$ 2,198,692</u>	<u>\$ 39,458</u>	<u>\$ 2,238,150</u>

Note: Compensation for urban renewal and demolition.

- As of June 30, 2026, December 31, 2025 and June 30, 2025, no investment property was pledged as collateral.
- Some of the Bank's properties are held for earning rental income or for capital appreciation, while some are for self-use. When the part held for self-use is less than 5% of the individual real estate, the real estate is classified as investment properties.
- The fair values of the Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal." The valuation dates were June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

Appraiser Office	June 30, 2026	December 31, 2025	June 30, 2025
REPro Knight Frank Real Estate Appraiser Firm	Xiang-Yi, Hsu; Ming-Yang, Wang	Xiang-Yi, Hsu; Xin-Ya, Wang; Ming-Yang, Wang; Hong-Xu, Wu	Xiang-Yi, Hsu; You-Xiang, Cai

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

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

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

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

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

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

The main inputs used are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Direct capitalization rates	1.79%-3.74%	1.82%-3.74%	1.82%-3.74%
Discount rate	3.78%	3.78%	3.78%

Operating expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Generating rental income	\$ -	\$ -	\$ -	\$ -
Not generating rental income	<u>404</u>	<u>878</u>	<u>572</u>	<u>1,212</u>
	<u>\$ 404</u>	<u>\$ 878</u>	<u>\$ 572</u>	<u>\$ 1,212</u>

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

21. INTANGIBLE ASSETS, NET

For the six months ended June 30, 2026

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance at the beginning of the period	\$ 3,730,690	\$ 7,005,396	\$ 1,109	\$ 10,737,195
Additions	126,574	-	-	126,574
Disposals	(198,092)	-	-	(198,092)
Reclassification	388,671	-	-	388,671
Exchange differences	<u>19,797</u>	<u>4,217</u>	<u>-</u>	<u>24,014</u>
Balance at the end of the period	<u>4,067,640</u>	<u>7,009,613</u>	<u>1,109</u>	<u>11,078,362</u>

(Continued)

	Computer Software	Goodwill	Others	Total
<u>Accumulated amortization</u>				
Balance at the beginning of the period	\$ 2,195,529	\$ -	\$ -	\$ 2,195,529
Amortization	389,464	-	-	389,464
Disposals	(198,092)	-	-	(198,092)
Exchange differences	10,786	-	-	10,786
Balance at the end of the period	<u>2,397,687</u>	<u>-</u>	<u>-</u>	<u>2,397,687</u>

Net

Balance at the end of the period	<u>\$ 1,669,953</u>	<u>\$ 7,009,613</u>	<u>\$ 1,109</u>	<u>\$ 8,680,675</u> (Concluded)
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For the six months ended June 30, 2025

	Computer Software	Goodwill	Others	Total
<u>Cost</u>				
Balance at the beginning of the period	\$ 3,690,728	\$ 7,019,592	\$ 1,944	\$ 10,712,264
Additions	99,068	-	-	99,068
Disposals	(341,640)	-	-	(341,640)
Reclassification	356,731	-	-	356,731
Exchange differences	(59,525)	(30,432)	-	(89,957)
Balance at the end of the period	<u>3,745,362</u>	<u>6,989,160</u>	<u>1,944</u>	<u>10,736,466</u>

Accumulated amortization

Balance at the beginning of the period	2,270,036	-	-	2,270,036
Amortization	352,062	-	-	352,062
Disposals	(341,640)	-	-	(341,640)
Exchange differences	(39,258)	-	-	(39,258)
Balance at the end of the period	<u>2,241,200</u>	<u>-</u>	<u>-</u>	<u>2,241,200</u>

Net

Balance at the end of the period	<u>\$ 1,504,162</u>	<u>\$ 6,989,160</u>	<u>\$ 1,944</u>	<u>\$ 8,495,266</u>
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The Bank acquired China United Trust & Investment Corporation on December 29, 2007 and recognized goodwill amounting to \$6,673,083 thousand.

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

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

22. OTHER ASSETS, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits, net	\$ 16,023,172	\$ 21,880,991	\$ 17,558,209
Interbank clearing funds	14,793,279	6,874,725	8,734,631
Prepayments	3,133,920	2,150,895	2,329,389
Operating deposits	1,462,310	1,224,290	1,220,290
Temporary payments and suspense accounts	1,301,232	1,149,391	778,928
Others	<u>154,082</u>	<u>153,652</u>	<u>157,105</u>
	<u>\$ 36,867,995</u>	<u>\$ 33,433,944</u>	<u>\$ 30,778,552</u>

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2026	December 31, 2025	June 30, 2025
Call loans from the Central Bank and banks	\$ 93,516,188	\$ 60,580,730	\$ 56,668,456
Deposits from the Central Bank and banks	91,679,675	100,477,285	63,925,220
Due to Chunghwa Post Co., Ltd.	17,708,805	17,708,805	17,709,405
Bank overdrafts	<u>73,726</u>	<u>24,051</u>	<u>95,894</u>
	<u>\$ 202,978,394</u>	<u>\$ 178,790,871</u>	<u>\$ 138,398,975</u>

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Government bonds	\$ 8,344,110	\$ 1,661,079	\$ 7,521,904
Financial debentures	3,673,012	449,821	2,023,049
Asset-backed securities	929,308	-	7,713,873
Corporate bonds	<u>-</u>	<u>-</u>	<u>2,971,005</u>
	<u>\$ 12,946,430</u>	<u>\$ 2,110,900</u>	<u>\$ 20,229,831</u>

25. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Receipts under custody	\$ 14,488,938	\$ 2,075,866	\$ 97,900,398
Accrued expenses	10,860,990	13,980,585	10,292,238
Interest payable	8,563,049	8,843,518	8,709,439
Payables for notes and bonds trade settlements	3,611,983	3,290,104	7,325,122
Accounts payable	2,419,007	2,326,309	2,387,563
Banker's acceptances	1,268,247	1,182,740	1,153,173
Dividends payable	-	-	20,379,934
Others	<u>14,419,575</u>	<u>15,370,569</u>	<u>11,547,059</u>
	<u>\$ 55,631,789</u>	<u>\$ 47,069,691</u>	<u>\$ 159,694,926</u>

26. DEPOSITS AND REMITTANCES

	June 30, 2026	December 31, 2025	June 30, 2025
Checking deposits	\$ 19,470,408	\$ 18,565,740	\$ 15,278,641
Demand deposits	1,116,690,308	965,851,154	966,854,422
Demand savings deposits	1,746,286,866	1,588,187,302	1,492,554,323
Time deposits	1,277,129,867	1,333,971,044	1,110,475,545
Time savings deposits	495,252,910	494,279,506	479,363,372
Negotiable certificates of deposits	15,255,650	27,156,081	16,378,532
Outward remittances and remittances payable	<u>2,964,039</u>	<u>2,944,531</u>	<u>2,839,216</u>
	<u>\$ 4,673,050,048</u>	<u>\$ 4,430,955,358</u>	<u>\$ 4,083,744,051</u>

27. FINANCIAL DEBENTURES PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
2 nd issue of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	\$ 12,700,000	\$ 12,700,000	\$ 12,700,000
1 st issue of subordinated financial debentures in 2025; fixed rate at 2.18%; maturity: June 2032	550,000	550,000	550,000
1 st issue of subordinated financial debentures in 2025; fixed rate at 2.30%; maturity: June 2035	<u>5,350,000</u>	<u>5,350,000</u>	<u>5,350,000</u>
	<u>\$ 18,600,000</u>	<u>\$ 18,600,000</u>	<u>\$ 18,600,000</u>

28. OTHER FINANCIAL LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Principal of structured products	\$ 38,477,982	\$ 38,666,186	\$ 39,094,511
Other financial liabilities	<u>900,297</u>	<u>362,394</u>	<u>150,226</u>
	<u>\$ 39,378,279</u>	<u>\$ 39,028,580</u>	<u>\$ 39,244,737</u>

29. PROVISIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Reserve for employee benefits			
Defined benefit plan	\$ 1,548,382	\$ 1,664,028	\$ 1,581,464
Retired employees' preferential interest rate deposits	1,150,958	1,229,576	1,091,503
Reserve for losses on guarantees	276,116	228,127	236,697
Reserve for finance commitments	230,042	214,214	222,511
Other operating reserve	386,845	383,019	385,855
Other reserve - letter of credit	<u>3,914</u>	<u>4,107</u>	<u>2,718</u>
	<u>\$ 3,596,257</u>	<u>\$ 3,723,071</u>	<u>\$ 3,520,748</u>

30. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

For the six months ended June 30, 2026 and 2025, the Company recognized expenses of \$349,558 thousand and \$325,125 thousand in the consolidated statements of comprehensive income in accordance with the defined contribution plan, respectively.

b. Defined benefit plan

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

The Bank uses the actuarially determined pension cost rates as of December 31, 2025 and 2024, respectively. For the six months ended June 30, 2026 and 2025, pension expenses under the defined benefit plan recognized in the consolidated statements of comprehensive income amounted to \$123,996 thousand and \$120,070 thousand, respectively.

c. Employee preferential interest rate deposit plan

For the six months ended June 30, 2026 and 2025, current employee preferential interest rate deposit plan expenses amounted to \$71,511 thousand and \$76,424 thousand, respectively; post-employment preferential interest rate deposit plan expenses amounted to \$22,676 thousand and \$20,200 thousand, respectively.

31. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Temporary receipts and suspense accounts	\$ 6,262,081	\$ 4,082,702	\$ 5,784,158
Guarantee deposits received	5,706,765	4,018,826	27,164,756
Contract liabilities	2,231,007	870,805	1,022,362
Advance receipts	424,508	288,562	309,928
Others	<u>3,895</u>	<u>1,835</u>	<u>2,331</u>
	<u>\$ 14,628,256</u>	<u>\$ 9,262,730</u>	<u>\$ 34,283,535</u>

32. EQUITY

a. Capital stock

Common stock

	June 30, 2026	December 31, 2025	June 30, 2025
Number of authorized shares (in thousands)	<u>13,762,615</u>	<u>12,822,097</u>	<u>12,822,097</u>
Amount of authorized shares	<u>\$ 137,626,154</u>	<u>\$ 128,220,970</u>	<u>\$ 128,220,970</u>
Number of shares issued and fully paid (in thousands)	<u>13,762,615</u>	<u>12,822,097</u>	<u>12,011,314</u>
Amount of shares issued	<u>\$ 137,626,154</u>	<u>\$ 128,220,970</u>	<u>\$ 120,113,139</u>

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

On April 28, 2026, the Bank's board of directors resolved on behalf of the shareholder to transfer the retained earnings of \$9,405,184 thousand in the form of dividends to increase capital and issued 940,518 thousand new shares for total authorized capital of \$137,626,154 thousand. The capital increase was approved by the FSC on June 12, 2026, the recapitalization record date was June 23, 2026. The registration was completed on August 19, 2026.

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

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or be transferred to share capital			
Additional paid-in capital	\$ 27,648,873	\$ 27,648,873	\$ 27,648,873
Capital surplus from the merger	10,949,303	10,949,303	10,949,303
Treasury share transactions	11,523	11,523	11,523
Changes in net values of equities of subsidiaries, associates and joint ventures accounted for using equity method	1,054	1,054	1,054
Donated surplus	230	230	230
<u>May only be used to offset a deficit</u>			
Share-based payments granted by the parent company to the Bank's employees	<u>258,097</u>	<u>258,097</u>	<u>258,097</u>
	<u>\$ 38,869,080</u>	<u>\$ 38,869,080</u>	<u>\$ 38,869,080</u>

c. Legal reserve

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

d. Special reserve

	June 30, 2026	December 31, 2025	June 30, 2025
The debit balance of other equity	\$ -	\$ 3,728,683	\$ 3,728,683
Investment properties at fair value	1,964,874	1,854,103	1,854,103
Financial technology development employee transfer and placement expenditure	287,673	287,673	287,673
Trading loss reserve transfer	268,791	268,791	268,791
Changes recognized under the equity method	<u>2,218</u>	<u>2,218</u>	<u>2,218</u>
	<u>\$ 2,523,556</u>	<u>\$ 6,141,468</u>	<u>\$ 6,141,468</u>

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

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

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

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

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

e. Retained earnings and dividends policy

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

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

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

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

f. Other equity items

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

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	\$ (321,282)	\$ 359,595
Exchange differences generated from translating the net assets of foreign operations	953,680	(3,333,049)
Tax effect	(190,737)	666,610
Other comprehensive income (loss)	762,943	(2,666,439)
Balance at the end of the period	\$ 441,661	\$ (2,306,844)

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

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	\$ 2,101,692	\$ (2,531,340)
Recognized for the period		
Unrealized gains (losses)		
Debt instruments	(1,757,182)	4,015,699
Equity instruments	10,384,428	(5,215,477)
Net remeasurement of loss allowance	6,049	15,951
Share from associates accounted for using the equity method	(1,638)	(9,837)
Reclassification adjustments		
Disposal of investment in debt instruments	(304,885)	(131,460)
Tax effect	113,227	267,378
Other comprehensive income (loss)	8,439,999	(1,057,746)
Cumulative unrealized (losses) gains of equity instruments transferred to retained earnings due to disposal	(2,094,706)	1,129,120
Balance at the end of the period	\$ 8,446,985	\$ (2,459,966)

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

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	\$ (182,974)	\$ (420,102)
Changes in the fair value attributable to changes in the credit risk	114,909	371,162
Tax effect	(22,981)	(74,233)
Other comprehensive income	91,928	296,929
Balance at the end of the period	\$ (91,046)	\$ (123,173)

4) Remeasurement of the defined benefit plans

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	<u>\$ (2,969,453)</u>	<u>\$ (2,748,935)</u>
Remeasurement	5,524	(585)
Share from associates accounted for using the equity method	476	1,951
Tax effect	<u>(1,105)</u>	<u>117</u>
Other comprehensive income	<u>4,895</u>	<u>1,483</u>
Balance at the end of the period	<u>\$ (2,964,558)</u>	<u>\$ (2,747,452)</u>

5) Gain on property revaluation

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	\$ 1,611,351	\$ 1,612,099
Other comprehensive income	-	-
Transferred to retained earnings	<u>(34,443)</u>	<u>(748)</u>
Balance at the end of the period	<u>\$ 1,576,908</u>	<u>\$ 1,611,351</u>

g. Non-controlling interests

	For the Six Months Ended June 30	
	2026	2025
Balance at the beginning of the period	<u>\$ 4,803,157</u>	<u>\$ 4,658,426</u>
Net income attributable to non-controlling interests	<u>192,064</u>	<u>224,007</u>
Other comprehensive income		
Exchange differences on translating the financial statements of foreign operations	60,068	(388,751)
Losses from investments in debt instruments measured at fair value through other comprehensive income	<u>(38,448)</u>	<u>(75,191)</u>
	<u>21,620</u>	<u>(463,942)</u>
Balance at the end of the period	<u>\$ 5,016,841</u>	<u>\$ 4,418,491</u>

33. NET INTEREST REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest income				
Discounts and loans	\$ 23,689,477	\$ 21,121,842	\$ 45,894,790	\$ 42,187,481
Investment securities	6,691,690	5,737,180	12,717,888	11,509,204
Due from banks and call loans to banks	3,478,768	3,168,317	6,998,662	5,866,191
Revolving credit	904,124	768,074	1,787,373	1,521,045
Others	<u>405,961</u>	<u>349,715</u>	<u>835,740</u>	<u>739,311</u>
	<u>35,170,020</u>	<u>31,145,128</u>	<u>68,234,453</u>	<u>61,823,232</u>
Interest expense				
Deposits	13,777,018	12,561,881	27,259,746	25,198,842
Due to the Central Bank and other banks	930,953	757,368	1,692,665	1,753,203
Structured products	342,806	413,651	694,139	914,758
Notes and bonds issued under repurchase agreements	348,957	237,518	386,705	410,232
Financial debentures	92,243	63,016	183,474	120,949
Interest on lease liabilities	27,310	18,323	48,829	36,880
Others	<u>41,185</u>	<u>132,536</u>	<u>75,107</u>	<u>238,925</u>
	<u>15,560,472</u>	<u>14,184,293</u>	<u>30,340,665</u>	<u>28,673,789</u>
	<u>\$ 19,609,548</u>	<u>\$ 16,960,835</u>	<u>\$ 37,893,788</u>	<u>\$ 33,149,443</u>

34. NET SERVICE FEE REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Service fee income				
Credit card business	\$ 5,023,859	\$ 4,259,317	\$ 8,425,551	\$ 8,874,971
Cross-selling marketing	2,855,274	2,553,376	7,474,996	7,102,031
Trust business	3,524,879	1,902,054	6,457,204	4,060,016
Loan business	303,625	490,828	955,118	905,549
Others	<u>1,119,909</u>	<u>890,023</u>	<u>2,121,852</u>	<u>1,771,077</u>
	<u>12,827,546</u>	<u>10,095,598</u>	<u>25,434,721</u>	<u>22,713,644</u>
Service fee expenses				
Credit card business	2,381,753	1,946,306	4,497,436	3,948,362
Others	<u>500,444</u>	<u>407,362</u>	<u>964,096</u>	<u>817,542</u>
	<u>2,882,197</u>	<u>2,353,668</u>	<u>5,461,532</u>	<u>4,765,904</u>
	<u>\$ 9,945,349</u>	<u>\$ 7,741,930</u>	<u>\$ 19,973,189</u>	<u>\$ 17,947,740</u>

The Bank also engaged in the business of online payment services. For the six months ended June 30, 2026 and 2025, service fee revenue was \$175 thousand and \$216 thousand, respectively, and the revenue and other income resulting from the funds collected were both zero.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Stock	\$ 217,429	\$ (29,206)	\$ 434,632	\$ (207,076)
Short-term bills	950,235	440,731	1,823,147	886,156
Fund beneficiary certificates	(3,847)	-	(712)	-
Investments in debt instruments	1,628,677	1,614,522	3,463,442	2,723,094
Derivative financial instruments	<u>(177,507)</u>	<u>(81,246)</u>	<u>(820,704)</u>	<u>650,915</u>
	<u>\$ 2,614,987</u>	<u>\$ 1,944,801</u>	<u>\$ 4,899,805</u>	<u>\$ 4,053,089</u>
Realized gain (loss)				
Gain on disposal	\$ 833,595	\$ 901,476	\$ 1,933,558	\$ 5,055,005
Interest income	1,925,942	1,233,259	3,785,529	2,454,772
Dividend income	560	11,688	3,625	11,688
Interest expense	(370,588)	(357,209)	(741,040)	(743,207)
Unrealized gain (loss)				
Valuation gain (loss)	<u>225,478</u>	<u>155,587</u>	<u>(81,867)</u>	<u>(2,725,169)</u>
	<u>\$ 2,614,987</u>	<u>\$ 1,944,801</u>	<u>\$ 4,899,805</u>	<u>\$ 4,053,089</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net gain on disposal - debt instruments	\$ 149,708	\$ 77,975	\$ 304,885	\$ 131,460
Dividend income	<u>440,078</u>	<u>709,782</u>	<u>502,367</u>	<u>793,768</u>
	<u>\$ 589,786</u>	<u>\$ 787,757</u>	<u>\$ 807,252</u>	<u>\$ 925,228</u>

37. IMPAIRMENT REVERSAL (LOSS) ON ASSETS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Debt instruments at FVTOCI	\$ 10,957	\$ (19,180)	\$ (31,604)	\$ (38,675)
Debt instruments at amortised cost	<u>26,356</u>	<u>3,432</u>	<u>97,190</u>	<u>20,620</u>
	<u>\$ 37,313</u>	<u>\$ (15,748)</u>	<u>\$ 65,586</u>	<u>\$ (18,055)</u>

38. BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Discounts and loans	\$ 1,577,085	\$ 850,043	\$ 3,508,390	\$ 2,157,391
Receivables	164,281	139,405	236,272	227,372
Guarantee liability provisions	6,632	6,188	24,676	1,881
Financial commitment provisions	16,876	(8,881)	14,071	(48,188)
Others	<u>8,753</u>	<u>981</u>	<u>(28,188)</u>	<u>(29,985)</u>
	<u>\$ 1,773,627</u>	<u>\$ 987,736</u>	<u>\$ 3,755,221</u>	<u>\$ 2,308,471</u>

39. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Salaries	\$ 6,569,288	\$ 5,864,054	\$ 12,873,535	\$ 11,907,042
Insurance	432,398	419,464	856,029	806,443
Post-employment benefits	245,874	230,276	496,230	465,395
Remuneration of directors	1,035	873	2,034	1,746
Others	<u>164,008</u>	<u>141,548</u>	<u>342,111</u>	<u>321,954</u>
	<u>\$ 7,412,603</u>	<u>\$ 6,656,215</u>	<u>\$ 14,569,939</u>	<u>\$ 13,502,580</u>

For the six months ended June 30, 2026 and 2025, the average number of the Company's employees was 14,096 and 13,752, including 18 and 20 non-executive directors, respectively.

As of June 30, 2026 and 2025, the number of employees of the Company was 13,968 and 13,937, respectively.

Under the Articles of Incorporation of the Bank, the Bank accrued compensation of employees and remuneration of directors at the rates of 0.05% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors (after offsetting accumulated deficits). For the six months ended June 30, 2026 and 2025, compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Compensation of employees	<u>\$ 9,525</u>	<u>\$ 5,000</u>	<u>\$ 16,025</u>	<u>\$ 12,000</u>
Remuneration of directors	<u>\$ 1,035</u>	<u>\$ 873</u>	<u>\$ 2,034</u>	<u>\$ 1,746</u>

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

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

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

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

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

40. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation expense				
Property and equipment	\$ 458,716	\$ 375,351	\$ 899,938	\$ 747,928
Right-of-use assets	557,609	484,594	1,091,770	962,526
Amortization expense				
Intangible assets	<u>202,326</u>	<u>178,627</u>	<u>389,464</u>	<u>352,062</u>
	<u>\$ 1,218,651</u>	<u>\$ 1,038,572</u>	<u>\$ 2,381,172</u>	<u>\$ 2,062,516</u>

41. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Product promotion expenses	\$ 2,719,404	\$ 2,387,041	\$ 5,130,603	\$ 4,771,590
Tax expenses	1,399,346	1,218,242	2,785,117	2,469,471
Insurance expenses	293,287	278,208	588,984	553,977
Rental expenses	190,202	166,400	361,887	327,627
Others	<u>2,015,968</u>	<u>2,027,125</u>	<u>3,504,358</u>	<u>3,540,354</u>
	<u>\$ 6,618,207</u>	<u>\$ 6,077,016</u>	<u>\$ 12,370,949</u>	<u>\$ 11,663,019</u>

42. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the period	\$ 2,673,195	\$ 2,126,182	\$ 5,572,573	\$ 4,789,097
Adjustments for prior year	38,477	(22,955)	38,477	(22,955)
Deferred tax				
In respect of the period	162,328	219,773	(142,050)	50,858
Income tax of overseas subsidiaries	<u>112,116</u>	<u>96,027</u>	<u>143,099</u>	<u>192,239</u>
Income tax expense recognized in profit or loss	<u>\$ 2,986,116</u>	<u>\$ 2,419,027</u>	<u>\$ 5,612,099</u>	<u>\$ 5,009,239</u>

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

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
Derecognition of equity instruments at FVTOCI	\$ (22,904)	\$ 12,686	\$ (34,855)	\$ 10,187
Deferred tax				
Derecognition of equity instruments at FVTOCI	<u>22,904</u>	<u>(12,686)</u>	<u>34,855</u>	<u>(10,187)</u>
Total income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. 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>				
Recognized in other comprehensive income				
Remeasurement of defined benefit plans	\$ -	\$ -	\$ 1,105	\$ (117)
Changes in the fair value of financial liabilities attributable to changes in the credit risk	(48,297)	(7,897)	22,981	74,233
Exchange differences on translating the financial statements of foreign operations	9,526	(791,196)	190,737	(666,610)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>102,966</u>	<u>(225,046)</u>	<u>(113,227)</u>	<u>(267,378)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 64,195</u>	<u>\$ (1,024,139)</u>	<u>\$ 101,596</u>	<u>\$ (859,872)</u>

d. Income tax assessments

The Bank's income tax returns through 2020 have been assessed by the tax authority; however, the Bank was dissatisfied and invoked the administrative remedy for fiscal years 2016, 2018 and 2019. The Bank assessed relevant income tax based on the prudence principle.

e. Pillar Two income tax legislation

In November 2023, the government of Vietnam, where the Ho Chi Minh City branch of the Bank and Indovina Bank are incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. In addition, Singapore, Malaysia and Hong Kong, where the Bank's Singapore Branch, Labuan Branch and Hong Kong Branch are incorporated, respectively, have also enacted substantive legislation that came into effect on January 1, 2025. Under the legislation, the Bank and its subsidiaries are required to pay top-up tax on profits taxed below the effective tax rate of 15% in each jurisdiction. The jurisdiction mainly affected by such income tax is Malaysia. For the six months ended June 30, 2026, current income tax expense related to Pillar Two income taxes of \$6,906 thousand was recognized. The remaining effective Pillar Two income tax legislation did not have a material impact on current tax expense.

43. EARNINGS PER SHARE

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

	Unit: Dollar Per Share			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Basic earnings per share	<u>\$ 0.99</u>	<u>\$ 0.81</u>	<u>\$ 1.95</u>	<u>\$ 1.68</u>

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

Net income

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Net income for calculating basic earnings per share	<u>\$ 13,646,977</u>	<u>\$ 11,106,352</u>	<u>\$ 26,793,975</u>	<u>\$ 23,154,983</u>

Number of shares

	Unit: In Thousands			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used for calculating basic earnings per share	<u>13,762,615</u>	<u>13,762,615</u>	<u>13,762,615</u>	<u>13,762,615</u>

44. RELATED-PARTY TRANSACTIONS

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

a. Related parties and relationships

Related Parties	Relationship with the Company
Cathay Financial Holding Co., Ltd.	Parent company
Taiwan Real-estate Management Corp.	Associate
Taiwan Finance Corp.	Associate
Cathay Life Insurance Co., Ltd.	Other related party
Cathay Century Insurance Co., Ltd.	Other related party
Cathay Securities Corporation	Other related party

(Continued)

Related Parties	Relationship with the Company
Cathay Securities Investment Trust Co., Ltd.	Other related party
Cathay Securities Investment Consulting Co., Ltd.	Other related party
Cathay Futures Co., Ltd.	Other related party
Cathay Life Insurance (Vietnam) Co., Ltd.	Other related party
Cathay Insurance (Vietnam) Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Cultural Foundation	Other related party
Cathay United Bank Employees' Welfare Committee	Other related party
Cathay Life Insurance Employees' Welfare Committee	Other related party
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Vietinbank	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Lin Yuan Property Management Co., Ltd.	Other related party
Yua Yung Co., Ltd.	Other related party
TaiYang Solar Power Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Bannan Realty Co., Ltd.	Other related party
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Other related party
Cathay Industrial Research and Design Center Co., Ltd.	Other related party
Sanchong Realty Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
TPISoftware Corporation	Other related party
EASYCARD Corporation	Other related party
Zhulun Realty Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Private Equity Funds managed by Cathay Private Equity	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
HanTech Venture Capital Corporation	Other related party
Taipei Forex Inc.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Financial Information Service Co., Ltd.	Other related party
PSS Co., Ltd.	Other related party
Jinhua Realty Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Horng Suey Marketing Co., Ltd.	Other related party
Symphox Information Co., Ltd.	Other related party
Sino Greenery Group	Other related party (Note 1)
Hongtaiyi Energy Co., Ltd.	Other related party (Note 1)
Witraise Industrial Technologies, Inc.	Other related party (Note 1)
Taihu Brewing Ltd.	Other related party (Note 2)
EASYCARD Investment Holding Co., Ltd.	Other related party (Note 2)
Directors, supervisors, managers, and their relatives and affiliates	Other related party

(Concluded)

Note 1: These entities have not been related parties since the third quarter of 2025.

Note 2: These entities have been classified as related parties since the second quarter of 2026.

b. Significant transactions between the Company and related parties

1) Loans and deposits

Loans and interest revenue

June 30, 2026

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-06.30	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	37	\$ 36,211	\$ 31,541	V	\$ -	Real estate	None	\$ (7)	\$ 573
Self-used housing mortgage loans	76	823,474	788,218	V	-	Real estate	None	(99)	12,094
Others	240	3,608,054	3,358,583	V	-	Real estate, stocks and securities	None	3,313	37,672
Others	Taiwan Real-estate Management Corp.	25,000	25,000	V	-	Real estate	None	-	375
Others	Tai Yang Solar Power Co., Ltd.	38,654	35,987	V	-	Property	None	(27)	360
Others	Cathay Real Estate Development Co., Ltd.	2,300,000	2,300,000	V	-	Real estate	None	3,000	23,000

December 31, 2025

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

June 30, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties	Bad Debt Expense 01.01-06.30	Allowance for Bad Debt Expense - Ending Balance
				Normal Loans	Nonperforming Loans				
Consumer loans	38	\$ 256,388	\$ 32,546	V	\$ -	Real estate	None	\$ (116)	\$ 668
Self-used housing mortgage loans	61	1,175,109	767,974	V	-	Real estate	None	236	11,522
Others	230	3,403,897	2,872,619	V	-	Real estate, stocks and securities	None	449	32,478
Others	Taiwan Real-estate Management Corp.	27,000	27,000	V	-	Real estate	None	-	405
Others	Sino Greenergy Group	52,826	49,053	V	-	Property	None	(37)	491
Others	Tai Yang Solar Power Co., Ltd.	43,988	41,321	V	-	Property	None	(27)	413
Others	Cathay Real Estate Development Co., Ltd.	1,000,000	1,000,000	V	-	Real estate	None	5,000	10,000
Others	Hongtaiyi Energy Co., Ltd.	74,057	68,767	V	-	Property	None	(53)	688
Others	Witraise Industrial Technologies, Inc.	53,337	49,527	V	-	Property	None	(38)	495

Interest Revenue

Related Parties	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Associate				
Taiwan Real-estate Management Corp.	\$ 159	\$ 171	\$ 316	\$ 341
Other related parties				
Cathay Real Estate Development Co., Ltd.	12,187	3,829	22,790	6,477
Tai Yang Solar Power Co., Ltd.	265	304	537	614
Sino Greenergy Group	-	384	-	777

(Continued)

Related Parties	Interest Revenue			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Hongtaiyi Energy Co., Ltd.	\$ -	\$ 538	\$ -	\$ 1,089
Witraise Industrial Technologies, Inc.	-	387	-	784
Others	<u>23,227</u>	<u>20,291</u>	<u>45,174</u>	<u>40,460</u>
	<u>35,679</u>	<u>25,733</u>	<u>68,501</u>	<u>50,201</u>
	<u>\$ 35,838</u>	<u>\$ 25,904</u>	<u>\$ 68,817</u>	<u>\$ 50,542</u>

(Concluded)

Deposits and interest expense

Related Parties	For the Six Months Ended June 30, 2026		For the Year Ended December 31, 2025		For the Six Months Ended June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Parent company						
Cathay Financial Holding Co., Ltd.	<u>\$ 1,335,570</u>	<u>\$ 2,299</u>	<u>\$ 18,298</u>	<u>\$ 14,772</u>	<u>\$ 9,504,279</u>	<u>\$ 2,487</u>
Associate						
Other	<u>19,766</u>	<u>54</u>	<u>21,006</u>	<u>95</u>	<u>28,125</u>	<u>40</u>
Other related parties						
Cathay Life Insurance Co., Ltd.	98,908,826	262,686	75,510,969	499,167	104,010,880	210,702
Cathay Century Insurance Co., Ltd.	4,599,941	7,071	3,253,760	14,835	2,748,094	7,213
Cathay Securities Corporation	10,512,230	37,587	6,081,311	50,097	6,624,911	21,905
Cathay Futures Co., Ltd.	8,255,523	63,029	7,230,651	63,151	4,244,751	14,779
Cathay Real Estate Management Co., Ltd.	109,134	929	124,874	1,792	103,253	898
Cathay Securities Investment Trust Co., Ltd.	497,444	638	295,208	1,087	238,764	528
Cathay Securities Investment Consulting Co., Ltd.	542,838	2,006	599,083	4,113	518,331	2,223
Cathay Real Estate Development Co., Ltd.	703,209	1,580	1,355,755	3,131	748,942	1,518
Cathay Medical Care Corp.	183,820	1,471	440,577	4,144	419,911	1,972
Cathay Hospitality Management Co., Ltd.	153,979	452	140,411	857	111,486	460
Cathay Life Insurance (Vietnam) Co., Ltd.	3,888,043	129,201	3,571,778	280,205	5,641,415	156,961
Cathay Insurance (Vietnam) Co., Ltd.	256,102	5,044	246,257	12,349	227,047	6,668
Cathay United Bank Foundation	599,334	4,830	603,732	9,364	579,582	4,597
Cathay Charity Foundation	339,812	2,569	328,620	5,121	329,080	2,510
Cathay Cultural Foundation	227,951	1,929	229,587	3,926	229,186	1,947
Cathay United Bank Employees' Welfare Committee	929,887	19,136	893,078	40,650	882,635	18,818
Cathay Life Insurance Employees' Welfare Committee	2,258,004	19,357	2,363,203	39,297	2,267,923	19,498
Cathay Real Estate Development Employees' Welfare Committee	501,596	4,320	515,413	8,457	473,304	4,055
Lin Yuan Property Management Co., Ltd.	264,378	1,891	410,457	3,432	273,930	1,666
Bannan Realty Co., Ltd.	233,158	317	58,977	717	57,264	389
Yua-Yung Co., Ltd.	234,412	449	125,937	985	143,443	432
Cathay Industrial Research and Design Center Co., Ltd.	1,012,501	5,947	484,213	8,470	1,013,187	2,811
Lin Yuan (Shanghai) Real Estate Co., Ltd.	2,462,254	19,671	2,264,554	44,284	2,058,795	23,054
Private Equity Funds managed by						
Cathay Private Equity	822,118	1,646	564,305	3,469	573,101	1,424
SanChong Realty Co., Ltd.	48,037	314	124,153	343	64,180	184
EASYCARD Corporation	205,940	609	94,762	1,791	283,634	1,062
Cathay Hospitality Consulting Co., Ltd.	248,011	717	190,016	1,149	146,793	604

(Continued)

Related Parties	For the Six Months Ended June 30, 2026		For the Year Ended December 31, 2025		For the Six Months Ended June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Zhulun Realty Co., Ltd.	\$ 132,630	\$ 440	\$ 132,902	\$ 1,509	\$ 292,801	\$ 923
Cathay Healthcare Management Co., Ltd.	90,904	310	148,958	696	77,538	367
PSS Co., Ltd.	116,443	278	94,363	768	155,539	428
Jinhua Realty Co., Ltd.	468,737	4,321	752,317	1,466	68,452	521
Ally Logistic Property Co., Ltd.	386,088	847	201,442	1,227	180,995	597
Hong-Suey Marketing Co., Ltd.	294,726	520	112,766	484	149,843	221
Symphox Information Co., Ltd.	176,911	90	45,549	203	39,909	109
Others	10,544,070	67,938	10,491,959	139,378	10,661,946	77,131
	<u>151,208,991</u>	<u>670,140</u>	<u>120,081,897</u>	<u>1,252,114</u>	<u>146,640,845</u>	<u>589,175</u>
	<u>\$ 152,564,327</u>	<u>\$ 672,493</u>	<u>\$ 120,121,201</u>	<u>\$ 1,266,981</u>	<u>\$ 156,173,249</u>	<u>\$ 591,702</u>

(Concluded)

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

Accounts/Related Parties	For the Six Months Ended June 30, 2026		For the Year Ended December 31, 2025		For the Six Months Ended June 30, 2025	
	Ending Balance	Interest Income (Expense)	Ending Balance	Interest Income (Expense)	Ending Balance	Interest Income (Expense)
<u>Due from commercial banks</u>						
Other related party Vietinbank	\$ 6,728,204	\$ 130,354	\$ 11,506,851	\$ 200,574	\$ 10,889,358	\$ 106,511
<u>Due to commercial banks</u>						
Other related party Vietinbank	11,465,340	(118,030)	14,404,681	(185,088)	12,993,088	(95,872)

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

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

Accounts/Related Parties	June 30, 2026	December 31, 2025	June 30, 2025
<u>Stock investment</u>			
Other related parties			
Srisawad Corporation Public Company Limited	\$ 1,684,858	\$ 1,922,580	\$ 1,146,201
Quantifeed Holdings Limited	37,521	56,594	49,092
Taiwan Asset Management Corporation	691,436	812,577	750,330
HanTech Venture Capital Corporation	87,311	81,069	57,171
Taipei Forex Inc.	148,298	108,639	94,162
Financial Information Service Co., Ltd.	832,034	717,960	745,207
CDIB & PARTNERS Investment Holding Corporation	1,138,599	1,189,235	1,086,219
EASYCARD Corporation	70,095	78,479	94,148
EASYCARD Investment Holding Co., Ltd.	59,024	Note 2	Note 2

3) Guarantees

June 30, 2026

Related Parties	Highest Balance	Ending Balance	Balance of Guarantee Liability Provisions	Rate Interval	Collateral
Other related parties					
Taihu Brewing Ltd.	\$ 2,000	\$ 2,000	\$ -	1%	Certificates of deposit
Yua Yung Co., Ltd.	8,840	-	-	0.8%	Demand deposits

December 31, 2025

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

June 30, 2025

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

4) Derivatives

June 30, 2026

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2025.08.14-2027.09.23	\$ 47,882,848	\$ 558,044	Valuation adjustment for FVTPL financial assets	\$ 2,107,729
					Valuation adjustment for FVTPL financial liabilities	(908)
	Currency swap contracts (TWD)	2025.12.17-2026.04.01	-	(180)	Valuation adjustment for FVTPL financial assets	-
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2025.01.09-2027.05.24	2,260,427	28,277	Valuation adjustment for FVTPL financial assets	100,668
					Valuation adjustment for FVTPL financial liabilities	-

December 31, 2025

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

June 30, 2025

Related Parties	Derivative Contracts	Contract Period	Nominal Principal	Evaluation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life Insurance Co., Ltd.	Currency swap contracts (USD)	2024.07.05-2025.11.10	\$ 131,269,780	\$ (9,343,802)	Valuation adjustment for FVTPL financial assets	\$ 200,510
					Valuation adjustment for FVTPL financial liabilities	(6,642,794)
Cathay Century Insurance Co., Ltd.	Currency swap contracts (USD)	2024.07.26-2026.05.22	2,478,876	(189,004)	Valuation adjustment for FVTPL financial assets	-
					Valuation adjustment for FVTPL financial liabilities	(122,292)

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

Items/Related Parties	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Gain (loss) on financial assets or liabilities at fair value through profit or loss				
Other related parties				
Cathay Life Insurance Co., Ltd.	\$ 77,145	\$ (2,055,951)	\$ 243,954	\$ (315,828)
Cathay Century Insurance Co., Ltd.	<u>9,900</u>	<u>13,948</u>	<u>16,673</u>	<u>21,150</u>
	<u>\$ 87,045</u>	<u>\$ (2,042,003)</u>	<u>\$ 260,627</u>	<u>\$ (294,678)</u>

5) Lease agreement - the Company as lessee

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

Related Parties	Acquisition of Right-of-use Assets	
	For the Six Months Ended	
	June 30	
	2026	2025
Other related parties		
Cathay Life Insurance Co., Ltd.	\$ 110,185	\$ 670,631
Cathay Real Estate Development Co., Ltd.	-	8,079

Related Parties	Lease Liabilities		
	December 31,		
	June 30, 2026	2025	June 30, 2025
Other related parties			
Cathay Life Insurance Co., Ltd.	\$ 2,136,040	\$ 2,429,823	\$ 2,865,392
Cathay Real Estate Development Co., Ltd.	15,619	22,442	7,212

Related Parties	Interest Expense			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Other related parties				
Cathay Life Insurance Co., Ltd.	\$ 4,799	\$ 6,263	\$ 9,534	\$ 12,296
Cathay Real Estate Development Co., Ltd.	46	21	100	30

Related Parties	Rental Expense				Payment Term
	For the Three Months Ended		For the Six Months Ended		
	June 30		June 30		
	2026	2025	2026	2025	
Other related party Cathay Life Insurance Co., Ltd.	\$ 287	\$ 498	\$ 306	\$ 1,088	Monthly

Related Parties	Refundable Deposits		
	December 31,		
	June 30, 2026	2025	June 30, 2025
Other related parties			
Cathay Life Insurance Co., Ltd.	\$ 226,725	\$ 221,036	\$ 221,036
Cathay Real Estate Development Co., Ltd.	3,174	3,174	2,343

6) Lease agreement - the Company as lessor

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

Related Parties	Rental Income				Receive Term
	For the Three Months Ended		For the Six Months Ended		
	June 30		June 30		
	2026	2025	2026	2025	
Other related parties					
Cathay Life Insurance Co., Ltd.	\$ 8,328	\$ 7,681	\$ 16,295	\$ 15,359	Monthly
Cathay Century Insurance Co., Ltd.	1,973	2,104	3,844	4,208	Monthly

Related Parties	Guarantee Deposits Received		
	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Cathay Life Insurance Co., Ltd.	\$ 8,150	\$ 7,789	\$ 7,555

7) Others

Items/Related Parties	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
<u>Service fee income</u>				
Other related parties				
Cathay Life Insurance Co., Ltd.	\$ 2,996,289	\$ 2,715,968	\$ 6,875,306	\$ 6,242,877
Cathay Century Insurance Co., Ltd.	72,753	59,586	145,881	129,416
Cathay Securities Corporation	73,870	51,376	150,693	111,782
Cathay Securities Investment Trust Co., Ltd.	36,974	28,988	68,635	67,472
Cathay Securities Investment Consulting Co., Ltd.	15,012	10,431	23,912	21,750
Cathay Real Estate Development Co., Ltd.	1,183	1,306	2,482	3,207

Items/Related Parties	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Miscellaneous income</u>				
Parent company				
Cathay Financial Holding Co., Ltd.	\$ 8,650	\$ 10,499	\$ 8,650	\$ 10,499
Other related parties				
Cathay Life Insurance Co., Ltd.	50,664	61,322	50,664	61,322
Cathay Century Insurance Co., Ltd.	3,732	5,673	3,732	5,673
<u>Other operating expenses</u>				
Parent company				
Cathay Financial Holding Co., Ltd.	22,239	15,971	22,239	15,971
Other related parties				
Cathay Life Insurance Co., Ltd.	101,653	92,607	152,798	120,548
Cathay Securities Investment Trust Co., Ltd.	-	3,000	1,800	3,000
Symphox Information Co., Ltd.	423,717	256,238	728,326	476,921
Lin Yuan Property Management Co., Ltd.	38,771	32,943	65,354	54,507
Cathay Healthcare Management Co., Ltd.	3,100	3,346	6,168	6,881
Seaward Card Co., Ltd.	89,579	85,089	179,526	180,423
TPIsoftware Corporation	3,794	20,498	9,673	27,970
EASYCARD Corporation	5,250	5,250	5,250	5,360
<u>Insurance expenses paid</u>				
Other related parties				
Cathay Life Insurance Co., Ltd.	30,254	38,294	80,205	80,990
Cathay Century Insurance Co., Ltd.	65,318	52,203	134,760	109,690

Items/Related Parties	June 30, 2026	December 31, 2025	June 30, 2025
<u>Receivables</u>			
Other related party			
Cathay Securities Investment Trust Co., Ltd.	\$ 11,418	\$ 8,836	\$ 7,304
<u>Receivables for commission of collecting insurances</u>			
Other related party			
Cathay Life Insurance Co., Ltd.	1,050,720	511,228	954,080
<u>Refundable deposit</u>			
Other related party			
Cathay Futures Co., Ltd.	556,469	773,791	752,700
<u>Accrued expenses</u>			
Other related party			
Seaward Card Co., Ltd.	16,996	28,726	42,414
<u>Accounts payable</u>			
Parent company			
Cathay Financial Holding Co., Ltd.	-	5,400	-
Other related parties			
Cathay Century Insurance Co., Ltd.	31,937	49,253	43,681
Symphox Information Co., Ltd.	53,307	19,426	44,705
<u>Dividends payable</u>			
Parent company			
Cathay Financial Holding Co., Ltd.	-	-	20,379,934
<u>Payables for allocation of integrated income tax systems account</u>			
Parent company			
Cathay Financial Holding Co., Ltd.	3,441,798	6,911,417	2,919,412

The Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of \$16,577 thousand and \$10,318 thousand and recorded as property and equipment during the six months ended June 30, 2026 and 2025, respectively.

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

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

c. Compensation of key management personnel

Compensation of directors, supervisors and other key management personnel for the six months ended June 30, 2026 and 2025 was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employment benefits	\$ 172,734	\$ 168,634	\$ 362,546	\$ 357,940
Post-employment benefits	2,053	2,131	4,892	4,180
Other long-term employment benefits	<u>27</u>	<u>95</u>	<u>51</u>	<u>125</u>
	<u>\$ 174,814</u>	<u>\$ 170,860</u>	<u>\$ 367,489</u>	<u>\$ 362,245</u>

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

45. PLEDGED ASSETS

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

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in debt instruments at amortised cost	\$ 42,685,367	\$ 58,120,133	\$ 42,601,273

46. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Entrusted items and guarantees:

The Bank

	June 30, 2026	December 31, 2025	June 30, 2025
Trust and security held for safekeeping	\$ 1,818,199,025	\$ 1,422,685,858	\$ 1,317,437,129
Collection and payment on behalf of customers	30,191,892	29,675,149	31,985,851
Book-entry for government bonds and depository for short-term marketable securities under management	400,853,532	369,539,423	433,795,992
Entrusted financial management business	46,766,318	40,208,935	32,706,105
Guarantees on commercial paper, duties and contracts	23,278,603	20,246,251	18,679,093

(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Unused commercial letters of credit	\$ 11,468,382	\$ 6,495,809	\$ 5,551,391
Irrevocable loan commitments	196,753,549	192,525,022	182,501,473
Unused credit card commitments	755,572,096	738,966,067	723,521,720
Underwritten securities	-	950,000	300,000
Revolving issuance and underwriting on commercial paper commitments	6,000,000	6,000,000	15,900,000 (Concluded)

Indovina Bank

	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 1,160,336	\$ 1,580,507	\$ 1,389,466
Unused commercial letters of credit	1,088,799	1,487,796	1,315,835

CUBC Bank

	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 5,857	\$ 19,931	\$ 13,456
Unused credit card commitments	314,866	298,219	303,113
Irrevocable loan commitments	343,620	240,245	191,494
Collection and payment on behalf of customers	4,932	-	-

CUBCN Bank

	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 403,272	\$ 241,165	\$ 209,987
Unused commercial letters of credit	196,208	716,071	130,660
Collection and payment on behalf of customers	1,247,170	752,418	807,508

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

- a. In accordance with Article 17 of “Enforcement Rules of the Trust Enterprise Act”, the balance sheets and income statements based on trust and details of trust properties and equipment were as follows:

Balance Sheets of Trust Accounts

	June 30	
	2026	2025
<u>Trust assets</u>		
Bank deposits	\$ 27,247,466	\$ 32,296,490
Bonds	159,346,948	140,128,840
Stocks	100,259,812	99,517,333
Mutual funds	522,690,874	415,863,636
Insurances	2,410,787	2,498,350
Receivables	15,636	12,455
Real estate		
Land	77,113,099	73,378,628
Buildings, net	63,280	46,696
Construction in progress	9,388,565	6,449,563
Custody securities	237,505,360	199,400,275
Other assets	<u>934,804</u>	<u>940,407</u>
Total trust assets	<u>\$ 1,136,976,631</u>	<u>\$ 970,532,673</u>
<u>Trust liabilities</u>		
Payables	\$ 582	\$ 600
Tax payable	55	45
Custody securities payable	237,505,360	199,400,275
Other liabilities	1,094	1,032
Trust capital	891,450,144	764,459,399
Provisions and accumulated losses		
Net income	7,938,641	6,249,543
Accumulated gains	<u>80,755</u>	<u>421,779</u>
Total trust liabilities	<u>\$ 1,136,976,631</u>	<u>\$ 970,532,673</u>

Income Statements of Trust Accounts

	For the Six Months Ended June 30	
	2026	2025
Trust revenue		
Interest income	\$ 178,441	\$ 133,014
Rent revenue	2,452	4,831
Cash dividends income	159,261	37,630
Realized capital gain - stocks	54,170	9,783
Realized capital gain - mutual funds	20,745	16,261
Unrealized capital gain - stocks	7,589,412	6,124,067
Unrealized capital gain - mutual funds	4,592	2,592
Others	<u>3,638</u>	<u>7</u>
	<u>8,012,711</u>	<u>6,328,185</u>
Trust expense		
Management fee	13,988	12,114
Supervisor fee	574	874
Taxes	2,907	3,041
Service fee	2,389	960
Realized capital loss - bonds	2,111	-
Realized capital loss - mutual funds	18,263	1,219
Unrealized capital loss - stocks	31,478	57,334
Unrealized capital loss - mutual funds	1,654	1,812
Others	<u>706</u>	<u>1,288</u>
	<u>74,070</u>	<u>78,642</u>
Income equalization		
Net income before tax	7,938,641	6,249,543
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u><u>\$ 7,938,641</u></u>	<u><u>\$ 6,249,543</u></u>

Note: The above trust income statements were the profit and loss of the entrusted assets of the trust department in the Bank. The above trust income statements were not included in the Bank's income statements.

Trust Property and Equipment Accounts

Investment Portfolio	June 30	
	2026	2025
Bank deposits	\$ 27,247,466	\$ 32,296,490
Bonds	159,346,948	140,128,840
Stocks	100,259,812	99,517,333
Mutual funds	522,690,874	415,863,636
Insurances	2,410,787	2,498,350
Receivables	15,636	12,455
Real estate		
Land	77,113,099	73,378,628
Buildings, net	63,280	46,696
Construction in progress	9,388,565	6,449,563
Custody securities	237,505,360	199,400,275
Other assets	<u>934,804</u>	<u>940,407</u>
	<u><u>\$ 1,136,976,631</u></u>	<u><u>\$ 970,532,673</u></u>

- b. The Bank conducts trust business by Trust Enterprise Act Article 3. The related trust business information as of June 30, 2026 and 2025 were as follows:

Trust Business

Items	June 30	
	2026	2025
Special trust of money that invests in foreign securities	\$ 533,511,091	\$ 430,343,025
Special trust of money that invests in domestic securities	146,015,922	123,728,795
Trust of money - custody securities	237,505,360	199,400,275
Trust of real estate	88,394,450	81,823,346
Trust of real estate price	13,746,028	16,947,814
Trust of insurance claims	141,799	142,853
Personal and corporate trust	61,113,380	59,609,384
Trust of business employee's savings	3,826,892	3,215,393
Trust of securities	<u>52,721,709</u>	<u>55,321,788</u>
	<u>\$ 1,136,976,631</u>	<u>\$ 970,532,673</u>

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

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

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

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

49. FINANCIAL INSTRUMENTS

- a. Information on fair value hierarchy

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

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

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

1) Level 1

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

- a) All financial instruments in the market are homogeneous.
- b) There are willing buyers and sellers in the market all the time.
- c) The public can access the price information easily.

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

2) Level 2

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

- a) Quoted prices of similar financial instruments in an active market. This means the fair value can be derived from the current trading prices of similar financial instruments, and whether they are similar financial instruments should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule differences, transaction prices involving related parties, and the correlation of price between the financial instruments itself and similar financial instruments;
- b) Quoted prices for identical or similar financial instruments in inactive markets;
- c) For the marking-to-model method, the inputs to the model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;
- d) Inputs that are derived from observable market data through correlation or other means.

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

3) Level 3

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

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

c. Measured at fair value on a recurring basis

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

Items	June 30, 2026			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	\$ 34,237	\$ -	\$ -	\$ 34,237
Bonds	108,088,092	30,222,641	77,865,451	-
Others	193,978,371	9,462	193,968,909	-
Financial assets at fair value through other comprehensive income				
Stocks	42,143,625	32,161,967	-	9,981,658
Bonds	411,638,998	207,946,473	202,932,688	759,837
Others	5,126,232	-	5,126,232	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	42,891,446	-	42,891,446	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	55,883,751	5,904	55,806,788	71,059
Liabilities				
Financial liabilities at fair value through profit or loss	57,098,764	6,014	57,021,691	71,059

Items	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	\$ 1,410,418	\$ 1,379,466	\$ -	\$ 30,952
Bonds	102,652,244	29,539,320	73,112,924	-
Others	209,582,790	66,202	209,516,588	-
Financial assets at fair value through other comprehensive income				
Stocks	30,011,585	20,761,220	-	9,250,365
Bonds	344,398,259	154,494,524	189,017,399	886,336
Others	8,748,773	-	8,748,773	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	41,480,624	-	41,480,624	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	58,748,632	14,849	58,653,291	80,492
Liabilities				
Financial liabilities at fair value through profit or loss	62,755,494	6,716	62,668,286	80,492

Items	June 30, 2025			
	Total	Level 1	Level 2	Level 3
<u>Measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at fair value through profit or loss				
Stocks	\$ 667,445	\$ 645,489	\$ -	\$ 21,956
Bonds	83,773,152	25,849,665	57,923,487	-
Others	135,598,262	-	135,598,262	-
Financial assets at fair value through other comprehensive income				
Stocks	28,220,176	19,294,296	-	8,925,880
Bonds	333,221,196	165,093,608	168,094,395	33,193
Others	5,897,512	-	5,897,512	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Designated as at fair value through profit or loss				
Bonds	39,617,181	-	39,617,181	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	85,288,506	1,876	85,156,620	130,010
Liabilities				
Financial liabilities at fair value through profit or loss	91,523,981	10,819	91,383,152	130,010

2) Financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income and hedging derivative financial instruments with quoted prices in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

a) Marking to market

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

- Ensure the consistency and integrity of market data.
- Market data should be obtained from publicly available, easily accessible and independent sources.
- Listed securities with tradable prices should be valued at closing prices.
- Evaluation of unlisted securities that lack tradable closing prices should use quoted prices from independent brokers and comply with the rules issued by the authorities.

b) Marking to model

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

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

3) Fair value adjustments

Credit risk valuation adjustments

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

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

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

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

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

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

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

Except for the active market adjustments of some bond prices, there were no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2026 and 2025.

5) Reconciliation of Level 3 fair value measurements

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

For the six months ended June 30, 2026

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	\$ 30,952	\$ 3,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,237
Derivative financial instruments	80,492	(9,433)	-	-	-	-	-	-	71,059
Financial assets at fair value through other comprehensive income									
Stocks	9,250,365	-	568,870	-	-	-	-	162,423	9,981,658
Bonds	886,336	-	(91,780)	-	-	34,867	-	148	759,837

For the six months ended June 30, 2025

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Effects of Exchange	Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3		
Financial assets at fair value through profit or loss									
Stocks	\$ 23,590	\$ (1,634)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,956
Derivative financial instruments	566,879	(54,258)	-	-	-	382,611	-	-	130,010
Financial assets at fair value through other comprehensive income									
Stocks	10,080,282	-	(894,368)	-	-	-	-	(260,034)	8,925,880
Bonds	36,211	-	173	-	-	-	-	(3,191)	33,193

Total gains or losses shown in the tables above that contain unrealized gains and losses related to assets held as of June 30, 2026 and 2025 amounted to losses of \$6,148 thousand and \$48,609 thousand, respectively.

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

For the six months ended June 30, 2026

Item	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	\$ 80,492	\$ (9,433)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,059

For the six months ended June 30, 2025

Item	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Profit or Loss	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial instruments	\$ 566,879	\$ (54,258)	\$ -	\$ -	\$ -	\$ 382,611	\$ -	\$ 130,010

Total gains or losses shown in the tables above that contain unrealized gains and losses related to liabilities committed as of June 30, 2026 and 2025 amounted to gains of \$9,433 thousand and \$46,975 thousand, respectively.

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

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

June 30, 2026

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
Financial assets						
Financial assets at fair value through profit or loss	Stock	\$ 34,237	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	8,649,313	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		105,591	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,226,754	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	759,837	Quoted prices of the counterparty	Not applicable	Not applicable	Not applicable

December 31, 2025

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

June 30, 2025

Items	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted Average)	Relationship between Inputs and Fair Value
Measured at fair value on a recurring basis						
<u>Financial assets</u>						
Financial assets at fair value through profit or loss	Stock	\$ 21,956	Market approach	Discount for lack of marketability	10%-20%	The higher the discount for lack of marketability, the lower the fair value of the stock
Financial assets at fair value through other comprehensive income	Stock	7,686,671	Market approach	Discount for lack of marketability	15%-30%	The higher the discount for lack of marketability, the lower the fair value of the stock
		95,019	Income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the stock
		1,144,190	Value of net assets approach	Value of net assets	Not applicable	The higher the value of net assets, the higher the fair value of the stock
	Bond	33,193	Discounted cash flow	Loan rate	9.15%	The higher the loan rate, the lower the fair value of the bond

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

The Company's risk management department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

d. Financial instruments that were not measured at fair value

1) Information on fair value

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

	June 30, 2026		December 31, 2025		June 30, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Investments in debt instruments at amortised cost	\$ 700,364,785	\$ 673,080,485	\$ 688,483,141	\$ 663,386,554	\$ 736,979,913	\$ 711,111,462

2) Information on fair value hierarchy

Item	June 30, 2026			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost	\$ 673,080,485	\$ 42,226,004	\$ 625,201,422	\$ 5,653,059

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

Item	June 30, 2025			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost	\$ 711,111,462	\$ 43,321,943	\$ 667,515,544	\$ 273,975

3) Valuation techniques

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

- Cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, other financial assets, due to the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances whose maturity date is very near or the future payment price approximates the carrying amount take the amount in the book on the balance sheet date as the fair value.
- Discounts and loans, deposits, financial debentures and principal of structured products are all interest-bearing financial assets/liabilities whose carrying amount is taken as the current fair value. The carrying amount of non-accrual loan is the estimated recoverable amount after deduction of allowance for impairment loss, hence its carrying amount is used as its fair value.
- If an investment in a debt instrument at amortised cost has a public quoted price in an active market, the market price is used as its fair value; if no market price is available for reference, a valuation method is used to estimate the fair value. The estimates and assumptions used by the Bank in the valuation method are consistent with the information and assumptions used by market participants in the estimation of the fair value of financial instruments.

50. FINANCIAL RISK MANAGEMENT

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

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

- To amend the risk management policies, risk appetite, or risk tolerance, and regularly submit significant risk management issues and report the above issues to the board of directors for approval;
- To manage and decide the strategy for the Bank's credit risk, market risk and operational risk;

- c. To report the significant risk management issues and summary review matters of other relating project, such as credit ratings, market assessment, risk indicators and capital adequacy;
- d. To develop, verify and monitor credit rating models;
- e. Results of the Bank's stress testing;
- f. Important research and discussion matters raised by various risk management-related units of the Bank;
- g. Other issues.

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

a. Credit risk

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

The Bank, Indovina Bank and CUBCN Bank

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

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

CUBC Bank

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

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

Judgment of significant increase in credit risk after initial recognition

The Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicators

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

a) Bounced checks are reported.

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

c) Auditors' opinion - adverse opinion.

d) Auditors' opinion - disclaimer of opinion.

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

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

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

Indovina Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Low credit risk criteria

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

c) Information on the overdue status of a contract

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

d) Internal credit assessment indicators

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

2) Qualitative indicators

a) Bounced checks are reported.

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

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

CUBC Bank

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

1) Information on the overdue status of a contract

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

2) Loan classification from National Bank of Cambodia

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

3) Internal credit assessment indicators

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

CUBCN Bank

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

1) Quantitative indicators

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicators

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

a) Any financial instruments are classified as special mention.

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

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

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

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

Default and credit impairment of financial asset

The Bank

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

1) Quantitative indicator

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicator

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

- a) Bailout, reorganization, individual agreement due to debtor's financial difficulties;
- b) Lawsuit action has been taken;
- c) Debt settlement, debt negotiation;
- d) Other internal or external information on judging the deterioration in credit quality.

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

Indovina Bank

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

1) Quantitative indicator

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicator

- a) Bailout, reorganization, individual agreement due to debtor's financial difficulties;
- b) Lawsuit action has been taken;
- c) Debt settlement, debt negotiation;
- d) The debtor has filed for bankruptcy or may apply for bankruptcy or reorganization;
- e) Principal or interest could not be paid as scheduled during the settlement period;
- f) Other internal or external information on judging the deterioration in credit quality.

CUBC Bank

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

1) Information on the overdue status of a contract

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

2) Loan classification from National Bank of Cambodia

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

3) Internal credit assessment indicators

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

CUBCN Bank

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

1) Quantitative indicator

a) Changes in credit rating

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

b) Information on the overdue status of a contract

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

2) Qualitative indicator

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

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

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

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

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

Measurement of expected credit loss

The Bank

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

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

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

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

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

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

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

- 1) The EAD is measured at the amortised cost of a financial asset plus its interest receivable.
- 2) The PD is based on the information regularly published by Moody's and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).
- 3) The LGD is selected according to the type of debt instruments based on the information regularly published by Moody's.

Indovina Bank

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

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

1) Loan portfolio

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

2) Bond portfolio

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

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

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

CUBC Bank

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

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

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

CUBCN Bank

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

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

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

- 2) CUBCN Bank grouped the non-retail business risk group according to the forward-looking model.
 - a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:
 - i. For financial instruments in Stage 1, the allowance for losses is measured by the expected credit losses within 12 months.
 - ii. For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.

- iii. For financial instruments in Stage 3, the discounted cash flow method can be used for individual assessment; if not using individual assessment, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.
- b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:
 - i. The PD is based on the internal/external credit rating of the borrower or issuer and is calculated using the historical data, which is adjusted according to the currently observable data and the forward-looking macroeconomic information.
 - ii. The LGD is based on the LGD regulated in the Rules on Capital Management of Commercial Banks published by the China banking supervisory authority as the reference for evaluation. Besides, the LGD also refers to types of products, types of bonds mapping, linear interpolation and so on.
 - iii. The EAD is measured using the current exposure method. Besides, off-balance sheet credit businesses also convert exposure using the credit conversion factor regulated in the Rules on Capital Management of Commercial Banks published by the China banking supervisory authority.

Write-off policy

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

- 1) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- 2) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or have become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank might collect from the debtors where there is no financial benefit in execution.
- 3) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Bank's taking possession of such collateral.
- 4) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and collection efforts have failed.

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

Consideration of forward-looking information

The Bank

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

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

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

Indovina Bank

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

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

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

CUBC Bank

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

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

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

CUBCN Bank

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

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

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

Credit risk management policy

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

1) Category of credit asset

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

2) Grade of credit quality

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

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

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

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

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

3) Hedge of credit risk and easing policy

a) Collateral

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

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

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

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

c) Net settlement agreement

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

4) Maximum exposures to credit risk

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

a) The Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	June 30, 2026	December 31, 2025	June 30, 2025
Irrevocable loan commitments	\$ 196,753,549	\$ 192,525,022	\$ 182,501,473
Unused credit card commitments	755,572,096	738,966,067	723,521,720
Unused commercial letters of credit	11,468,382	6,495,809	5,551,391
Guarantees on duties and contracts	23,278,603	20,246,251	18,679,093

b) Indovina Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 1,160,336	\$ 1,580,507	\$ 1,389,466
Unused commercial letters of credit	1,088,799	1,487,796	1,315,835

c) CUBC Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 5,857	\$ 19,931	\$ 13,456
Unused credit card commitments	314,866	298,219	303,113
Irrevocable loan commitments	343,620	240,245	191,494

d) CUBCN Bank

Off-Balance Sheet Items	Maximum Exposure to Credit Risk		
	June 30, 2026	December 31, 2025	June 30, 2025
Financial guarantee contracts	\$ 403,272	\$ 241,165	\$ 209,987
Unused commercial letters of credit	196,208	716,071	130,660

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

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

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

June 30, 2026

	Discounts and Loans				
	Stage 1	Stage 2	Stage 3	Differences of	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Impairment Loss under Regulations	
Total carrying amount	\$ 3,063,802,472	\$ 84,217,171	\$ 24,779,562	\$ -	\$ 3,172,799,205
Less: Allowance for impairment	(3,729,112)	(2,615,750)	(9,607,767)	-	(15,952,629)
Less: Differences of impairment loss under regulations	-	-	-	(35,454,799)	(35,454,799)
	<u>\$ 3,060,073,360</u>	<u>\$ 81,601,421</u>	<u>\$ 15,171,795</u>	<u>\$ (35,454,799)</u>	<u>\$ 3,121,391,777</u>

	Receivables				
	Stage 1	Stage 2	Stage 3	Differences of	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Impairment Loss under Regulations	
Total carrying amount	\$ 195,656,742	\$ 1,874,133	\$ 2,396,746	\$ -	\$ 199,927,621
Less: Allowance for impairment	(767,967)	(354,474)	(1,766,583)	-	(2,889,024)
Less: Differences of impairment loss under regulations	-	-	-	(181,307)	(181,307)
	<u>\$ 194,888,775</u>	<u>\$ 1,519,659</u>	<u>\$ 630,163</u>	<u>\$ (181,307)</u>	<u>\$ 196,857,290</u>

December 31, 2025

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

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

June 30, 2025

	Discounts and Loans				
	Stage 1	Stage 2	Stage 3	Differences of	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Impairment Loss under Regulations	
Total carrying amount	\$ 2,687,368,071	\$ 79,872,205	\$ 21,411,967	\$ -	\$ 2,788,652,243
Less: Allowance for impairment	(4,261,062)	(3,131,988)	(8,423,449)	-	(15,816,499)
Less: Differences of impairment loss under regulations	-	-	-	(29,974,893)	(29,974,893)
	<u>\$ 2,683,107,009</u>	<u>\$ 76,740,217</u>	<u>\$ 12,988,518</u>	<u>\$ (29,974,893)</u>	<u>\$ 2,742,860,851</u>

	Receivables				
	Stage 1	Stage 2	Stage 3	Differences of	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Impairment Loss under Regulations	
Total carrying amount	\$ 127,654,077	\$ 2,487,590	\$ 2,275,241	\$ -	\$ 132,416,908
Less: Allowance for impairment	(673,836)	(367,341)	(1,718,103)	-	(2,759,280)
Less: Differences of impairment loss under regulations	-	-	-	(70,774)	(70,774)
	<u>\$ 126,980,241</u>	<u>\$ 2,120,249</u>	<u>\$ 557,138</u>	<u>\$ (70,774)</u>	<u>\$ 129,586,854</u>

5) Credit concentration risk of the Company

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

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

a) Industry type

Industry Type	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Manufacturing	\$ 314,857,168	9.84	\$ 249,603,868	8.43	\$ 225,189,613	8.01
Financial institutions and insurance	165,130,022	5.16	162,565,496	5.49	144,613,937	5.14
Leasing and real estate	284,186,155	8.88	251,499,153	8.50	242,382,605	8.62
Individuals	2,052,479,116	64.14	1,939,467,198	65.53	1,856,794,835	66.05
Others	<u>383,376,326</u>	<u>11.98</u>	<u>356,451,268</u>	<u>12.05</u>	<u>342,048,541</u>	<u>12.18</u>
Total	<u>\$ 3,200,028,787</u>	<u>100.00</u>	<u>\$ 2,959,586,983</u>	<u>100.00</u>	<u>\$ 2,811,029,531</u>	<u>100.00</u>

b) Geographic region

Geographic Region	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 2,758,948,322	86.22	\$ 2,579,052,088	87.14	\$ 2,474,870,005	88.04
Asia	351,327,271	10.98	302,185,572	10.21	266,336,338	9.47
America	53,901,824	1.68	46,494,481	1.57	40,749,839	1.45
Others	<u>35,851,370</u>	<u>1.12</u>	<u>31,854,842</u>	<u>1.08</u>	<u>29,073,349</u>	<u>1.04</u>
Total	<u>\$ 3,200,028,787</u>	<u>100.00</u>	<u>\$ 2,959,586,983</u>	<u>100.00</u>	<u>\$ 2,811,029,531</u>	<u>100.00</u>

b. Liquidity risk

1) Source and definition of liquidity risk

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

2) Liquidity risk management strategy and principles

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

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

a) Financial assets held to manage liquidity risk

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

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

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

	June 30, 2026				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 33,187,019	\$ 40,397,346	\$ 37,446,534	\$ 43,929	\$ 111,074,828
Non-derivative financial liabilities at fair value through profit or loss	-	976,377	402,271	41,069,730	42,448,378
Securities sold under repurchase agreements	6,373,978	2,931,186	-	-	9,305,164
Payables	32,812,414	2,875,139	10,011,553	853,083	46,552,189
Deposits and remittances	1,097,755,059	1,893,831,813	1,448,749,483	114,337,979	4,554,674,334
Financial debentures payable	-	-	-	18,652,073	18,652,073
Lease liabilities	176,933	888,645	861,819	4,788,276	6,715,673
Other capital outflow at maturity	14,903,550	16,616,864	4,406,008	1,159,352	37,085,774

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

	June 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 25,044,211	\$ 25,679,178	\$ 24,830,088	\$ 238,878	\$ 75,792,355
Non-derivative financial liabilities at fair value through profit or loss	1,006,501	288,355	-	38,573,580	39,868,436
Securities sold under repurchase agreements	18,386,317	1,191,853	-	-	19,578,170
Payables	141,861,340	2,599,023	5,503,669	479,221	150,443,253
Deposits and remittances	842,193,412	1,844,430,395	1,178,703,278	108,556,089	3,973,883,174
Financial debentures payable	-	-	-	18,652,073	18,652,073
Lease liabilities	154,468	750,261	789,940	4,323,005	6,017,674
Other capital outflow at maturity	10,977,513	21,937,494	3,215,932	884,881	37,015,820

Additional information about the maturity analysis of lease liabilities:

	June 30, 2026	December 31, 2025	June 30, 2025
Less than 1 year	\$ 1,927,397	\$ 1,917,466	\$ 1,694,669
1-5 years	4,278,792	4,295,013	3,745,526
5-10 years	431,456	421,983	539,975
More than 10 years	<u>78,028</u>	<u>32,776</u>	<u>37,504</u>
	<u>\$ 6,715,673</u>	<u>\$ 6,667,238</u>	<u>\$ 6,017,674</u>

c) Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by the Bank include:

- i. Foreign exchange derivative instruments: Non-deliverable forwards and net settled foreign exchange options;
- ii. Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

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

	June 30, 2026				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	\$ 11,303	\$ 9,912	\$ -	\$ -	\$ 21,215
Interest rate derivative instruments	<u>45,886</u>	<u>409,021</u>	<u>229,987</u>	<u>30,802,391</u>	<u>31,487,285</u>
Total	<u>\$ 57,189</u>	<u>\$ 418,933</u>	<u>\$ 229,987</u>	<u>\$ 30,802,391</u>	<u>\$ 31,508,500</u>

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

	June 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments	\$ 36,324	\$ 49,384	\$ 60,238	\$ -	\$ 145,946
Interest rate derivative instruments	<u>142,282</u>	<u>258,300</u>	<u>777,275</u>	<u>28,265,473</u>	<u>29,443,330</u>
Total	<u>\$ 178,606</u>	<u>\$ 307,684</u>	<u>\$ 837,513</u>	<u>\$ 28,265,473</u>	<u>\$ 29,589,276</u>

Gross settled derivative financial instruments engaged by the Bank include:

- i. Foreign exchange derivative instruments: Foreign exchange forwards, foreign exchange swaps and gross settled foreign exchange options;
- ii. Interest rate derivative instruments: Cross currency swaps;
- iii. Credit derivative instruments: All credit default swaps are presented on a gross basis. The credit protection buyer makes periodic payments to the credit protection seller and gets the one-time payments in return if a credit event occurs.

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

	June 30, 2026				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	\$ (469,756,928)	\$ (372,059,159)	\$ (117,391,566)	\$ (1,285,191)	\$ (960,492,844)
Cash inflow	464,328,479	363,949,750	115,205,041	1,278,368	944,761,638
Interest rate derivative instruments					
Cash outflow	(1,005,065)	(8,284,363)	(7,853,505)	(12,620,187)	(29,763,120)
Cash inflow	971,130	8,033,423	7,766,222	12,249,943	29,020,718
Cash outflow subtotal	(470,761,993)	(380,343,522)	(125,245,071)	(13,905,378)	(990,255,964)
Cash inflow subtotal	465,299,609	371,983,173	122,971,263	13,528,311	973,782,356
Net cash flow	<u>\$ (5,462,384)</u>	<u>\$ (8,360,349)</u>	<u>\$ (2,273,808)</u>	<u>\$ (377,067)</u>	<u>\$ (16,473,608)</u>

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

	June 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss					
Foreign exchange derivative instruments					
Cash outflow	\$ (512,044,197)	\$ (453,273,885)	\$ (80,390,471)	\$ (3,109,232)	\$ (1,048,817,785)
Cash inflow	501,287,454	437,793,167	78,482,704	2,980,623	1,020,543,948
Interest rate derivative instruments					
Cash outflow	-	(515,143)	(4,493,293)	(11,302,288)	(16,310,724)
Cash inflow	-	483,727	4,349,145	10,689,750	15,522,622
Cash outflow subtotal	(512,044,197)	(453,789,028)	(84,883,764)	(14,411,520)	(1,065,128,509)
Cash inflow subtotal	501,287,454	438,276,894	82,831,849	13,670,373	1,036,066,570
Net cash flow	<u>\$ (10,756,743)</u>	<u>\$ (15,512,134)</u>	<u>\$ (2,051,915)</u>	<u>\$ (741,147)</u>	<u>\$ (29,061,939)</u>

d) Maturity analysis of off-balance sheet items

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

- i. Irrevocable commitments: Include the Bank's irrevocable loan commitments and credit card commitments.
- ii. Financial guarantee contracts: The Bank acts as a guarantor or an issuer of standby letter of credit.

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

June 30, 2026					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 196,753,549	\$ -	\$ -	\$ -	\$ 196,753,549
Unused credit card commitments	755,572,096	-	-	-	755,572,096
Financial guarantee contracts	34,746,985	-	-	-	34,746,985
December 31, 2025					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 192,525,022	\$ -	\$ -	\$ -	\$ 192,525,022
Unused credit card commitments	738,966,067	-	-	-	738,966,067
Financial guarantee contracts	26,742,060	-	-	-	26,742,060
June 30, 2025					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 182,501,473	\$ -	\$ -	\$ -	\$ 182,501,473
Unused credit card commitments	723,521,720	-	-	-	723,521,720
Financial guarantee contracts	24,230,484	-	-	-	24,230,484

c. Market risk

1) Source and definition of market risk

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

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

2) Market risk management strategy and process

a) Identification and measurement

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

b) Monitoring and reporting

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

3) Risk management policy of the trading book

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

a) Strategy

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

b) Policy and procedure

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

c) Valuation policy

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

d) Method of risk measurement

- i. The calculation assumptions and calculation method are described in the VaR of the trading book section.
- ii. The calculation assumptions and calculation method are described in the market risk sensitivity analysis section.
- iii. The Bank executes the stress testing monthly and reports to the Risk Management Committee regularly.

4) Interest rate risk management of trading book

a) Definition of interest risk

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

b) Interest rate risk management procedure of trading book

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

c) Method of measurement

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

5) Interest rate risk management of banking book

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

a) Strategy

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

b) Management procedure

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

c) Method of measurement

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

6) Foreign exchange risk management

a) Definition of foreign exchange risk

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

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

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

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

Unit: In Thousands of Foreign Currency

June 30, 2026			
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 24,985,087	31.8370	\$ 795,450,215
AUD	4,522,198	21.9039	99,053,773
HKD	10,264,067	4.0598	41,670,059
Non-monetary items			
USD	920,279	31.8370	29,298,923
HKD	1,184,334	4.0598	4,808,159
THB	3,473,375	0.9590	3,330,967
<u>Financial liabilities</u>			
Monetary items			
USD	21,538,135	31.8370	685,709,604
JPY	358,129,210	0.1962	70,264,951
HKD	10,975,814	4.0598	44,559,610
Non-monetary items			
USD	888,106	31.8370	28,274,631
HKD	1,142,998	4.0598	4,640,343
EUR	657	36.2799	23,836
December 31, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 23,734,225	31.4380	\$ 746,156,566
AUD	4,514,957	21.0210	94,908,911
HKD	8,452,147	4.0390	34,138,222
Non-monetary items			
USD	847,407	31.4380	26,640,781
HKD	1,577,059	4.0390	6,369,741
THB	3,473,375	0.9968	3,462,260
<u>Financial liabilities</u>			
Monetary items			
USD	20,802,911	31.4380	654,001,916
JPY	314,290,729	0.2008	63,109,578
HKD	10,907,547	4.0390	44,055,582
Non-monetary items			
USD	931,316	31.4380	29,278,712
HKD	1,528,811	4.0390	6,174,868
EUR	694	36.9066	25,613

	June 30, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 23,076,064	29.9020	\$ 690,020,466
AUD	3,600,013	19.5410	70,347,854
HKD	10,678,231	3.8093	40,676,585
Non-monetary items			
USD	1,037,441	29.9020	31,021,561
HKD	4,482,165	3.8093	17,073,911
THB	3,473,375	0.9206	3,197,589
<u>Financial liabilities</u>			
Monetary items			
USD	21,186,871	29.9020	633,529,817
CNY	6,735,044	4.1749	28,118,135
AUD	1,407,977	19.5410	27,513,279
Non-monetary items			
USD	1,166,034	29.9020	34,866,749
HKD	4,467,222	3.8093	17,016,989
CNY	4,290	4.1749	17,910

As the Company has a large variety of foreign currencies, it is not practicable to disclose foreign currency exchange gain or loss based on each foreign currency's exposure to major impact. The foreign currency exchange gains were \$1,630,051 thousand and \$1,424,384 thousand for the six months ended June 30, 2026 and 2025, respectively.

7) Risk management of equity securities price

a) Definition of risk of equity securities price

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

b) Purpose of risk management of equity securities price

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

c) Procedure of risk management of equity securities price

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

d) Measurement method

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

8) Value-at-risk of the trading books

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

June 30, 2026				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 64,573	\$ 110,893	\$ 49,481	\$ 49,481
Foreign exchange rate	84,310	156,801	37,675	90,662
Equity securities price	165,843	627,569	2,743	3,449
Commodity	1,265	3,779	-	2,991

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

June 30, 2025				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 269,472	\$ 383,249	\$ 71,946	\$ 110,893
Foreign exchange rate	113,707	492,395	16,930	156,801
Equity securities price	355,558	627,569	71,850	627,569
Commodity	494	2,976	-	318

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

9) Market risk stress testing

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

Stress Testing				
Market/Product	Scenarios	June 30, 2026	December 31, 2025	June 30, 2025
Stock market	Major domestic stock exchanges + 15%	\$ 5,136	\$ 263,726	\$ 2,031,845
	Major domestic stock exchanges - 15%	(5,136)	(263,726)	(2,031,845)
	Major foreign stock exchanges + 20%	1,894	13,232	31,146
	Major foreign stock exchanges - 20%	(1,894)	(13,232)	(31,146)
Interest rate market	Major interest rate + 150bps	(2,200,292)	(2,542,114)	(1,648,014)
	Major interest rate - 150bps	1,154,653	1,940,081	1,215,851
Foreign exchange market	Major currencies + 5%	43,574	(181,799)	319,774
	Major currencies - 5%	(43,574)	181,799	(319,774)
Commodity market	Market prices +25%	28,794	20,832	(1,849)
	Market prices - 25%	(28,794)	(20,832)	1,849

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

10) Market risk sensitivity analysis

a) Interest rate risk

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

b) Foreign exchange risk

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

c) Equity securities price risk

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

d) Commodity risk

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

Risk Factors	Changes (+/-)	June 30, 2026	
		Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	\$ 8,715	\$ -
	Exchange rate of each currency - 1%	(8,715)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(14,669)	-
	Yield curves parallel shift - 1bp	7,698	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	437	-
	Equity securities price - 1%	(437)	-
Commodity risk sensitivity	Commodity price + 1%	1,152	-
	Commodity price - 1%	(1,152)	-

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

Risk Factors	Changes (+/-)	June 30, 2025	
		Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency + 1%	\$ 63,955	\$ -
	Exchange rate of each currency - 1%	(63,955)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift + 1bp	(10,987)	-
	Yield curves parallel shift - 1bp	8,106	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price + 1%	5,039	131,974
	Equity securities price - 1%	(5,039)	(131,974)
Commodity risk sensitivity	Commodity price + 1%	(74)	-
	Commodity price - 1%	74	-

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

d. ESG and climate risk

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

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

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

e. Transfers of financial assets

Financial assets transferred that have not been fully removed

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

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

June 30, 2026					
Category of Financial Assets	Transferred Financial Assets Carrying Value	Related Financial Liabilities Carrying Value	Transferred Financial Assets Fair Value	Related Financial Liabilities Fair Value	Net Fair Value
Financial assets at fair value through other comprehensive income					
Repurchase agreements	\$ 10,582,535	\$ 10,739,553	\$ 10,582,535	\$ 10,739,553	\$ (157,018)
Securities lending agreements	500,480	-	500,480	-	500,480
Investments in debt instruments measured at amortised cost					
Repurchase agreements	2,255,108	2,206,877	2,320,334	2,206,877	113,457

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

June 30, 2025					
Category of Financial Assets	Transferred Financial Assets Carrying Value	Related Financial Liabilities Carrying Value	Transferred Financial Assets Fair Value	Related Financial Liabilities Fair Value	Net Fair Value
Financial assets at fair value through profit or loss					
Repurchase agreements	\$ 3,465,010	\$ 3,407,013	\$ 3,465,010	\$ 3,407,013	\$ 57,997
Financial assets at fair value through other comprehensive income					
Repurchase agreements	10,522,339	10,588,459	10,522,339	10,588,459	(66,120)
Investments in debt instruments measured at amortised cost					
Repurchase agreements	7,512,866	6,234,359	6,336,229	6,234,359	101,870

f. Offsetting financial assets and liabilities

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

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

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

June 30, 2026

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 55,883,751	\$ -	\$ 55,883,751	\$ 55,883,751	\$ -	\$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Items	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 57,098,764	\$ -	\$ 57,098,764	\$ 55,883,751	\$ 1,215,013	\$ -
Repurchase agreements	12,946,430	-	12,946,430	11,589,803	1,356,627	-

December 31, 2025

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

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

June 30, 2025

Financial Assets Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 85,288,506	\$ -	\$ 85,288,506	\$ 85,288,506	\$ -	\$ -

Financial Liabilities Subject to Offsetting, Master Netting Arrangement or Similar Agreement						
Items	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Amount Presented in the Balance Sheets (c)= (a)-(b)	Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received/Pledged	
Derivative financial instruments	\$ 91,523,981	\$ -	\$ 91,523,981	\$ 85,288,506	\$ 6,235,475	\$ -
Repurchase agreements	20,229,831	-	20,229,831	19,084,139	1,145,692	-

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

51. CAPITAL MANAGEMENT

a. Capital adequacy maintain strategy

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

b. Capital assessment procedure

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

c. Information on the Company's CAR was as follows:

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

Items			Year	June 30, 2026	
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 298,449,677	\$ 302,157,028	
	Other Tier 1 capital		36,010,420	36,010,420	
	Tier 2 capital		46,316,812	48,729,974	
	Eligible capital		380,776,909	386,897,422	
Risk-weighted assets	Credit risk	Standardized approach	2,202,121,878	2,395,174,826	
		Internal ratings-based approach	-	-	
		Securitized exposure	-	-	
	Operational risk	Standardized approach	158,309,983	165,109,335	
	Market risk	Standardized approach	94,261,079	115,688,827	
		Simplified standard method	-	-	
		Internal model approach	-	-	
	Risk-weighted assets		2,454,692,940	2,675,972,988	
	Ratio of common equity to risk-weighted assets (%)			12.16%	11.29%
Ratio of Tier 1 capital to risk-weighted assets (%)			13.63%	12.64%	
Capital adequacy ratio (%)			15.51%	14.46%	
Leverage ratio (%)			6.12%	5.92%	

Items			Year	December 31, 2025	
			Standalone	Consolidated	
Eligible capital	Common equity		\$ 293,218,513	\$ 297,135,048	
	Other Tier 1 capital		35,747,080	35,747,080	
	Tier 2 capital		43,243,770	45,831,593	
	Eligible capital		372,209,363	378,713,721	
Risk-weighted assets	Credit risk	Standardized approach	2,038,253,026	2,245,278,870	
		Internal ratings-based approach	-	-	
		Securitized exposure	1,651,830	1,651,830	
	Operational risk	Standardized approach	158,309,983	165,109,335	
	Market risk	Standardized approach	115,948,627	123,004,097	
		Simplified Standard Method	-	-	
		Internal model approach	-	-	
	Risk-weighted assets		2,314,163,466	2,535,044,132	
Ratio of common equity to risk-weighted assets (%)			12.67%	11.72%	
Ratio of Tier 1 capital to risk-weighted assets (%)			14.22%	13.13%	
Capital adequacy ratio (%)			16.08%	14.94%	
Leverage ratio (%)			6.39%	6.16%	

Items			Year	June 30, 2025		
				Standalone	Consolidated	
Eligible capital	Common equity		\$	269,217,869	\$	272,460,662
	Other Tier 1 capital			34,733,320		34,733,320
	Tier 2 capital			43,187,754		45,045,444
	Eligible capital			347,138,943		352,239,426
Risk-weighted assets	Credit risk	Standardized approach		1,911,778,680		2,060,393,839
		Internal ratings-based approach		-		-
		Securitized exposure		32,058,855		32,058,855
	Operational risk	Standardized approach		159,192,550		165,930,295
	Market risk	Standardized approach		88,991,855		94,036,894
		Internal model approach		-		-
	Risk-weighted assets			2,192,021,940		2,352,419,883
Ratio of common equity to risk-weighted assets (%)				12.28%		11.58%
Ratio of Tier 1 capital to risk-weighted assets (%)				13.87%		13.06%
Capital adequacy ratio (%)				15.84%		14.97%
Leverage ratio (%)				6.13%		5.95%

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and “Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks.”

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital
- 2) Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets
- 4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets
- 6) Leverage ratio = Tier 1 capital ÷ Exposure measurement

The Banking Law and related regulations require the Bank to maintain its unconsolidated and consolidated CARs at a minimum of 10.5%, the Tier 1 Capital Ratio at a minimum of 8.5% and the Common Equity Tier 1 Ratio at a minimum of 7%. In addition, if the Bank’s CAR falls below the minimum requirement, the authorities may impose certain restrictions on the amount of cash dividends that the Bank can declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends.

52. UNCONSOLIDATED STRUCTURED ENTITIES

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

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

The carrying amounts of assets recognized by the Company as of June 30, 2026, December 31, 2025 and June 30, 2025 relating to its interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at FVTOCI	\$ 47,880,309	\$ 31,028,033	\$ 32,072,146
Investments in debt instruments measured at amortised cost	<u>122,050,187</u>	<u>106,514,001</u>	<u>73,253,723</u>
	<u>\$ 169,930,496</u>	<u>\$ 137,542,034</u>	<u>\$ 105,325,869</u>

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

The Bank

a. Credit risk

- 1) Asset quality: Please refer to Table 1.
- 2) Concentration of credit extensions

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

June 30, 2026			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 28,309,493	8.50
2	Group B - packaging and testing of semi-conductors	16,231,344	4.87
3	Group C - casting of aluminum	15,112,000	4.54
4	Group D - convenience stores, chain	14,501,638	4.35
5	Group E - other computers and peripheral equipment manufacturing	11,720,975	3.52
6	Group F - other financial service activities not elsewhere classified	10,373,029	3.11
7	Group G - other computers and peripheral equipment manufacturing	10,347,025	3.11
8	Group H - integrated circuit manufacturing	9,480,437	2.85
9	Group I - other transportation leasing industry	9,117,321	2.74
10	Group J - real estate development activities	9,100,000	2.73

June 30, 2025			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 22,246,070	7.55
2	Group B - packaging and testing of semi-conductors	22,092,075	7.50
3	Group C - real estate development activities	9,100,000	3.09
4	Group D - other computers and peripheral equipment manufacturing	8,970,600	3.04
5	Group E - casting of aluminum	7,937,723	2.69
6	Group F - other financial service activities not elsewhere classified	7,820,477	2.65
7	Group G - real estate development activities	7,357,927	2.50
8	Group H - television program design and broadcasting	6,345,845	2.15
9	Group I - wholesale of electric and communication equipment components	5,715,756	1.94
10	Group J - wired telecommunications activities	5,119,029	1.74

b. Market risk

Interest Rate Sensitivity (New Taiwan Dollars)

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

June 30, 2026

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,306,293,908	\$ 84,956,663	\$ 109,147,721	\$ 191,969,266	\$ 3,692,367,558
Interest rate-sensitive liabilities	529,499,397	2,624,594,819	480,060,378	41,823,277	3,675,977,871
Interest rate sensitivity gap	2,776,794,511	(2,539,638,156)	(370,912,657)	150,145,989	16,389,687
Net worth					333,098,574
Ratio of interest rate-sensitive assets to liabilities					100.45%
Ratio of interest rate sensitivity gap to net worth					4.92%

June 30, 2025

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,053,339,622	\$ 56,686,055	\$ 82,088,246	\$ 184,013,775	\$ 3,376,127,698
Interest rate-sensitive liabilities	421,915,378	2,339,845,491	382,039,380	53,678,828	3,197,479,077
Interest rate sensitivity gap	2,631,424,244	(2,283,159,436)	(299,951,134)	130,334,947	178,648,621
Net worth					294,738,880
Ratio of interest rate-sensitive assets to liabilities					105.59%
Ratio of interest rate sensitivity gap to net worth					60.61%

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

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

June 30, 2026

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 12,417,742	\$ 1,950,449	\$ 1,735,645	\$ 13,630,615	\$ 29,734,451
Interest rate-sensitive liabilities	14,963,360	4,231,385	4,092,755	4,733,579	28,021,079
Interest rate sensitivity gap	(2,545,618)	(2,280,936)	(2,357,110)	8,897,036	1,713,372
Net worth					10,462,624
Ratio of interest rate-sensitive assets to liabilities					106.11%
Ratio of interest rate sensitivity gap to net worth					16.38%

June 30, 2025

Items	1 - 90 Days	91 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 13,419,042	\$ 1,526,023	\$ 1,644,981	\$ 11,387,293	\$ 27,977,339
Interest rate-sensitive liabilities	14,309,716	4,065,452	4,257,308	4,856,034	27,488,510
Interest rate sensitivity gap	(890,674)	(2,539,429)	(2,612,327)	6,531,259	488,829
Net worth					9,856,828
Ratio of interest rate-sensitive assets to liabilities					101.78%
Ratio of interest rate sensitivity gap to net worth					4.96%

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

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

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

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

c. Liquidity risk

1) Profitability (consolidated information)

(Unit: %)

Items		For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Return on total assets	Before income tax	0.61	0.59
	After income tax	0.51	0.49
Return on equity	Before income tax	9.84	9.48
	After income tax	8.14	7.80
Net income ratio		41.09	40.36

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

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

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

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2026 and 2025.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(Unit: In Thousands of New Taiwan Dollars)

June 30, 2026

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,597,814,579	\$ 651,676,589	\$ 459,808,323	\$ 420,137,003	\$ 359,453,918	\$ 535,009,078	\$ 2,171,729,668
Main capital outflow on maturity	5,849,418,133	343,796,995	356,554,325	699,765,013	907,767,452	1,489,557,043	2,051,977,305
Gap	(1,251,603,554)	307,879,594	103,253,998	(279,628,010)	(548,313,534)	(954,547,965)	119,752,363

June 30, 2025

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,309,904,298	\$ 670,394,184	\$ 453,160,782	\$ 424,529,985	\$ 361,718,279	\$ 437,767,723	\$ 1,962,333,345
Main capital outflow on maturity	5,438,728,024	236,867,033	485,799,412	727,501,955	1,014,008,200	1,108,977,495	1,865,573,929
Gap	(1,128,823,726)	433,527,151	(32,638,630)	(302,971,970)	(652,289,921)	(671,209,772)	96,759,416

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

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

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

June 30, 2026

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 82,802,938	\$ 32,759,444	\$ 15,374,389	\$ 8,951,515	\$ 8,475,882	\$ 17,241,708
Main capital outflow on maturity	92,874,245	36,527,937	18,209,159	11,757,183	16,314,996	10,064,970
Gap	(10,071,307)	(3,768,493)	(2,834,770)	(2,805,668)	(7,839,114)	7,176,738

June 30, 2025

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 95,862,069	\$ 37,280,816	\$ 23,567,217	\$ 12,744,650	\$ 8,007,067	\$ 14,262,319
Main capital outflow on maturity	103,699,360	40,312,146	25,457,860	13,756,927	14,394,349	9,778,078
Gap	(7,837,291)	(3,031,330)	(1,890,643)	(1,012,277)	(6,387,282)	4,484,241

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

54. OPERATING SEGMENTS

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

- Corporate banking unit: Syndicated loan, large-scale, group and general credit business;
- Individual banking unit: Deposits and consumer loans, foreign exchange service, endorsement guarantees business, note discounting, safe deposit boxes, credit card-related products, and trust business;

- c. International banking unit: Offshore banking units, overseas branches and representative offices; and
- d. Other units: These segments include the Company's assets, liabilities, revenues and expenses that cannot be attributed to, or allocated reasonably to, specific operating segments.

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

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

	For the Six Months Ended June 30, 2026				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	<u>\$ 10,440,476</u>	<u>\$ 8,622,910</u>	<u>\$ 4,333,014</u>	<u>\$ 14,497,388</u>	<u>\$ 37,893,788</u>
Segment revenue (expense)	<u>\$ (5,528,093)</u>	<u>\$ 19,719,242</u>	<u>\$ -</u>	<u>\$ (14,191,149)</u>	<u>\$ -</u>
Segment net income	<u>\$ 3,537,850</u>	<u>\$ 26,210,886</u>	<u>\$ 2,505,653</u>	<u>\$ 343,749</u>	<u>\$ 32,598,138</u>
Income tax expense					<u>(5,612,099)</u>
Income after income tax					<u>\$ 26,986,039</u>

	For the Six Months Ended June 30, 2025				
	Corporate Banking	Individual Banking	International Banking	Others	Total
Net interest (externally)	<u>\$ 8,707,058</u>	<u>\$ 7,925,105</u>	<u>\$ 3,846,474</u>	<u>\$ 12,670,806</u>	<u>\$ 33,149,443</u>
Segment revenue (expense)	<u>\$ (4,441,164)</u>	<u>\$ 15,511,706</u>	<u>\$ -</u>	<u>\$ (11,070,542)</u>	<u>\$ -</u>
Segment net income	<u>\$ 4,093,501</u>	<u>\$ 20,860,580</u>	<u>\$ 2,459,123</u>	<u>\$ 975,025</u>	<u>\$ 28,388,229</u>
Income tax expense					<u>(5,009,239)</u>
Income after income tax					<u>\$ 23,378,990</u>

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

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

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

55. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the six months ended June 30, 2026

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments	Others	
Financial debentures payable	\$ 18,600,000	\$ -	\$ -	\$ -	\$ -	\$ 18,600,000
Financial liabilities designated as at fair value through profit or loss - bonds	41,480,624	-	-	1,410,822	-	42,891,446
Lease liabilities	7,038,916	(1,063,601)	993,477	-	53,682	7,022,474

For the six months ended June 30, 2025

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments	Others	
Financial debentures payable	\$ 12,700,000	\$ 5,900,000	\$ -	\$ -	\$ -	\$ 18,600,000
Financial liabilities designated as at fair value through profit or loss - bonds	42,151,047	-	-	(2,533,866)	-	39,617,181
Lease liabilities	6,198,477	(939,266)	1,227,894	-	(36,226)	6,450,879

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

56. ADDITIONAL DISCLOSURES

a. Related information of significant transactions:

- 1) Financing provided: The Bank - not applicable; subsidiaries - not applicable
- 2) Endorsement/guarantee provided: The Bank - not applicable; subsidiaries - not applicable
- 3) Significant marketable securities held: The Bank - not applicable; subsidiaries - not applicable
- 4) Allowance of service fees to related parties amounting to at least \$5 million: None
- 5) Receivables from related parties amounting to at least \$300 million or 10% of the paid-in capital: Table 2 (attached)
- 6) Sale of nonperforming loans: None
- 7) Asset securitization under the “Regulations for Financial Asset Securitization”: None
- 8) Other significant transactions which may affect the decisions of users of financial reports: None

b. Related information and proportionate share in investees: Table 3 (attached)

c. Investments in mainland China: Table 4 (attached)

d. Intercompany relationships and significant intercompany transactions

For the detailed information of intercompany relationships and significant intercompany transactions, refer to Table 5 (attached).

TABLE 1

CATHAY UNITED BANK CO., LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
AS OF JUNE 30, 2026 AND 2025
(In Thousands of New Taiwan Dollars, %)

Period			June 30, 2026					June 30, 2025				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		\$ 312,104	\$ 463,642,860	0.07%	\$ 3,017,911	966.96%	\$ 238,914	\$ 428,724,992	0.06%	\$ 3,087,994	1292.51%
	Unsecured		238,772	586,153,016	0.04%	14,917,421	6247.57%	99,057	445,156,217	0.02%	12,007,375	12121.71%
Consumer banking	Housing mortgage (Note 4)		968,209	573,136,928	0.17%	9,083,044	938.13%	730,535	571,549,412	0.13%	9,141,416	1251.33%
	Cash cards		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		668,031	161,672,451	0.41%	6,561,501	982.22%	834,844	154,359,294	0.54%	6,988,056	837.05%
	Other (Note 6)	Secured	2,168,376	1,077,295,786	0.20%	12,610,821	581.58%	1,699,296	931,187,945	0.18%	10,401,869	612.13%
		Unsecured	80,261	200,011,346	0.04%	2,622,711	3267.71%	34,105	157,544,617	0.02%	2,014,286	5906.12%
Loans			\$ 4,435,753	\$ 3,061,912,387	0.14%	\$ 48,813,409	1100.45%	\$ 3,636,751	\$ 2,688,522,477	0.14%	\$ 43,640,996	1200.00%
			Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio
Credit cards			\$ 239,666	\$ 159,851,962	0.15%	\$ 2,633,040	1098.63%	\$ 264,994	\$ 103,831,789	0.26%	\$ 2,510,889	947.53%
Accounts receivable factored without recourse (Note 7)			-	16,309,900	-	165,484	-	-	5,052,960	-	58,780	-

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

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

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

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

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

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

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

(Continued)

Not reported as nonperforming loans or nonperforming receivables

<div>Items</div> <div>Types</div>	June 30, 2026		June 30, 2025	
	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	\$ 83	\$ 3,642	\$ 128	\$ 7,140
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	386,436	1,120,993	241,584	1,064,150
Total	\$ 386,519	\$ 1,124,635	\$ 241,712	\$ 1,071,290

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

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

(Concluded)

TABLE 2

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
AS OF JUNE 30, 2026
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd. (Note)	Other related party	\$ 1,050,720	-	\$ -	-	\$ 1,050,720	\$ -

Note: Receivables for commission of collecting insurances.

TABLE 3

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEEES
AS OF JUNE 30, 2026
(In Thousands of New Taiwan Dollars, %)

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees (Note 1)			
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total	
									Shares (Thousands)	Percentage of Ownership (%)
Cathay United Bank Co., Ltd.	<u>Financial-related business</u>									
	Taiwan Depository & Clearing Corporation	Taipei	Centralized securities depository of enterprises	0.17	\$ 105,591	\$ -	5,914	-	5,914	0.58
	Taipei Forex Inc.	Taipei	Foreign exchange broker	4.04	148,298	7,120	800	-	800	4.04
	Taiwan Futures Exchange Corp.	Taipei	Futures exchange	0.62	535,448	-	4,506	-	4,506	0.62
	Financial Information Service Co., Ltd.	Taipei	Data processing services	2.41	832,034	-	17,985	-	17,985	2.41
	Taiwan Finance Corporation	Taipei	Bills financing	24.57	1,930,275	56,747	126,814	-	126,814	24.57
	IBF Securities Co., Ltd.	Taipei	Integrated securities houses	8.97	2,079,085	-	122,874	-	122,874	10.68
	Taiwan Asset Management Corporation	Taipei	Financial institution's debt purchase, evaluation or auction business	5.79	691,436	48,960	61,200	-	61,200	5.79
	Taiwan Financial Asset Service Corporation	Taipei	Financial institution credit evaluation or auction services	5.88	111,571	-	10,000	-	10,000	5.88
	Sunny Asset Management Co.	Taipei	Financial institution's debt purchase and other services	9.37	9,015	531	562	-	562	9.37
	EASYCARD Corporation	Taipei	Electronic payment	1.93	70,095	-	1,701	-	1,701	2.39
	Visa	Los Angeles	Credit card business	0.02	4,981,744	19,667	466	-	466	0.02
	Indovina Bank Limited	Vietnam	Commercial banking	50.00	5,016,841	192,064	Note 3	-	Note 3	50.00
	Cathay United Bank (Cambodia) PLC.	Cambodia	Commercial banking	100.00	4,007,200	47,616	100,000	-	100,000	100.00
	Taiwan Mobile Payment Co.	Taipei	Trust service manager (TSM)	4.00	12,583	-	2,400	-	2,400	4.00
	Payments Network of the Philippines, Inc.(PNPI) (Note 5)	Philippines	Bills financing	0.81	30,840	-	28	-	28	0.81
	Quantifeed Holdings Limited	Cayman Islands	Bills financing	5.40	37,521	-	2,829	-	2,829	5.40
	Cathay United Bank (China) Limited	China	Commercial banking	100.00	18,920,615	167,442	Note 3	-	Note 3	100.00
	Srisawad Corporation Public Company Limited	Thailand	Holding industry	4.60	1,684,858	25,548	152,251	-	152,251	9.16
	<u>Non-financial-related business</u>									
	Taiwan Real-estate Management Corp.	Taipei	Real estate management	30.15	108,002	(595)	9,044	-	9,044	30.15
	CDIB & PARTNERS Investment Holding Corporation	Taipei	Investment	4.95	1,138,599	-	108,000	-	108,000	9.90
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.91	59,024	-	4,184	-	4,184	6.28
	Kaohsiung Rapid Transit Corporation	Kaohsiung	Public rapid transit	1.38	36,723	-	3,845	-	3,845	1.38
	HanTech Venture Capital Corporation	Taipei	Venture capital	12.95	87,311	-	7,092	-	7,092	12.95
	Harbinger Venture Capital Co., Ltd.	Taipei	Venture capital	3.35	29	-	26	-	26	13.35
Cathay United Bank (Cambodia) PLC.	<u>Non-financial-related business</u>									
	CUBC Investment Co., LTD.	Cambodia	Investment	49.00	57,161	1,952	Notes 3 and 4	-	Notes 3 and 4	49.00
Cathay United Bank (China) Limited	<u>Financial-related business</u>									
	Chongqing Ant Consumer Finance Co., Ltd.	China	Consumer financing	3.48	3,906,294	50,508	Note 3	-	Note 3	3.48

Note 1: Shares or pro forma shares held by the Bank, directors, president, vice president and affiliates have been included in accordance with the Company Act.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of Banking Law.
b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of “Securities and Exchange Law Enforcement Rules”.
c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in IFRS 9.

Note 3: Unissued stock.

Note 4: Cathay United Bank (Cambodia) PLC. held 49% of the shares of CUBC-I. Through an agency agreement with the rest of shareholders, it actually controls the operations of CUBC-I and the composition of its board of directors, and obtains 100% of its economic benefits, therefore, CUBC-I is included as a subsidiary of CUBC Bank.

Note 5: Philippine Clearing House Corporation (PCHC) completed its merger with BancNet on June 1, 2026, following which the surviving company was renamed Payments Network of the Philippines, Inc.(PNPI).

TABLE 4

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2026	Investee Net Income	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of June 30, 2026	Accumulated Inward Remittance of Earnings as of June 30, 2026	Note
					Outflow	Inflow							
Cathay United Bank (China) Limited	Local government approved banking	\$ 14,377,562 (CNY 3,000,000 thousand)	Direct	\$ 14,377,562 (CNY 3,000,000 thousand)	\$ -	\$ -	\$ 14,377,562 (CNY 3,000,000 thousand)	\$ 167,442	100	\$ 167,442	\$ 18,920,615	\$ -	

Accumulated Investment in Mainland China as of June 30, 2026	Investment Amount Approved by the Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$14,377,562 (CNY3,000,000 thousand)	\$14,377,562 (CNY3,000,000 thousand)	\$202,869,249

- Note 1: The registered capital of Cathay United Bank (China) Limited was CNY3,000,000,000, which was transferred to the working capital of Cathay United Bank (China) Limited after the authorities approved the merger of Cathay United Bank Shanghai branch, Qingdao branch and Shenzhen branch.
- Note 2: The Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Bank to remit US\$60,067,239 (CNY400,000,000). Based on the capital verification report issued by local accountants in mainland China, the Shanghai branch of the Bank was authorized to remit the total amount of working capital of US\$59,768,397.46, and the remaining amount of US\$298,841.54 was repatriated on November 5, 2010. The Bank reported to MOEAIC to revise the amount of the investment on January 18, 2011, and it was authorized by MOEAIC on January 24, 2011. Also, MOEAIC authorized the Bank to remit US\$95,024,128 (CNY600,000,000). Based on the capital verification report issued by local accountants in mainland China, Shanghai branch of the Bank was authorized to remit the total amount of working capital of US\$94,929,198.64, and the remaining amount of US\$94,929.36 was repatriated on February 1, 2012. The Bank reported to MOEAIC to revise the amount of the investment on March 20, 2012, and it was authorized by MOEAIC on March 26, 2012. MOEAIC agreed to the Bank to increase the working capital of Shanghai branch by US\$164,000,000 (CNY1,000,000,000) on February 27, 2014, and was authorized by MOEAIC on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao branch by US\$98,199,673 (CNY600,000,000) on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. The Bank obtained approval from MOEAIC to increase the working capital of Shenzhen branch by US\$60,708,160.70 (CNY400,000,000) on January 5, 2015, and was authorized by MOEAIC on December 22, 2016.
- Note 3: Based on the Investment Commission’s “Regulation on Examination of Investment or Technical Cooperation in Mainland China” investments are limited to the larger of 60% of the Bank’s net asset value or 60% of the Company’s consolidated net asset value.

TABLE 5

CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, %)**

No. (Note 1)	Transacting Company	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amounts	Terms of Transaction	Percentage of Total Revenue or Total Assets (Note 3)
0	Cathay United Bank	Indovina Bank	a	Call loans to banks	\$ 636,740	Note 4	0.01
		CUBC Bank	a	Due from banks	3,916,902	Note 4	0.07
		CUBCN Bank	a	Call loans to banks	3,975,362	Note 4	0.07

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

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

Note 2: The flow of transactions is as follows:

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

Note 3: The percentage is calculated as follows:

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

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

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