

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay Life Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2026, the restated December 31, 2025, June 30, 2025 and January 1, 2025, and the consolidated statements of comprehensive income for the three months ended June 30, 2026 and the restated three months ended June 30, 2025 and for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026, the restated December 31, 2025, June 30, 2025 and January 1, 2025 and its consolidated financial performance for the three months ended June 30, 2026 and the restated three months ended June 30, 2025 and for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, and its consolidated cash flows for the six months ended June 30, 2026 and the restated six months ended June 30, 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the six months ended June 30, 2026 are as follows:

Assessment of Insurance Contract Liabilities

The measurement of insurance contract liabilities of Cathay Life Insurance Co., Ltd. under the General Measurement Model (GMM) and the Variable Fee Approach (VFA) involves the use of complex actuarial models, valuation techniques and significant assumptions to estimate the present value of future cash flows, the risk adjustment for non-financial risk, and the contractual service margin for groups of insurance contracts.

The measurement of insurance contract liabilities involves material professional judgment in determining the assumptions used, and the related estimates are subject to a high degree of uncertainty. Among these assumptions, mortality and morbidity assumptions have the most significant impact on the measurement of insurance contract liabilities. The determination of these assumptions involves a high degree of subjectivity and relies on historical experience data, recent experience developments, and other observable or unobservable inputs. Accordingly, we identified the assumptions related to mortality and morbidity as a key audit matter. For related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 25 to the accompanying consolidated financial statements.

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

1. We evaluated and tested the effectiveness of the internal controls over the assumptions used by management in determining mortality and morbidity, as well as the controls over access to and changes in the assumptions used in the calculation of insurance contract liabilities.
2. The following procedures were performed by our actuarial specialist to assess the reasonableness of the mortality and morbidity assumptions.
 - a. Evaluated whether the assumptions adopted by management were determined in accordance with International Financial Reporting Standard 17, "Insurance Contracts", and the related regulations;
 - b. Tested the experience analyses and other inputs used to determine these assumptions; and
 - c. Analyzed the adjustments made by management based on the results of the experience analyses and emerging claims experience, and assessed the reasonableness of the newly established or revised key assumptions with reference to industry data and other external benchmarking data.

Assessment of Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, the Company used the fair values assessed by external independent appraisers. The determination of fair value is supported by market evidence and involves the use of various valuation techniques, including the direct capitalization method under the income approach, the discounted cash flow method under the income approach, the sales comparison approach, the cost approach, and the land development analysis method. The primary valuation methods used are the direct capitalization method under the income approach, discounted cash flow method under the income approach and the sales comparison approach. The valuation results are significantly affected by key assumptions such as discount rates, income capitalization rates and the selection of comparable properties. As these assumptions involve

significant judgment and estimation, we identified these assumptions as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 15 to the accompanying consolidated financial statements.

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

1. We evaluated the professional competence, capability and objectivity of the independent appraisers engaged by management, and verified the qualifications of the appraisers.
2. We evaluated and tested the internal controls related to the valuation process for the fair value of investment properties, including the effectiveness of management's controls over the assessment of the assumptions adopted by the independent appraisers.
3. We appointed an internal valuation specialist to assess the reasonableness of the discount rates, income capitalization rates and the selection of comparable properties adopted by the independent appraisers, and to perform comparative analyses of the selected comparable properties against relevant market data.

Emphasis of Matter

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

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

Our opinion is not modified in respect of these matters.

Other Matter

We have also audited the parent company only financial statements of Cathay Life Insurance Co., Ltd. as of and for the six months ended June 30, 2026 and 2025 on which we have issued an auditor's report containing an unmodified opinion and an emphasis of matter section.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239, and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the group audit work performed. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2026, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 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 LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025 (Restated)		June 30, 2025 (Restated)		January 1, 2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 36)	\$ 272,157,771	3	\$ 280,967,668	3	\$ 464,064,276	5	\$ 216,664,932	3
RECEIVABLES (Notes 5, 7 and 36)	122,352,653	1	105,880,746	1	104,730,006	1	125,428,163	1
CURRENT TAX ASSETS	225,396	-	137,040	-	4,392	-	9,874	-
INVESTMENTS								
Financial assets at fair value through profit or loss (Notes 4, 5, 8 and 41)	475,724,785	5	1,586,650,127	18	1,544,800,750	18	1,610,095,749	18
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 39 and 41)	3,555,166,229	38	889,340,149	10	744,752,570	9	739,656,148	8
Financial assets measured at amortized cost (Notes 4, 5, 10, 39 and 41)	2,670,518,348	29	4,079,499,577	45	3,936,584,079	45	4,344,896,500	48
Financial assets for hedging (Notes 4, 5 and 11)	26,415	-	36,010	-	5,771,006	-	6,615	-
Investments accounted for using the equity method (Notes 13 and 39)	77,952,757	1	78,671,438	1	58,794,911	1	59,531,996	1
Other financial assets (Note 14)	5,998,311	-	1,499,643	-	-	-	-	-
Investment property (Notes 5, 15 and 36)	574,994,894	6	563,226,573	6	552,188,073	6	545,007,264	6
Investment property under construction (Notes 15 and 36)	21,007,226	-	20,899,061	-	19,561,517	-	14,779,174	-
Prepayments for buildings and land - investments (Note 15)	1,053,124	-	977,717	-	794,896	-	1,097,313	-
Loans (Notes 4, 5, 16 and 36)	<u>286,201,840</u>	<u>3</u>	<u>258,270,941</u>	<u>3</u>	<u>243,693,942</u>	<u>3</u>	<u>233,318,593</u>	<u>3</u>
Total investments	<u>7,668,643,929</u>	<u>82</u>	<u>7,479,071,236</u>	<u>83</u>	<u>7,106,941,744</u>	<u>82</u>	<u>7,548,389,352</u>	<u>84</u>
INSURANCE CONTRACT ASSETS (Notes 4, 5 and 25)	607,264	-	1,098,000	-	1,439,707	-	2,220,848	-
REINSURANCE CONTRACT HELD ASSETS (Notes 4, 5 and 17)	31,357,165	-	32,401,935	1	31,813,879	-	31,748,792	-
PROPERTY AND EQUIPMENT (Notes 18, 36 and 39)	41,380,253	1	41,078,154	1	41,251,561	-	41,132,343	1
RIGHT-OF-USE ASSETS (Notes 19 and 36)	1,225,576	-	1,159,815	-	1,489,935	-	1,403,664	-
INTANGIBLE ASSETS (Note 20)	20,095,916	-	20,976,738	-	21,935,727	-	22,810,143	-
DEFERRED TAX ASSETS (Note 4)	119,817,226	1	119,121,249	1	132,044,143	2	75,894,490	1
OTHER ASSETS (Notes 4, 21, 36 and 39)	68,165,631	1	73,659,403	1	69,654,146	1	91,179,542	1
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 37)	<u>989,852,459</u>	<u>11</u>	<u>838,557,419</u>	<u>9</u>	<u>740,959,007</u>	<u>9</u>	<u>789,277,041</u>	<u>9</u>
TOTAL	<u>\$ 9,335,881,239</u>	<u>100</u>	<u>\$ 8,994,109,403</u>	<u>100</u>	<u>\$ 8,716,328,523</u>	<u>100</u>	<u>\$ 8,946,159,184</u>	<u>100</u>
LIABILITIES AND EQUITY								
PAYABLES (Notes 22 and 36)	\$ 50,050,367	1	\$ 17,268,062	-	\$ 32,069,799	-	\$ 21,671,375	-
CURRENT TAX LIABILITIES (Note 4)	483,621	-	411,720	-	384,851	-	301,899	-
SHORT-TERM DEBT (Note 23)	1,443,777	-	1,484,601	-	1,414,335	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 8 and 41)	673,251,550	7	584,829,831	7	483,392,866	6	573,501,645	7
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 11)	2,235,955	-	919,871	-	1,631,823	-	2,591,575	-
BONDS PAYABLE (Notes 24 and 36)	209,883,844	2	193,603,582	2	191,692,184	2	195,257,330	2
OTHER FINANCIAL LIABILITIES (Note 41)	43,312,595	-	39,209,760	-	54,670,843	1	30,325,544	-
LEASE LIABILITIES (Notes 19 and 36)	15,747,818	-	15,758,222	-	16,016,094	-	15,874,291	-
INSURANCE CONTRACT LIABILITIES (Notes 4, 5 and 25)	7,048,674,621	76	7,163,030,804	80	7,043,449,531	81	7,042,554,652	79
REINSURANCE CONTRACT HELD LIABILITIES (Notes 4, 5 and 17)	8,738,760	-	9,184,730	-	8,890,630	-	8,717,451	-
PROVISIONS (Note 26)	-	-	56,245	-	56,245	-	56,245	-
DEFERRED TAX LIABILITIES (Note 4)	48,143,977	1	79,277,025	1	90,063,676	1	89,821,395	1
OTHER LIABILITIES (Notes 4, 27 and 36)	<u>273,945,664</u>	<u>3</u>	<u>199,053,158</u>	<u>2</u>	<u>188,390,430</u>	<u>2</u>	<u>180,446,915</u>	<u>2</u>
Total liabilities	<u>8,375,912,549</u>	<u>90</u>	<u>8,304,087,611</u>	<u>92</u>	<u>8,112,123,307</u>	<u>93</u>	<u>8,161,120,317</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 32)								
Share capital								
Ordinary shares	<u>63,515,274</u>	<u>1</u>	<u>63,515,274</u>	<u>1</u>	<u>63,515,274</u>	<u>1</u>	<u>63,515,274</u>	<u>1</u>
Capital surplus	<u>91,925,862</u>	<u>1</u>	<u>91,914,104</u>	<u>1</u>	<u>91,914,041</u>	<u>1</u>	<u>91,938,672</u>	<u>1</u>
Retained earnings								
Legal reserve	84,860,021	1	72,298,082	1	72,298,082	1	58,377,758	1
Special reserve	686,492,342	7	547,117,433	6	545,379,476	6	491,399,453	5
Unappropriated earnings	<u>131,234,556</u>	<u>1</u>	<u>116,365,094</u>	<u>1</u>	<u>(57,329,115)</u>	<u>(1)</u>	<u>93,404,845</u>	<u>1</u>
Total retained earnings	<u>902,586,919</u>	<u>9</u>	<u>735,780,609</u>	<u>8</u>	<u>560,348,443</u>	<u>6</u>	<u>643,182,056</u>	<u>7</u>
Other equity	<u>(99,353,401)</u>	<u>(1)</u>	<u>(202,486,363)</u>	<u>(2)</u>	<u>(118,244,784)</u>	<u>(1)</u>	<u>(20,711,926)</u>	<u>-</u>
Total equity attributable to owners of the Company	958,674,654	10	688,723,624	8	597,532,974	7	777,924,076	9
NON-CONTROLLING INTERESTS (Notes 4 and 32)	<u>1,294,036</u>	<u>-</u>	<u>1,298,168</u>	<u>-</u>	<u>6,672,242</u>	<u>-</u>	<u>7,114,791</u>	<u>-</u>
Total equity	<u>959,968,690</u>	<u>10</u>	<u>690,021,792</u>	<u>8</u>	<u>604,205,216</u>	<u>7</u>	<u>785,038,867</u>	<u>9</u>
TOTAL	<u>\$ 9,335,881,239</u>	<u>100</u>	<u>\$ 8,994,109,403</u>	<u>100</u>	<u>\$ 8,716,328,523</u>	<u>100</u>	<u>\$ 8,946,159,184</u>	<u>100</u>

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

(With Deloitte & Touche report dated August 20, 2026)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INSURANCE SERVICE RESULT								
Insurance revenue (Notes 4, 5, 25 and 29)	\$ 38,826,351	100	\$ 35,458,982	100	\$ 76,841,148	100	\$ 70,218,354	100
Insurance service expenses (Notes 4, 25 and 29)	(27,697,438)	(71)	(28,616,852)	(81)	(53,693,730)	(70)	(54,424,081)	(78)
Less: Income or expenses from reinsurance contracts held (Notes 4, 17 and 30)	(416,288)	(1)	(441,295)	(1)	(711,651)	(1)	(821,539)	(1)
Total insurance service result	10,712,625	28	6,400,835	18	22,435,767	29	14,972,734	21
FINANCE RESULT								
Net investment incomes (losses)								
Interest income (Notes 4, 31, 34 and 36)	62,859,350	162	49,767,144	140	123,336,396	161	101,431,974	144
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 31)	(54,813,510)	(141)	231,126,232	652	(82,994,803)	(108)	168,701,309	240
(Loss) gain on derecognition of financial assets measured at amortized cost (Notes 4, 10 and 31)	(18,006)	-	1,926,759	6	(550,039)	(1)	3,652,678	5
Realized gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 31)	2,567,753	6	1,533,239	4	7,262,980	9	2,269,377	3
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4, 13 and 31)	2,191,679	6	817,265	2	3,366,624	4	1,771,828	3
Foreign exchange (loss) gain (Notes 4 and 31)	(4,731,288)	(12)	(350,811,059)	(989)	13,464,872	18	(305,163,468)	(435)
Net changes in reserve for foreign exchange valuation (Notes 4, 27 and 31)	(6,985,934)	(18)	(3,163,206)	(9)	(17,125,178)	(22)	(14,273,065)	(20)
Gain on investment property (Notes 15, 31 and 36)	10,026,109	26	11,117,868	31	13,343,898	17	14,585,501	21
Expected credit loss on investments (Notes 4, 31 and 34)	(552,334)	(2)	(167,003)	-	(1,001,120)	(1)	(628,333)	(1)
Impairment loss on other investments (Note 31)	(1,970,000)	(5)	(2,906)	-	(1,970,000)	(3)	-	-
Net income (loss) on assets on insurance products in separate accounts (Notes 4, 31 and 37)	112,922,007	291	(31,765,821)	(90)	127,676,969	166	(36,460,994)	(52)
Other net investment (losses) income (Note 31)	(425,729)	(1)	306,269	1	(836,445)	(1)	343,289	1
Insurance finance income or expenses (Notes 4, 25 and 31)	(92,000,545)	(237)	(33,147,960)	(93)	(143,198,490)	(186)	(72,268,993)	(103)
Finance income or expenses from reinsurance contracts held (Notes 4, 17 and 31)	74,427	-	73,178	-	150,726	-	141,689	1
Total finance result	29,143,979	75	(122,390,001)	(345)	40,926,390	53	(135,897,208)	(193)

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER OPERATING RESULT (Notes 4, 34 and 36)								
Asset management service revenue	\$ 3,106,236	8	\$ 1,974,523	5	\$ (5,960,055)	(8)	\$ 4,270,572	6
Other operating revenue	804,010	2	436,224	1	1,534,153	2	759,914	1
Finance costs	(2,936,088)	(8)	(2,827,660)	(8)	(5,684,334)	(7)	(5,567,469)	(8)
Other operating costs	(6,398,326)	(16)	47,430,804	134	4,689,246	6	45,390,155	65
Other operating expenses	(3,407,240)	(9)	(3,969,477)	(11)	(6,117,587)	(8)	(8,521,044)	(12)
Total other operating results	(8,831,408)	(23)	43,044,414	121	(11,538,577)	(15)	36,332,128	52
OPERATING INCOME (LOSS)	31,025,196	80	(72,944,752)	(206)	51,823,580	67	(84,592,346)	(120)
NON-OPERATING INCOME AND EXPENSES (Notes 34 and 36)	326,235	1	738,510	2	665,611	1	1,297,539	2
PROFIT (LOSS) BEFORE INCOME TAX	31,351,431	81	(72,206,242)	(204)	52,489,191	68	(83,294,807)	(118)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 35)	(2,507,071)	(7)	7,014,270	20	(6,275,567)	(8)	(493,765)	(1)
NET PROFIT (LOSS)	28,844,360	74	(65,191,972)	(184)	46,213,624	60	(83,788,572)	(119)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 32)								
Items that will not be reclassified subsequently to profit or loss:								
Gain on equity instruments at fair value through other comprehensive income	259,542,731	669	4,222,753	12	299,552,058	390	463,158	1
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(877,260)	(2)	(19,267)	-	(1,132,218)	(1)	121,543	-
Insurance finance income or expenses	323,891	1	(422,646)	(1)	344,112	-	(435,227)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 35)	(11,487,175)	(30)	240,606	-	(10,058,767)	(13)	411,691	1

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ 3,270	-	\$ (7,535,294)	(21)	\$ 770,276	1	\$ (5,681,372)	(8)
(Loss) gain on hedging instruments	(164,737)	(1)	1,423,055	4	(154,836)	-	1,295,088	2
Gain (loss) on debt instruments at fair value through other comprehensive income	25,298,940	65	7,218,018	20	(30,471,599)	(40)	11,732,553	17
Insurance finance income or expenses	51,540,904	133	(143,342,161)	(404)	187,751,838	244	(126,695,726)	(181)
Finance income or expenses for reinsurance contracts held	(136,698)	-	403,612	1	(432,271)	-	288,306	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	(944,732)	(3)	(1,625,445)	(4)	(1,576,172)	(2)	(1,207,595)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 35)	(13,691,926)	(35)	27,746,456	78	(31,591,277)	(41)	23,143,967	33
Total other comprehensive income (loss) for the period, net of income tax	309,407,208	797	(111,690,313)	(315)	413,001,144	538	(96,563,614)	(138)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 338,251,568	871	\$ (176,882,285)	(499)	\$ 459,214,768	598	\$ (180,352,186)	(257)
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 28,803,084	74	\$ (65,614,448)	(185)	\$ 46,159,867	60	\$ (84,868,676)	(121)
Non-controlling interests	41,276	-	422,476	1	53,757	-	1,080,104	2
	\$ 28,844,360	74	\$ (65,191,972)	(184)	\$ 46,213,624	60	\$ (83,788,572)	(119)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 338,211,234	871	\$ (176,583,265)	(498)	\$ 459,160,955	598	\$ (180,298,928)	(257)
Non-controlling interests	40,334	-	(299,020)	(1)	53,813	-	(53,258)	-
	\$ 338,251,568	871	\$ (176,882,285)	(499)	\$ 459,214,768	598	\$ (180,352,186)	(257)
EARNINGS (LOSS) PER SHARE (Note 33)								
Basic earnings (loss) per share	\$ 4.54		\$ (10.33)		\$ 7.27		\$ (13.36)	

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

(With Deloitte & Touche report dated August 20, 2026)

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company															
	Other Equity													Total	Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Insurance Finance Income (Expenses) Recognized in Other Comprehensive Income	Finance Income (Expenses) from Reinsurance Contracts Held Recognized in Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings											
BALANCE ON JANUARY 1, 2025	\$ 63,515,274	\$ 91,938,672	\$ 58,377,758	\$ 491,399,453	\$ 67,900,347	\$ (7,683,958)	\$ (14,052,961)	\$ (354,267)	\$ 4,132,850	\$ 402,058	\$ (51,078,153)	\$ -	\$ -	\$ 704,497,073	\$ 13,176,325	\$ 717,673,398
Effect of retrospective application of IFRS 17	-	-	-	-	25,504,498	-	4,632,438	-	-	-	51,078,153	(7,779,490)	(8,596)	73,427,003	(6,061,534)	67,365,469
BALANCE ON JANUARY 1, 2025 AS RESTATED	63,515,274	91,938,672	58,377,758	491,399,453	93,404,845	(7,683,958)	(9,420,523)	(354,267)	4,132,850	402,058	-	(7,779,490)	(8,596)	777,924,076	7,114,791	785,038,867
Appropriation of 2024 earnings																
Legal reserve	-	-	13,920,324	-	(13,920,324)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	59,324,090	(59,324,090)	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,344,067)	5,344,067	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	(16,311)	-	-	490	-	(490)	-	-	-	-	-	-	(16,311)	-	(16,311)
Changes in ownership interests in subsidiaries	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	(75,863)	(310,237)	(386,100)
Net (loss) profit for the six months ended June 30, 2025	-	-	-	-	(84,868,676)	-	-	-	-	-	-	-	-	(84,868,676)	1,080,104	(83,788,572)
Other comprehensive (loss) income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(6,253,146)	9,646,888	1,038,382	(210)	-	-	(100,092,837)	230,671	(95,430,252)	(1,133,362)	(96,563,614)
Total comprehensive (loss) income for the six months ended June 30, 2025	-	-	-	-	(84,868,676)	(6,253,146)	9,646,888	1,038,382	(210)	-	-	(100,092,837)	230,671	(180,298,928)	(53,258)	(180,352,186)
Disposals of equity instruments at fair value through other comprehensive loss	-	-	-	-	2,102,116	-	(2,102,116)	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,054)	(79,054)
BALANCE ON JUNE 30, 2025	<u>\$ 63,515,274</u>	<u>\$ 91,914,041</u>	<u>\$ 72,298,082</u>	<u>\$ 545,379,476</u>	<u>\$ (57,329,115)</u>	<u>\$ (13,937,104)</u>	<u>\$ (1,876,241)</u>	<u>\$ 684,115</u>	<u>\$ 4,132,640</u>	<u>\$ 402,058</u>	<u>\$ -</u>	<u>\$ (107,872,327)</u>	<u>\$ 222,075</u>	<u>\$ 597,532,974</u>	<u>\$ 6,672,242</u>	<u>\$ 604,205,216</u>
BALANCE ON DECEMBER 31, 2025	\$ 63,515,274	\$ 91,914,104	\$ 72,298,082	\$ 547,117,433	\$ 116,365,094	\$ (9,674,688)	\$ 1,234,617	\$ (1,596,964)	\$ 4,959,752	\$ 402,058	\$ -	\$ (198,290,162)	\$ 479,024	\$ 688,723,624	\$ 1,298,168	\$ 690,021,792
Effects of redesignation of financial assets	-	-	-	-	40,571,754	-	(224,707,526)	-	-	-	-	(82,000)	-	(184,217,772)	-	(184,217,772)
BALANCE OF FINANCIAL ASSETS AFTER REDESIGNATION AS OF JANUARY 1, 2026	63,515,274	91,914,104	72,298,082	547,117,433	156,936,848	(9,674,688)	(223,472,909)	(1,596,964)	4,959,752	402,058	-	(198,372,162)	479,024	504,505,852	1,298,168	505,804,020
Appropriation of special reserve in accordance with Jin Guan Bao Tsai No. 11304930755	-	-	-	95,865,109	(95,865,109)	-	-	-	-	-	-	-	-	-	-	-
Appropriation of 2025 earnings																
Legal reserve	-	-	12,561,939	-	(12,561,939)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	48,824,844	(48,824,844)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,000,000)	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)
Reversal of special reserve	-	-	-	(5,315,044)	5,315,044	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	11,758	-	-	(18,581)	-	18,581	-	-	-	-	-	-	11,758	-	11,758
Changes in ownership interests in subsidiaries	-	-	-	-	(3,911)	-	-	-	-	-	-	-	-	(3,911)	(32,813)	(36,724)
Net profit (loss) for the six months ended June 30, 2026	-	-	-	-	46,159,867	-	-	-	-	-	-	-	-	46,159,867	53,757	46,213,624
Other comprehensive (loss) income for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	(8,084)	263,801,126	(123,925)	2,446	-	-	149,675,332	(345,807)	413,001,088	56	413,001,144
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	46,159,867	(8,084)	263,801,126	(123,925)	2,446	-	-	149,675,332	(345,807)	459,160,955	53,813	459,214,768
Disposals of equity instruments at fair value through other comprehensive loss	-	-	-	-	85,097,181	-	(85,097,181)	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,132)	(25,132)
BALANCE ON JUNE 30, 2026	<u>\$ 63,515,274</u>	<u>\$ 91,925,862</u>	<u>\$ 84,860,021</u>	<u>\$ 686,492,342</u>	<u>\$ 131,234,556</u>	<u>\$ (9,682,772)</u>	<u>\$ (44,750,383)</u>	<u>\$ (1,720,889)</u>	<u>\$ 4,962,198</u>	<u>\$ 402,058</u>	<u>\$ -</u>	<u>\$ (48,696,830)</u>	<u>\$ 133,217</u>	<u>\$ 958,674,654</u>	<u>\$ 1,294,036</u>	<u>\$ 959,968,690</u>

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

(With Deloitte & Touche report dated August 20, 2026)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 52,489,191	\$ (83,294,807)
Adjustments for:		
Depreciation expenses	1,107,271	1,149,649
Amortization expenses	988,750	995,051
Loss (gain) on financial assets and liabilities at fair value through profit or loss	84,346,211	(161,703,341)
Realized gain on financial assets at fair value through other comprehensive income	(3,540,088)	(1,724,424)
Loss (gain) on derecognition of financial assets measured at amortized cost	550,039	(3,652,678)
Interest expense	5,728,962	6,052,898
Interest income	(123,336,396)	(101,431,973)
Dividend income	(5,074,300)	(8,525,383)
Net changes in reserve for foreign exchange valuation	17,125,178	14,273,065
Net changes in other reserves	7,886,640	1,540,016
Expected credit loss on investments	1,001,120	628,333
Expected credit loss on non-investments	5,316	6,543
Share of profit of associates and joint ventures accounted for using equity method	(3,366,624)	(1,771,828)
Net (gain) loss on separate account insurance product assets	(127,676,969)	36,460,994
Loss on disposal and retirement of property and equipment	195	250
Gain on disposal of investment property	(14,754)	-
Impairment loss recognized on other investments	1,970,000	-
Gain on changes in fair value of investment property	(6,807,841)	(7,593,332)
Other items	-	(105,118)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	241,721,997	243,255,288
Financial assets at fair value through other comprehensive income	(202,786,099)	2,097,850
Financial assets measured at amortized cost	(105,500,706)	404,917,031
Financial assets for hedging	7,649	(4,331,575)
Other financial assets	(4,500,000)	-
Separate account insurance product assets	(23,618,071)	11,857,040
Receivables	(12,214,392)	7,181,422
Other assets	9,829,062	20,915,873
Financial liabilities at fair value through profit or loss	(38,673,769)	(110,995,075)
Financial liabilities for hedging	1,163,193	(1,097,480)
Net insurance contract liabilities	74,230,503	(125,454,933)
Net reinsurance assets	166,531	396,398
Payables	9,880,825	(12,621,585)
Provisions	(56,245)	-
Other liabilities	49,880,689	(7,869,566)
Cash (used in) generated from operations	(97,086,932)	119,554,603
Interest received	118,338,779	102,133,028

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
Dividends received	\$ 6,462,973	\$ 9,849,877
Interest paid	(4,639,283)	(5,531,035)
Income tax paid	<u>(13,743,533)</u>	<u>(1,033,315)</u>
Net cash generated from operating activities	<u>9,332,004</u>	<u>224,973,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using the equity method	-	187,174
Acquisition of property and equipment	(1,358,422)	(1,020,457)
Proceeds from disposal of property and equipment	-	9
Acquisition of intangible assets	(107,915)	(123,119)
Increase in loans	(28,351,939)	(10,546,487)
Acquisition of investment property	(6,866,955)	(4,683,473)
Disposal of investment property	<u>18,314</u>	<u>-</u>
Net cash used in investing activities	<u>(36,666,917)</u>	<u>(16,186,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Commercial papers payable	(40,824)	1,414,335
Proceeds from issuance of bonds	15,649,826	-
Repayments of the principal portion of lease liabilities	(387,688)	(376,801)
Other financial liabilities	3,823,438	23,811,025
Acquisition of additional interests in subsidiaries	(36,724)	(386,100)
Changes in non-controlling interests	<u>(25,132)</u>	<u>(79,054)</u>
Net cash generated from financing activities	<u>18,982,896</u>	<u>24,383,405</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(457,880)</u>	<u>14,229,134</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(8,809,897)</u>	<u>247,399,344</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>280,967,668</u>	<u>216,664,932</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 272,157,771</u>	<u>\$ 464,064,276</u>

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

(With Deloitte & Touche report dated August 20, 2026)

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on 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 Insurance Enterprises and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

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

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

The Group applies the transition requirements of IFRS 17 in its accounting treatment. In general, the Group applies IFRS 17 using the full retrospective approach. Where the application of the full retrospective approach is impractical, the Group applies either the modified retrospective approach or the fair value approach, as appropriate. When applying the full retrospective approach, the Group identifies, recognizes, and measures each group of insurance contracts as of January 1, 2025, as if IFRS 17 had always been applied. When applying the modified retrospective approach, the Group uses reasonable and supportable information to achieve the closest possible outcome to the full retrospective approach. Relevant information is set out in Note 4.

When applying the fair value approach using reasonable and supportable information, the Group determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025, based on the difference between the fair value of the group insurance contracts and the fulfillment cash flows measured at that date. Relevant information is set out in Note 4.

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

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

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
<u>December 31, 2025</u>			
Impact on assets	\$ 9,081,778,371	\$ (87,668,968)	\$ 8,994,109,403
Impact on liabilities	<u>8,331,450,906</u>	<u>(27,363,295)</u>	<u>8,304,087,611</u>
Impact on equity	<u>\$ 750,327,465</u>	<u>\$ (60,305,673)</u>	<u>\$ 690,021,792</u>
<u>June 30, 2025</u>			
Impact on assets	\$ 8,832,292,885	\$ (115,964,362)	\$ 8,716,328,523
Impact on liabilities	<u>8,204,292,378</u>	<u>(92,169,071)</u>	<u>8,112,123,307</u>
Impact on equity	<u>\$ 628,000,507</u>	<u>\$ (23,795,291)</u>	<u>\$ 604,205,216</u>
<u>January 1, 2025</u>			
Impact on assets	\$ 9,094,381,562	\$ (148,222,378)	\$ 8,946,159,184
Impact on liabilities	<u>8,376,708,164</u>	<u>(215,587,847)</u>	<u>8,161,120,317</u>
Impact on equity	<u>\$ 717,673,398</u>	<u>\$ 67,365,469</u>	<u>\$ 785,038,867</u>

Redesignation of financial assets

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

- The Group reassesses its business model for managing financial assets and reclassifies certain financial assets previously measured at amortized cost to financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. Certain financial assets measured at fair value through other comprehensive income are reclassified to amortized cost and fair value through profit or loss. In addition, certain financial assets measured at fair value through profit or loss are reclassified to fair value through other comprehensive income.
- The Group redesignates certain equity instruments previously classified as financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income.
- The Group revokes the designation of certain equity instruments previously classified as financial assets at fair value through other comprehensive income, and reclassifies them as financial assets at fair value through profit or loss.

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

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

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

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

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

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

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

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

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

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

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

d. Reclassification

Insurance contracts issued by the Group that are accounted for as investment contracts without discretionary participation features, with comparative information for the six months ended June 30, 2025 reclassified to conform to the current year's presentation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

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

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

d. Other material accounting policies

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

1) Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Effective January 1, 2026, for debt instruments measured at amortized cost that are not designated in a foreign currency risk hedging relationship on an individual basis, the Company amortizes exchange differences on a straight-line basis over the expected remaining life of each debt instrument for each debt instrument. The unamortized cumulative unrealized exchange net gain (loss) is recognized under other assets or other liabilities, as appropriate. Upon derecognition, any remaining unamortized portion is fully recognized in exchange gains or losses for the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries or those that use currencies which are different from the Company's functional currency) that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

2) Financial instruments

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

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

a) Financial assets

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

i. Measurement categories

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 41.

ii) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Except as provided under the proviso of Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, all other foreign exchange differences are recognized in profit or loss.

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

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash and cash equivalents include cash on hand, cash in banks and time deposits or investments which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits with maturities within 12 months which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value are classified as cash equivalents.

iii) Investments in debt instruments at FVTOCI

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

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

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

iv) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

ii. Impairment of financial assets

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

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

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

The Group uses the total carrying amount of financial assets at amortized cost (including receivables and loans), investments in debt instruments at FVTOCI, and off balance sheet commitments to measure the amount of exposure at default (EAD).

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

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, credit assets are classified as normal assets (“First Category”), assets that require special attention (“Second Category”), assets that are substandard (“Third Category”), assets that are doubtful (“Fourth Category”) and assets for which there is loss (“Fifth Category”) based on the borrower’s financial conditions and the delay for payment of principal and interests as well as the status of the loan collateral and the length of time overdue. The amounts of allowance for bad debts shall not be less than the following standards:

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

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

iii. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Equity instruments

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

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

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

c) Financial liabilities

i. Subsequent measurement

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

- i) Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.
- ii) In accordance with the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises and IFRS 9, financial liabilities under investment contracts measured at fair value through profit or loss refer to insurance contracts issued by insurers that are classified as investment contracts without discretionary participation features. Such contracts are required to be recognized as financial liabilities at fair value through profit or loss.

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

ii. Derecognition of financial liabilities

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

d) Derivative financial instruments

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

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

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

e) Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at

the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

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

3) Insurance contracts

a) Definition and scope

- i. Insurance contracts issued (including reinsurance contracts): An insurance contract is a binding agreement under which the insurer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group considers insurance risk to be significant when an insured event could cause the issuer to pay additional amounts that are significant in any single scenario. This excludes scenarios that have no commercial substance (i.e., no discernible effect on the economics of the contract). Certain insurance contracts issued by the Group are insurance contracts with direct participation features, involving the provision of investment-related services under which policyholders share in the returns generated by underlying items. These contracts are measured using the variable fee approach and have the following characteristics at inception:
 - i) The contractual terms specify that the policyholder participates in a clearly identified pool of underlying items;
 - ii) The Group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on those underlying items; and
 - iii) The group expects a substantial proportion of any change in the amounts expected to be paid to the policyholder varies with changes in the fair value of those underlying items.
- ii. Investment contracts with discretionary participation features issued: Certain investment contracts with discretionary participation features issued by the Group, which grant specified investors the contractual right to receive additional benefits in addition to amounts that are not subject to the issuer's discretion. Such additional payments are based on the investment returns on a specified pool of assets. The timing or amount of these payments is contractually determined at the issuer's discretion and are expected to constitute a significant portion of the total contractual benefits. The Group accounts for these contracts in accordance with IFRS 17.
- iii. Reinsurance contracts held: The Group enters into reinsurance to mitigate its exposure to risk. Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

b) Separating components from insurance contracts

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

- i. Cash flows related to embedded derivatives that are required to be separated in accordance with IFRS 9;
- ii. Cash flows related to distinct investment components;
- iii. Any promise to transfer distinct goods or services that are not insurance contract services to the policyholder.

c) Level of aggregation of insurance contracts

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

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

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

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

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

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

d) Initial recognition of contracts

- i. Insurance contracts

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

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

- ii) The date when the first payment from the policyholder in the group becomes due; and
- iii) For groups of onerous contracts, when the group becomes onerous.

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

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

ii. Reinsurance contracts held

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

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

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

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

e) Contract modification and derecognition

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

- i. When the insurance contract is extinguished, i.e., when the obligations specified in the insurance contract expire, are discharged, or are cancelled;
- ii. When any of the following conditions for contract modification are met, the Group derecognizes the original contract and recognizes the modified contract as a new contract.
 - i) If the modified terms had been included at contract inception, and the Group assesses that the amended contract would have resulted in one of the following situations:
 - The modified contract would have been outside the scope of IFRS 17;
 - The modification would separate different components from the host insurance contract, resulting in different insurance contracts to which IFRS 17 would have applied;

- The modified contract would have a substantially different contract boundary; or
 - The modified contract would have been included in a different group of contracts.
- ii) The original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- iii) The original contract applied for the premium allocation approach, but the modification means that the contract no longer meets the eligibility criteria for that approach.
- f) Measurement of insurance contracts and reinsurance contracts held
- i. Insurance contract assets/liabilities: These comprise insurance contracts and investment contracts with discretionary participation features recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises, which are aggregated at the portfolio level and presented as a debit balance (asset) or credit balance (liability). They include liabilities for remaining coverage and incurred claims.
- ii. Reinsurance contract assets/liabilities: These comprise reinsurance contracts recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises, which are aggregated at the portfolio level of reinsurance contracts held and presented as a debit balance (asset) or credit balance (liability). They include assets for remaining coverage and incurred claims, incorporating the effect of any non-performance risk of the reinsurer.
- iii. Initial recognition: For groups of contracts not applying the premium allocation approach, the Group measures a group of insurance contracts at initial recognition at the total of the fulfillment cash flows and the contractual service margin.
- i) Fulfillment cash flows
- The Group's current estimate of future cash flows within the contract boundary that are expected to arise from premiums and to be paid for claims, benefits, and expenses, adjusted for time value of money and the uncertainty of those cash flows. This includes:
 - i. Estimates of future cash flows;
 - ii. An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that such financial risks are not included in the estimates of future cash flows; and
 - iii. A risk adjustment for non-financial risk.
- The discount rates applied to the estimates of future cash flows reflect the timing, currency, and liquidity characteristics of the cash flows of the insurance contracts. The Group uses consistent assumptions in measuring the estimates of the present value of future cash flows for groups of reinsurance contracts held and for the corresponding groups of underlying insurance contracts.

- Contract boundary

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

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

- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio;
- The pricing of premiums up to the date when the risks are reassessed does not take into account risks that relate to periods after the reassessment date.

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

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

- Insurance acquisition cash flows

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

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

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

- Risk adjustment for non-financial risk

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

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

ii) Contractual service margin

- Insurance contracts

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

- The initial recognition of the amount of fulfillment cash flows;
- All cash flows arising from the contracts in the group at that date.

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

- Reinsurance contracts held

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

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

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

- For insurance contracts acquired through transfers of insurance contracts or in business combinations within the scope of IFRS 3, the Group measures the contractual service margin at initial recognition of the group of insurance contracts at an amount such that no income or expense arises from the following:
 - The initial recognition of the amount of fulfillment cash flows;
 - All cash flows arising from the contracts in the group at that date, including the fair value of the group of contracts at the acquisition date as a substitute for premiums received.
- iv. Subsequent measurement: Groups of contracts not applying the premium allocation approach
- i) Groups of insurance contracts: The carrying amount at the end of each reporting period shall be the sum of:
- Liability for remaining coverage, comprising:
 - The fulfillment cash flows related to future service allocated to the group at that date;
 - The contractual service margin of the group at that date.
 - Liability for incurred claims, comprising fulfillment cash flows related to past service allocated to the group at that date.
- ii) Groups of reinsurance contracts held: The carrying amount at the end of each reporting period shall be the sum of:
- Asset for remaining coverage, comprising:
 - The fulfillment cash flows related to future service allocated to the group at that date; and
 - The contractual service margin of the group at that date
 - Asset for incurred claims, comprising fulfillment cash flows relating to past service allocated to the group at that date.
- iii) Changes in fulfillment cash flows
- At the end of each reporting period, the Group updates fulfillment cash flows using current assumptions and discount rates. Changes in fulfillment cash flows are treated as follows:
 - Changes related to current or past service are recognized in profit or loss;
 - Changes related to future service are recognized by adjusting the contractual service margin or the loss component.

- For insurance contracts applying the general measurement model, changes in fulfillment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:
 - Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows;
 - Changes in estimates of the present value of the future cash flows in the liability for remaining coverage;
 - The difference between any investment components expected to become payable in the current period and those actually becoming payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;
 - The difference between any loans to policyholders expected to be repayable in the period and the actual loan to a policyholder that becomes repayable in the period. Those differences are determined by comparing (i) the actual loan to a policyholder that becomes repayable in the period with (ii) the repayment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable;
 - Changes in the risk adjustment for non-financial risk that relate to future service.

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

- For insurance contracts measured under general measurement model, the following changes in fulfillment cash flows do not adjust the contractual service margin of the group of insurance contracts, as they are not related to future service:
 - The effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk on the fulfillment cash flows;
 - Changes in the estimates of fulfillment cash flows in the liability for incurred claims;
 - Experience adjustments arising from premiums received in the period that are not related to future service and related cash flows, such as insurance acquisition cash flows;
 - Experience adjustments related to insurance service expenses (excluding insurance acquisition cash flows).

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

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

- For insurance contracts applying the variable fee approach, changes in fulfillment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:
 - Changes in the Group's share of the fair value of underlying items;
 - Changes in fulfillment cash flows that do not vary based on returns on underlying items, including:
 - o Changes in the time value of money and financial risk, including the effects of financial guarantees;
 - o Experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
 - o Changes in the present value of future cash flows in the liability for remaining coverage;
 - o The difference between any investment components expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;
 - o The difference between any loans to policyholders expected to be repayable in the period and the actual loan to a policyholder that becomes repayable in the period. Those differences are determined by comparing (i) the actual loan to a policyholder that becomes repayable in the period with (ii) the repayment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable;
 - o Changes in the risk adjustment for non-financial risk relating to future service.

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

- For insurance contracts applying the variable fee approach, the following changes in fulfillment cash flows do not adjust the contractual service margin of the group of insurance contracts:
 - Changes in the obligation to pay policyholders an amount equal to the fair value of underlying items.
 - Changes in fulfillment cash flows that do not vary based on returns on underlying items, including:
 - o Changes in the estimates of fulfillment cash flows in the liability for incurred claims;
 - o Experience adjustments arising from premiums received in the period that are not related to future service and related cash flows, such as insurance acquisition cash flows; and
 - o Experience adjustments related to insurance service expenses (excluding insurance acquisition cash flows).

iv) Adjustment of the Contractual Service Margin

- For insurance contracts issued, the carrying amount at the end of each reporting period equals the carrying amount at the beginning of the reporting period, adjusted for the following items:
 - The effect of any new contracts added to the group.
 - Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured using the discount rates determined at initial recognition.
 - Changes in fulfillment cash flows relating to future service (see iv. Subsequent Measurement: Groups of Contracts Not Applying the Premium Allocation Approach, iii) Changes in Fulfillment Cash Flows items 2, 3, and 5), are recognized as adjustments to the contractual service margin, subject to the limit of the carrying amount of the contractual service margin. When the increase in fulfillment cash flows exceeds the carrying amount of the contractual service margin, the contractual service margin is reduced to zero and the excess is recognized as insurance service expenses, with a loss component established within the liability for remaining coverage. When the contractual service margin has already been reduced to zero, changes in fulfillment cash flows are recognized in insurance service expenses and adjust the loss component. If subsequent decreases in fulfillment cash flows exceed the loss component, the loss component is reduced to zero and the contractual service margin is reinstated.
 - The effect of any foreign exchange differences on the contractual service margin.
 - The amount recognized as insurance revenue due to the transfer of insurance contract services in the period.

- Contractual service margin at the end of the reporting period is measured as the carrying amount determined at the beginning of the reporting period for a group of reinsurance contracts held, and is adjusted for the following items:
 - The effect of any new contracts added to the group.
 - Interest accreted on the carrying amount of the contractual service margin, measured using the discount rates determined at initial recognition.
 - Income is recognized when a group of underlying insurance contracts is onerous at initial recognition, or when a loss arises from the addition of onerous underlying insurance contracts to a group. Such amounts are used to establish or adjust a loss-recovery component of the asset for remaining coverage for the group of reinsurance contracts held.
 - Reversal of the loss-recovery component is recognized to the extent that such reversals do not relate to changes in the fulfillment cash flows of the group of reinsurance contracts held.
 - Changes in fulfillment cash flows relating to future service, except where such changes arise from changes in fulfillment cash flows allocated to underlying insurance contracts that do not adjust the contractual service margin of the underlying insurance contracts.
 - The effect of any foreign exchange differences on the contractual service margin; and
 - The amount recognized in profit or loss for services received in the period.

For the purpose of applying items 3 to 5 above, the Group uses a systematic and rational allocation method to determine the portion of the loss recognized for the group of insurance contracts that relates to the insurance contracts covered by the group of reinsurance contracts held.

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

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

- Release of contractual service margin to profit or loss

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

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

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

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

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

For reinsurance contracts held, the units of coverage are determined based on the insurance coverage provided by the reinsurer. The coverage period of such contracts is determined based on the coverage periods of the underlying contracts to which all cash flows within the contract boundary of the reinsurance contracts held relate.

- Onerous contracts - loss component

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

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

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

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

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

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

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

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

i) Insurance contracts:

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

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

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

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

At the end of each subsequent reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period:

- Plus the premiums received in the period;
- Minus the amount recognized as insurance revenue for coverage provided in that period

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

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

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

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

At the end of each subsequent reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the start of the reporting period:

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

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

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

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

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

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

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

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

g) Insurance service result: Insurance contracts issued

i. Insurance revenue

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

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

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

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

ii. Insurance service expenses

Insurance service expenses include the following items:

- i) Incurred claims (excluding investment components) and other incurred insurance service expenses;
- ii) Amortization of insurance acquisition cash flows;
- iii) Changes that relate to past service, i.e. changes in fulfillment cash flows relating to the liability for incurred claims;

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

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

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

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

h) Insurance service result: Reinsurance contracts held

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

- i. For reinsurance contracts held to which the premium allocation approach is not applied, the amount of reinsurance premiums allocated includes the following amounts arising from changes in the remaining coverage:
 - i) Reinsurance recoveries for claims incurred in the current period, measured at the amounts expected at the beginning of the period, excluding:
 - Amounts allocated to the loss-recovery component of the remaining coverage liability;
 - Repayments of the investment component.
 - ii) Changes in the risk adjustment for non-financial risk, excluding:
 - Changes included in reinsurance finance income or expenses of the reinsurance contracts held;
 - Changes that relate to future service;
 - Amounts allocated to the loss-recovery component.
 - iii) The amount of the contractual service margin recognized in profit or loss in the current period for services received.
 - iv) Experience adjustments arising from reinsurance premiums paid that do not relate to future service.
- ii. For reinsurance contracts held measured under the premium allocation approach, the Group recognizes the allocation of reinsurance premiums paid on a time-apportioned basis over the coverage period of the group of contracts.
- iii. Amounts recovered from reinsurers:
 - i) Reinsurance recoveries for claims and benefits incurred (excluding the investment component and net of allocations to the loss-recovery component);

- ii) Other incurred reinsurance-related expenses;
 - iii) Changes that relate to past service, being changes in fulfillment cash flows relating to the asset for incurred claims;
 - iv) Accounting amounts relating to loss recovery and reversals for onerous underlying contracts.
- iv. Changes in the reinsurer's non-performance risk.
- i) Insurance finance income or expenses
 - i. Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the following:
 - i) The effect of the time value of money and changes in the time value of money;
 - ii) The effect of financial risk and changes in financial risk.
 - ii. For contracts measured under the general measurement model, insurance finance income or expenses mainly consist of the following:
 - i) Interest accretion on fulfillment cash flows and the contractual service margin;
 - ii) The effects of changes in interest rates and other financial assumptions.
 - iii. For contracts measured under the variable fee approach, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).
 - iv. For contracts measured under the premium allocation approach, insurance finance income or expenses mainly consist of the following:
 - i) Interest accretion on the liability for incurred claims;
 - ii) The effects of changes in interest rates and other financial assumptions.
 - v. The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.
 - vi. For contracts measured under the general measurement model, the Group elects to disaggregate insurance finance income or expenses for the period, recognizing one portion in profit or loss and the remaining portion in other comprehensive income. The amount recognized in profit or loss is determined by systematically allocating the expected total insurance finance income or expenses over the duration of the group of contracts.
 - vii. For contracts measured under the variable fee approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss or other comprehensive income, depending on how the related assets and liabilities are matched within the portfolio.
 - viii. For contracts measured under the premium allocation approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss.
 - ix. Where a group of insurance contracts generates cash flows denominated in a foreign currency, the Group treats that group of contracts (including the contractual service margin) as a monetary item.

j) Interim financial reporting

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

k) Transition

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

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

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

i. Contracts measured under the full retrospective approach

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

ii. Contracts measured under the modified retrospective approach

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

- i) Assessments of insurance contracts or groups of insurance contracts that would have been required to be made at inception or initial recognition, such as assessments of insurance contracts profitability, classification of contracts with direct participation features, and identification of discretionary cash flows for contracts with indirect participation features;
- ii) Estimation of expected future cash flows, discount rates and risk adjustment for non-financial risk as at the date of initial recognition;
- iii) Determination of the contractual service margin for contracts with direct participation features and other insurance contracts; and

iv) Determination of insurance finance income or expenses.

Level of aggregation

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

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

Assessment at inception or initial recognition

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

- i) Whether the contract meets the definition of an insurance contract with direct participation features;
- ii) The identified discretionary cash flows identified for insurance contracts with indirect participation features; and
- iii) Whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17.

Expected cash flows

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

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

Discount rates

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

Adjustment for non-financial risk

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

Insurance acquisition cash flows

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

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

Contractual service margin

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

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

- i) Amounts charged to the policyholders before the date of transition, including those deducted from underlying items;
- ii) Amounts paid before the date of transition that did not depend on changes in the underlying items;
- iii) The change in the risk adjustment for non-financial risk caused by the release from risk before the date of transition;
- iv) Insurance acquisition cash flows paid before the date of transition that are allocated to the group.

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

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

Reinsurance contracts held

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

Insurance revenue

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

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

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

Insurance finance income or expenses

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

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

- i) For insurance contracts with indirect participation features, including proportional reinsurance contracts held, the cumulative amount recognized in other comprehensive income is determined on a full retrospective basis;
- ii) For contracts with direct participation features where the Group holds the underlying items, the opening cumulative amount in other comprehensive income is equal to the balance of other comprehensive income recognized on those underlying items;
- iii) For insurance contracts issued accounted for using the premium allocation approach, the cumulative amount recognized in other comprehensive income is nil;
- iv) For reinsurance contracts held accounted for using the premium allocation approach, the cumulative amount recognized in other comprehensive income is nil.

iii. Contracts measured at fair value

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

- i) Identify groups of insurance contracts;
- ii) Determine whether insurance contracts meet the definition of contracts with direct participation features;
- iii) Identify discretionary cash flows for insurance contracts without direct participation features; and
- iv) Determine whether investment contracts meet the definition of investment contracts with discretionary participation features within the scope of IFRS 17.

Level of aggregation

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

Measurement at the transition date

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

Discount rates

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

Insurance finance income or expenses

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

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

Reinsurance contracts held

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

4) Customer contracts

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

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

5) Separate account insurance product assets

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

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

6) Foreign exchange valuation reserve

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

7) Retirement benefits

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

8) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets

The provisions for impairment of receivables, loans and investments in debt instruments are based on assumptions about probability of default and expected credit loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, refer to Note 41.

b. Fair value measurements and valuation processes

Where some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group, in accordance with relevant regulations and judgments, determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Group or engaged valuers determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities/market prices or rates and specific features of derivatives, the existing lease contracts and rentals of similar properties in the vicinity of the Group's investment properties. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 15 and 41.

c. Measurement of insurance contract liabilities

1) Determination of coverage units

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

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

2) Discretionary cash flows for contracts without direct participation features

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

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

a) Estimation of future cash flows

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

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, morbidity rates, lapse rates, and expense rates. The Group uses observable market variables and internal experience data to reflect its view of future trends.

b) Discount rates

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

- i. Within observable market interest rate periods, risk-free rates are constructed based on market data.
- ii. The liquidity premium is determined based on the characteristics of the liabilities and their corresponding assets, and is added to the risk-free rate.
- iii. For periods beyond observable market rates, the yield curve is extrapolated from the last observable market point to the ultimate forward rate using the Smith-Wilson model.

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

i. The Company

June 30, 2026

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
NTD	1.57%-1.62%	1.69%-1.88%	1.74%-1.98%	2.09%-2.34%	2.48%-2.74%	3.04%-3.29%
USD	3.97%-4.12%	4.19%-4.62%	4.46%-4.99%	4.85%-5.41%	5.08%-5.67%	4.99%-5.59%
AUD	4.43%-4.50%	4.35%-4.58%	4.73%-5.04%	4.98%-5.32%	5.21%-5.57%	5.45%-5.83%
CNY	1.12%-1.14%	1.44%-1.49%	1.76%-1.80%	2.41%-2.49%	3.06%-3.19%	3.93%-4.13%

December 31, 2025

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

June 30, 2025

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
NTD	1.31%-1.40%	1.46%-1.68%	1.50%-1.76%	1.87%-2.13%	2.30%-2.56%	2.91%-3.17%
USD	3.90%-4.16%	3.75%-4.42%	4.25%-5.02%	4.67%-5.46%	4.94%-5.74%	4.86%-5.67%
AUD	3.27%-3.36%	3.46%-3.74%	4.19%-4.52%	4.52%-4.88%	4.80%-5.16%	5.10%-5.47%
CNY	1.34%-1.42%	1.52%-1.76%	1.66%-1.88%	2.23%-2.43%	2.90%-3.12%	3.81%-4.07%

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

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

ii. Cathay Life (Vietnam)

June 30, 2026

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
VND	3.45%	4.35%	4.58%	4.76%	4.87%	5.01%

December 31, 2025

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
VND	2.97%	3.39%	4.20%	4.27%	4.35%	4.60%

June 30, 2025

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
VND	2.24%	2.83%	3.40%	3.52%	3.76%	4.19%

iii. Cathay Lujiazui Life

June 30, 2025

<u>Currency</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>30 Years</u>
CNY	1.74%	1.92%	2.06%	2.22%	2.34%	2.85%

Note: Cathay Lujiazui Life constructs its yield curve by adding a composite premium to the base yield curve in accordance with local regulatory requirements.

c) Systematic allocation of insurance finance income or expenses

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

Where assumptions related to financial risk have a significant effect on the amounts paid to policyholders for a group of contracts, the Group elects to use a fixed interest rate to systematically allocate insurance finance income or expenses.

d) Risk adjustment for non-financial risk

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

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash in banks	\$ 242,817,112	\$ 243,035,694	\$ 355,670,950
Time deposits	18,801,486	36,695,799	103,351,797
Cash equivalents	10,512,920	1,210,000	5,017,421
Cash on hand	<u>26,253</u>	<u>26,175</u>	<u>24,108</u>
	<u>\$ 272,157,771</u>	<u>\$ 280,967,668</u>	<u>\$ 464,064,276</u>

7. RECEIVABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables	\$ 128,077,375	\$ 110,900,108	\$ 108,869,977
Notes receivable	328,739	290,814	263,487
Overdue receivables	<u>26,398</u>	<u>23,263</u>	<u>21,712</u>
	128,432,512	111,214,185	109,155,176
Less: Loss allowance	<u>(6,079,859)</u>	<u>(5,333,439)</u>	<u>(4,425,170)</u>
	<u>\$ 122,352,653</u>	<u>\$ 105,880,746</u>	<u>\$ 104,730,006</u>

The movements in the loss allowance are as follows:

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 5,333,439	\$ 4,122,930
Provision for the current period	751,830	302,324
Amounts written off	(5,428)	(73)
Foreign exchange differences	<u>18</u>	<u>(11)</u>
Ending balance	<u>\$ 6,079,859</u>	<u>\$ 4,425,170</u>

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Beneficiary certificates	\$ 249,446,400	\$ 859,243,897	\$ 797,643,991
Overseas bonds	184,172,033	218,183,372	212,402,499
Financial debentures	21,637,059	20,804,523	20,252,872
Structured time deposits	14,198,017	14,308,859	14,131,714
Real estate investment trust	41,898	8,286,553	8,832,014
Domestic stocks	11,747	318,852,395	256,283,349
Overseas stocks	-	132,853,252	122,334,795
Derivative financial assets (not under hedge accounting)			
Currency swap contracts ("SWAP")	4,122,938	4,685,155	40,365,248
Foreign exchange forward contracts ("Forward")	2,094,693	9,432,121	72,553,760
Call warrants	<u>-</u>	<u>-</u>	<u>508</u>
	<u>\$ 475,724,785</u>	<u>\$ 1,586,650,127</u>	<u>\$ 1,544,800,750</u>

Financial liabilities

Investment contracts at fair value through profit or loss	\$ 611,723,754	\$ 524,970,001	\$ 472,853,248
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
SWAP	55,323,586	39,780,111	6,148,557
Forward	<u>6,204,210</u>	<u>20,079,719</u>	<u>4,391,061</u>
	<u>\$ 673,251,550</u>	<u>\$ 584,829,831</u>	<u>\$ 483,392,866</u>

- a. As of June 30, 2026, December 31, 2025 and June 30, 2025, structured notes which were accounted for as financial assets at FVTPL amounted to \$162,641,420 thousand, \$170,463,122 thousand and \$160,658,601 thousand, respectively.

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 524,970,001	\$ 502,983,966
Premiums received	108,529,042	31,558,703
Claims and benefits paid	(89,765,542)	(34,519,589)
Return on underlying assets	70,251,702	(25,912,726)
Asset management fees received	<u>(2,261,449)</u>	<u>(1,257,106)</u>
Ending balance	<u>\$ 611,723,754</u>	<u>\$ 472,853,248</u>

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instruments at FVTOCI			
Domestic stocks	\$ 616,306,147	\$ 147,856,413	\$ 151,449,715
Overseas stocks	204,855,825	1,929,300	17,662,311
Beneficiary certificates of real estate investment trusts	<u>7,584,845</u>	<u>-</u>	<u>-</u>
	<u>828,746,817</u>	<u>149,785,713</u>	<u>169,112,026</u>
Investments in debt instruments at FVTOCI			
Overseas bonds	2,031,722,859	723,133,805	551,973,000
Beneficiary certificates	616,483,436	-	-
Government bonds	42,383,058	24,914,575	22,124,110
Corporate bonds	24,374,764	2,176,326	2,160,061
Financial bonds	20,987,833	1,520,054	1,509,000
Less: Litigation deposits	(869,170)	(34,764)	(45,685)
Less: Deposits to Central Bank	(8,663,368)	(2,104,085)	(2,079,942)
Less: Derivative instruments collateral	<u>-</u>	<u>(10,051,475)</u>	<u>-</u>
	<u>2,726,419,412</u>	<u>739,554,436</u>	<u>575,640,544</u>
	<u>\$ 3,555,166,229</u>	<u>\$ 889,340,149</u>	<u>\$ 744,752,570</u>

- a. These investments in equity instruments are not held for trading, and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI held by the Group on the balance sheet date for the three months and six months ended June 30, 2026 and 2025 were \$2,237,967 thousand, \$1,857,174 thousand, \$3,832,952 thousand and \$3,136,961 thousand, respectively. Those related to investments derecognized for the three months and six months ended June 30, 2026 and 2025 were \$393,373 thousand, \$454,508 thousand, \$829,862 thousand and \$1,074,382 thousand, respectively.
- c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair values of \$430,769,956 thousand and \$26,538,196 thousand at the time of sale, and transferred unrealized gain of \$85,097,181 thousand and transferred unrealized gain of \$2,102,116 thousand from other equity to retained earnings for the six months ended June 30, 2026 and 2025, respectively.

- d. Refer to Note 39 for the financial assets at FVTOCI that were pledged as collateral.
- e. Refer to Note 41 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

10. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Overseas bonds	\$ 2,670,565,963	\$ 4,027,706,811	\$ 3,855,218,714
Time deposits	15,933,938	36,553,347	34,820,730
Corporate bonds	-	23,288,719	23,737,737
Financial bonds	-	19,332,244	17,435,736
Government bonds	-	17,086,455	17,113,247
Asset-backed securities	-	404,958	22,196,297
Less: Litigation deposits	(3,727,041)	(26,297,410)	(23,253,088)
Less: Derivative instruments collateral	(11,315,920)	(7,819,059)	-
Less: Deposits to Central Bank	-	(7,148,001)	(7,151,828)
Less: Loss allowance (Note)	<u>(938,592)</u>	<u>(3,608,487)</u>	<u>(3,533,466)</u>
	<u>\$ 2,670,518,348</u>	<u>\$ 4,079,499,577</u>	<u>\$ 3,936,584,079</u>

Note: Excluding the loss allowance for guarantee deposits paid in bonds, the balances as of June 30, 2026, December 31, 2025 and June 30, 2025 were \$1,198 thousand, \$4,396 thousand and \$5,761 thousand, respectively.

- a. For the three months and six months ended June 30, 2026 and 2025, the Group disposed of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of \$0 thousand, \$0 thousand, \$0 thousand and \$8,640 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales that are insignificant in value (either individually or in aggregate) resulted in gains (losses) on disposal of \$0 thousand, \$2,486,448 thousand, \$(143,428) thousand and \$4,232,300 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$18,006 thousand, \$559,689 thousand, \$406,611 thousand, and \$570,982 thousand, respectively.
- b. Given the characteristics of Taiwan's life insurance industry, where policies are predominantly long-term in nature and asset allocations are mainly concentrated in long-term fixed-income instruments, domestic bond yields have remained relatively low and the size of the domestic bond market is significantly smaller than the scale of insurers' assets. As a result, insurers have turned to overseas markets to seek stable and sufficient returns. For asset-liability management purposes, funds are allocated to investment instruments that match the long-term nature of policy liabilities. Most of these investments are intended to fulfill policy obligations, emphasizing stable returns, and there is generally neither the need nor the possibility to repatriate funds into New Taiwan dollars in the short term. Under the special circumstances described in the Insurance Bureau (Finance) Ref. No. 1140495239 issued on January 2, 2026, foreign currency assets are measured using the closing exchange rate (i.e., the spot exchange rate at the end of the reporting period), resulting in exchange differences recognized in profit or loss. This treatment may cause significant volatility in profit or loss that does not reflect realized gains or losses and is not commensurate with the actual operating performance of life insurers. Accordingly, effective January 1, 2026, the Company adopted the provision under the proviso to Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. For debt instruments measured at amortized cost and not designated as hedging instruments for foreign currency risk components, unrealized exchange differences arising from the foreign currency amortized cost calculated based on either the carrying amount after

prior-period exchange remeasurement or the acquisition cost of newly purchased instruments are amortized on a straight-line basis over the expected remaining holding period of each individual debt instrument and recognized in exchange gains or losses. The cumulative unamortized net unrealized exchange differences are presented under other assets or other liabilities. Upon derecognition of the debt instruments, any remaining unamortized balance is fully recognized in current-period exchange gains or losses. The summarized impact of applying the exchange difference amortization approach is as follows:

	Not Applying the Amortization Method for Foreign Exchange Gains and Losses	Applying the Amortization Method for Foreign Exchange Gains and Losses	Difference Impact		
			Assets as of June 30, 2026	Liabilities as of June 30, 2026	Profit or Loss from January 1 to June 30, 2026
Other assets - unrealized foreign exchange valuation effect unamortized of financial assets measured at amortized cost	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities - unrealized foreign exchange valuation effect unamortized of financial assets measured at amortized cost	-	31,788,108	-	31,788,108	-
Unrealized exchange gains or losses recognized in profit or loss on debt instruments measured at amortized cost					
Measured at closing exchange rate (designated hedge accounting applied)	742,177	742,177	-	-	-
Measured at amortized cost	32,010,153	222,045	-	-	31,788,108
			<u>\$ -</u>	<u>\$ 31,788,108</u>	<u>\$ 31,788,108</u>

- c. Refer to Note 39 for information relating to investments in financial assets at amortized cost pledged as collateral.
- d. Refer to Note 41 for information relating to the credit risk management and impairment of investments in debt instruments at amortized cost.

11. HEDGING INSTRUMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets for hedging</u>			
Interest rate swap contracts ("IRS")	\$ 26,415	\$ 28,289	\$ 13,349
Forward	<u>-</u>	<u>7,721</u>	<u>5,757,657</u>
	<u>\$ 26,415</u>	<u>\$ 36,010</u>	<u>\$ 5,771,006</u>
<u>Financial liabilities for hedging</u>			
Forward	\$ 2,094,441	\$ 752,946	\$ 638,561
Interest rate swap contracts ("IRS")	<u>141,514</u>	<u>166,925</u>	<u>993,262</u>
	<u>\$ 2,235,955</u>	<u>\$ 919,871</u>	<u>\$ 1,631,823</u>

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

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)			Notes
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Cathay Lujiazui Life	Life insurance	50.00	50.00	50.00	Note 1
The Company	Cathay Life (Vietnam)	Life insurance	100.00	100.00	100.00	-
The Company	Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	100.00	100.00	100.00	-
The Company	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	-
The Company	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate services	99.00	99.00	99.00	-
The Company	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	70.00	-
The Company	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	100.00	-
The Company	Cathay Wind Power Holdings Co., Ltd. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	99.00	-
The Company	Cathay II Wind Power Holdings Co., Ltd. ("Cathay II Wind Power Holdings")	Energy technical services	99.00	99.00	-	Note 2
Cathay Power	Sunrise Pv One Co., Ltd. ("Sunrise Pv One")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech.")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	80.00	-
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	100.00	97.00	97.00	Note 3
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	100.00	-
Cathay Power	Cathay Wind Power Holdings	Energy technical services	1.00	1.00	1.00	-
Cathay Power	Cathay II Wind Power Holdings	Energy technical services	1.00	1.00	-	Note 2
Cathay Power	Jian Kun Energy Co., Ltd. ("Jian Kun Energy")	Energy technical services	95.10	95.10	-	Note 4
Sunrise Pv One	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	70.00	-
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	100.00	-
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	100.00	-
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	100.00	-
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	100.00	-
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	100.00	-
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. ("Cathay Wind Power")	Energy technical services	100.00	100.00	100.00	-

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

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

Note 3: On June 26, 2025, Cathay Power acquired an additional 27% equity interest of CM Energy, increasing the percentage of ownership from 70% to 97%. On May 5, 2026, Cathay Power acquired an additional 3% equity interest of CM Energy, raising its ownership interest to 100%.

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

b. Subsidiaries excluded from the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)			Notes
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Securities investment consulting services	100.00	100.00	100.00	-

Cathay Securities Investment Consulting was not included in the consolidated financial statements because its total assets and operating revenue were immaterial relative to the corresponding amounts of the Company.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in associates	\$ 57,070,810	\$ 57,892,142	\$ 53,865,118
Investments in joint ventures	20,262,779	20,103,857	4,329,035
Investments in unconsolidated subsidiaries	<u>619,168</u>	<u>675,439</u>	<u>600,758</u>
	<u>\$ 77,952,757</u>	<u>\$ 78,671,438</u>	<u>\$ 58,794,911</u>

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

a. Investments in unconsolidated subsidiaries

	June 30, 2026	December 31, 2025	June 30, 2025
Cathay Securities Investment Consulting	<u>\$ 619,168</u>	<u>\$ 675,439</u>	<u>\$ 600,758</u>

b. Investments in associates

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Group's share of:				
Net profit	\$ 1,084,187	\$ 816,697	\$ 2,031,608	\$ 1,736,637
Other comprehensive loss	<u>(1,543,345)</u>	<u>(1,644,836)</u>	<u>(1,583,961)</u>	<u>(1,086,384)</u>
Total comprehensive (loss) income for the period	<u>\$ (459,158)</u>	<u>\$ (828,139)</u>	<u>\$ 447,647</u>	<u>\$ 650,253</u>

c. Investments in joint ventures

Aggregate information of joint ventures that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Group's share of:				
Net profit (loss)	\$ 1,082,145	\$ (24,566)	\$ 1,274,286	\$ (26,980)
Other comprehensive loss	<u>(280,264)</u>	<u>(716)</u>	<u>(1,127,122)</u>	<u>(1,393)</u>
Total comprehensive income (loss) for the period	<u>\$ 801,881</u>	<u>\$ (25,282)</u>	<u>\$ 147,164</u>	<u>\$ (28,373)</u>

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

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

14. OTHER FINANCIAL ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Structured time deposits	\$ 6,000,000	\$ 1,500,000	\$ -
Less: Loss allowance	<u>(1,689)</u>	<u>(357)</u>	<u>-</u>
	<u>\$ 5,998,311</u>	<u>\$ 1,499,643</u>	<u>\$ -</u>

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

	Investment Property			Investment Property Under Construction	Prepayments for Buildings and Land - Investments
	Land	Buildings	Total		
Balance on January 1, 2025	\$ 398,987,052	\$ 146,020,212	\$ 545,007,264	\$ 14,779,174	\$ 1,097,313
Additions	-	-	-	4,683,373	100
Disposals	-	(699)	(699)	-	-
Reclassification	100	195,258	195,358	105,829	(301,187)
Gain on changes in fair value of investment property	6,667,741	925,591	7,593,332	-	-
Foreign exchange	(69,520)	(537,662)	(607,182)	(6,859)	(1,330)
Balance on June 30, 2025	<u>\$ 405,585,373</u>	<u>\$ 146,602,700</u>	<u>\$ 552,188,073</u>	<u>\$ 19,561,517</u>	<u>\$ 794,896</u>
Balance on January 1, 2026	\$ 411,716,913	\$ 151,509,660	\$ 563,226,573	\$ 20,899,061	\$ 977,717
Additions	-	1,878	1,878	6,632,407	232,670
Disposals	(3,556)	-	(3,556)	-	(4)
Reclassification	557,235	4,328,659	4,885,894	(4,560,309)	(156,572)
Gain on changes in fair value of investment property	2,538,778	4,269,063	6,807,841	-	-
Foreign exchange	(61,693)	137,957	76,264	6,067	(687)
Impairment losses (Note)	-	-	-	(1,970,000)	-
Balance on June 30, 2026	<u>\$ 414,747,677</u>	<u>\$ 160,247,217</u>	<u>\$ 574,994,894</u>	<u>\$ 21,007,226</u>	<u>\$ 1,053,124</u>

Note: The building in Zone B of the Taoyuan Land Development Project is currently nearing completion; however, the occupancy permit has not yet been obtained. As the building is subject to height restrictions under regulations relating to flight safety, based on the information currently available, it is anticipated that design modifications and demolition work will be required for certain floors. Based on the maximum potential scope of demolition, the Company has made a prudent estimate. The aggregate amount of construction costs incurred for the floors subject to the height restrictions and the estimated costs of the related demolition work is approximately \$1.97 billion.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income from investment properties	\$ 3,699,963	\$ 3,436,556	\$ 7,543,740	\$ 6,992,169
Direct operating expenses of investment properties that generate rental income	(935,446)	(791,744)	(1,730,976)	(1,492,683)
Direct operating expenses of investment properties that do not generate rental income	<u>(139,191)</u>	<u>(219,319)</u>	<u>(291,641)</u>	<u>(377,238)</u>
	<u>\$ 2,625,326</u>	<u>\$ 2,425,493</u>	<u>\$ 5,521,123</u>	<u>\$ 5,122,248</u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.

- b. As of June 30, 2026, investment properties of the Company amounted to \$528,586,417 thousand. The investment properties are held mainly for lease business. All the lease agreements of the Group's lease business are operating leases and the primary terms of lease agreements are the same with general lease agreement. Rents from investment property are received annually, semi-annually, quarterly, monthly or in lump sum. Investment properties held by the Group were not pledged.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.
- d. The valuation of the Group's investment property has been carried out by the following appraisers from joint appraisal firms that meet the qualification requirements for real estate appraisers in the ROC with valuation dates on June 30, 2026, December 31, 2025 and June 30, 2025:

Name of Appraiser Firms	June 30, 2026	December 31, 2025	June 30, 2025
DTZ Real Estate Appraiser Firm	Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Wen-chen, Ting	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Shih-Yu, Yeh
REPro KnightFrank Real Estate Appraiser Firm	Hong-hsu Wu; Hsiang-yi, Hsu; Hsin-ya Wang; Ming-yang Wang	Hong-hsu Wu; Hsiang-yi, Hsu; Hsin-ya Wang	Yu-hsiang, Tsai; Hsiang-yi, Hsu
V-LAND Real Estate Appraiser Firm	Tai-li, Li; You-qi, Liang; Zhong-han, Zeng; Yu-zhi, Gao	Tai-li, Li; Xi-Zhong, Wang	Tai-li, Li; Xi-Zhong, Wang; You-qi, Liang
Shang-shang Real Estate Appraiser Firm	Wei-zhi, Wang; Hong-yuan, Wang; Jian-Hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-Hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-Hao, Huang
Sinyi Real Estate Appraiser Firm	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang; Hao, Li	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Hsin-Hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Hsin-Hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Hsin-Hao, Chen
CBRE Real Estate Appraiser Firm	Fu-xue, Shi; Zhi-Jia, Zhang; Wei-Hsuan, Hsu	Fu-xue, Shi; Zhi-Jia, Zhang	Fu-xue, Shi; Zhi-Jia, Zhang
Colliers International Group Inc.	Feng-ru, Ke; Jian-Huei, Gu	Jian-Huei, Gu	Jian-Huei, Gu

On May 11, 2020, the Insurance Bureau of the FSC issued Jin Guan Bao Tsai No. 10904917641 to amend some of the provisions of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, which should be applied in the preparation of the financial report beginning in the first quarter of 2020. However, the Company’s investment properties were mainly recognized at fair value subsequent to initial recognition before the amendment issued on May 11, 2020, and according to the amendment, the previously-adopted appraisal approaches are applied for such assets to maintain the consistency and comparability of the financial reports for the years before and after the amendment.

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include sales comparison approach, income approach - direct capitalization method, income approach - discounted cash flow method, cost approach and the method of land development analysis.

The main inputs used are as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Direct capitalization rates (net)	0.24%-6.75%	0.56%-6.74%	0.57%-6.74%
Discount rates	2.82%-5.01%	2.82%-4.30%	2.82%-4.63%

External appraisers use market extraction method, search several comparable properties which are identical with or similar to the subject property, consider the liquidity risk and risk premium when disposed of in the future, to decide the direct capitalization rate and discount rate. The discount rates for the properties acquired after May 11, 2020 had been determined in accordance with the amendment to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

The Group recognized their investment properties at fair value subsequent to initial recognition and the related fair value are categorized as Level 3 of fair value hierarchy. The fair value of investment property will decrease as either one of the main inputs, direct capitalization rate used in direct capitalization method or discount rate, increases. On the contrary, the fair value of investment property will increase if any of the main input decreases.

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

	For the Six Months Ended June 30	
	<u>2026</u>	<u>2025</u>
Beginning balance	\$ 531,183,652	\$ 507,509,228
Amount recognized in profit or loss		
Gain from investment property	6,807,841	7,593,332
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	76,264	(607,182)
Transfers from investment property measured at cost	-	5,850,478
Transfers from property and equipment	31,586	-
Transfers from investment property under construction	4,549,204	193,398
Transfers from prepayment for buildings and land	156,572	-
Additions	1,878	-
Disposals	-	(699)
Ending balance	<u>\$ 542,806,997</u>	<u>\$ 520,538,555</u>

16. LOANS

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Secured loans (a)	\$ 285,674,354	\$ 258,297,968	\$ 242,979,778
Insurance contract loans of investment contracts (b)	4,302,399	3,296,704	3,182,793
Non-accrual receivables	<u>397,939</u>	<u>428,036</u>	<u>1,497,803</u>
	290,374,692	262,022,708	247,660,374
Less: Loss allowance	<u>(4,172,852)</u>	<u>(3,751,767)</u>	<u>(3,966,432)</u>
	<u>\$ 286,201,840</u>	<u>\$ 258,270,941</u>	<u>\$ 243,693,942</u>

- a. Secured loans are secured by government bonds, stocks, corporate bonds and real estate. The Group applied IFRS 9 and assessed impairment in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. Refer to Note 41 for related information of loss allowance for the six months ended June 30, 2026 and 2025.
- b. Insurance contract loans of investment contracts represent loans granted by the Group, for which the underlying investment contracts issued by the Group are pledged as collateral.

17. REINSURANCE CONTRACT HELD ASSETS AND LIABILITIES

a. Reconciliation of reinsurance contract held assets and liabilities

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

For the six months ended June 30, 2026

	Asset for Remaining Coverage			Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Asset for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Total	Total
Beginning balance of reinsurance contract assets held	\$ 31,322,633	\$ 33	\$ 31,322,666	\$ 1,039,617	\$ 39,441	\$ 211	\$ 39,652	\$ 32,401,935
Beginning balance of reinsurance contract liabilities held	(10,157,878)	8,521	(10,149,357)	962,231	2,396	-	2,396	(9,184,730)
Net balance as of January 1, 2026	21,164,755	8,554	21,173,309	2,001,848	41,837	211	42,048	23,217,205
Allocation of premiums paid	(1,623,975)	-	(1,623,975)	-	-	-	-	(1,623,975)
Amounts recovered from reinsurers								
Claims and benefits recovered	-	-	-	870,684	27,232	-	27,232	897,916
Other expenses incurred related to reinsurance contracts held	-	-	-	116	-	-	-	116
Reversal of loss recovery for onerous underlying contracts	-	(597)	(597)	-	-	-	-	(597)
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	16,923	40	(89)	(49)	16,874
Subtotal of amounts recovered from reinsurers	-	(597)	(597)	887,723	27,272	(89)	27,183	914,309
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(1,958)	-	(1,958)	(26)	(1)	-	(1)	(1,985)
Income (expenses) from reinsurance contracts held	(1,625,933)	(597)	(1,626,530)	887,697	27,271	(89)	27,182	(711,651)
Finance income (expenses) from reinsurance contracts held								
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	150,631	95	150,726	-	-	-	-	150,726
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(432,271)	-	(432,271)	-	-	-	-	(432,271)
Subtotal of finance income (expenses) from reinsurance contracts held	(281,640)	95	(281,545)	-	-	-	-	(281,545)
Exchange gains	10,399	14	10,413	1,655	-	-	-	12,068
Exchange differences on translation of the financial statements of foreign operations	(47)	-	(47)	-	123	-	123	76
Total amount recognized in the statement of comprehensive income	(1,897,221)	(488)	(1,897,709)	889,352	27,394	(89)	27,305	(981,052)
Investment components	(24,722)	-	(24,722)	24,722	-	-	-	-
Others	-	-	-	9	-	-	-	9
Cash flows in the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(584,659)	(38,230)	-	(38,230)	(622,889)
Premiums paid for reinsurance contracts held	1,005,132	-	1,005,132	-	-	-	-	1,005,132
Subtotal of cash flows in the period	1,005,132	-	1,005,132	(584,659)	(38,230)	-	(38,230)	382,243
Ending balance of reinsurance contract assets held	30,014,372	37	30,014,409	1,321,583	21,173	-	21,173	31,357,165
Ending balance of reinsurance contract liabilities held	(9,766,428)	8,029	(9,758,399)	1,009,689	9,828	122	9,950	(8,738,760)
Net balance as of June 30, 2026	\$ 20,247,944	\$ 8,066	\$ 20,256,010	\$ 2,331,272	\$ 31,001	\$ 122	\$ 31,123	\$ 22,618,405

For the six months ended June 30, 2025

	Asset for Remaining Coverage			Asset for Incurred Claims of Contracts	Asset for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total	Measured Under the General Measurement Model	Estimate of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Total	Total
Beginning balance of reinsurance contract assets held	\$ 26,379,312	\$ 76	\$ 26,379,388	\$ 5,282,912	\$ 86,037	\$ 455	\$ 86,492	\$ 31,748,792
Beginning balance of reinsurance contract liabilities held	(9,695,213)	4,634	(9,690,579)	958,994	14,120	14	14,134	(8,717,451)
Net balance as of January 1, 2025	16,684,099	4,710	16,688,809	6,241,906	100,157	469	100,626	23,031,341
Allocation of premiums paid	(1,471,999)	-	(1,471,999)	-	-	-	-	(1,471,999)
Amounts recovered from reinsurers								
Claims and benefits recovered	-	-	-	634,963	32,648	34	32,682	667,645
Other expenses incurred related to reinsurance contracts held	-	-	-	(8)	-	-	-	(8)
Losses for onerous underlying contracts	-	3,083	3,083	-	-	-	-	3,083
Changes that relate to past service - adjustments to assets for incurred claims	-	-	-	(30,750)	10,980	43	11,023	(19,727)
Subtotal of amounts recovered from reinsurers	-	3,083	3,083	604,205	43,628	77	43,705	650,993
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(622)	-	(622)	84	3	2	5	(533)
Income (expenses) from reinsurance contracts held	(1,472,621)	3,083	(1,469,538)	604,289	43,631	79	43,710	(821,539)
Finance income (expenses) from reinsurance contracts held								
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	141,654	35	141,689	-	-	-	-	141,689
Finance income from reinsurance contracts held recognized in other comprehensive income	288,306	-	288,306	-	-	-	-	288,306
Subtotal of finance income (expenses) from reinsurance contracts held	429,960	35	429,995	-	-	-	-	429,995
Exchange gains (losses)	4,934	(1)	4,933	(10,477)	-	-	-	(5,544)
Exchange differences on translation of the financial statements of foreign operations	8,098	-	8,098	-	(6,806)	(30)	(6,836)	1,262
Total amount recognized in the statement of comprehensive income	(1,029,629)	3,117	(1,026,512)	593,812	36,825	49	36,874	(395,826)
Investment components	(21,560)	-	(21,560)	21,560	-	-	-	-
Others	-	-	-	8	-	-	-	8
Cash flows in the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(1,392,219)	(31,723)	-	(31,723)	(1,423,942)
Premiums paid for reinsurance contracts held	1,711,668	-	1,711,668	-	-	-	-	1,711,668
Subtotal of cash flows in the period	1,711,668	-	1,711,668	(1,392,219)	(31,723)	-	(31,723)	287,726
Ending balance of reinsurance contract assets held	27,305,943	83	27,306,026	4,422,832	84,599	422	85,021	31,813,879
Ending balance of reinsurance contract liabilities held	(9,961,365)	7,744	(9,953,621)	1,042,235	20,660	96	20,756	(8,890,630)
Net balance as of June 30, 2025	\$ 17,344,578	\$ 7,827	\$ 17,352,405	\$ 5,465,067	\$ 105,259	\$ 518	\$ 105,777	\$ 22,923,249

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

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

For the six months ended June 30, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of reinsurance contract assets held	\$ 27,015,314	\$ 2,101,989	\$ (12,802)	\$ 3,327,921	\$ (47,277)	\$ 3,267,842	\$ 32,385,145
Beginning balance of reinsurance contract liabilities held	(14,425,266)	681,003	846,365	1,295,611	2,429,474	4,571,450	(9,172,813)
Net balance as of January 1, 2026	<u>12,590,048</u>	<u>2,782,992</u>	<u>833,563</u>	<u>4,623,532</u>	<u>2,382,197</u>	<u>7,839,292</u>	<u>23,212,332</u>
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	(819,163)	(4,992)	110,941	812,595	(99,381)	824,155	-
Recovery (reversal) of losses for underlying onerous contracts	-	-	5	(467)	146	(316)	(316)
Effect of contracts initially recognized in the period	(1,483,231)	113,181	-	-	1,370,050	1,370,050	-
Subtotal of changes that relate to future service	<u>(2,302,394)</u>	<u>108,189</u>	<u>110,946</u>	<u>812,128</u>	<u>1,270,815</u>	<u>2,193,889</u>	<u>(316)</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(29,145)	(157,488)	(56,927)	(243,560)	(243,560)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(6,661)	-	-	-	-	(6,661)
Experience adjustments	(441,677)	-	-	-	-	-	(441,677)
Subtotal of changes that relate to current service	<u>(441,677)</u>	<u>(6,661)</u>	<u>(29,145)</u>	<u>(157,488)</u>	<u>(56,927)</u>	<u>(243,560)</u>	<u>(691,898)</u>
Changes that relate to past service							
Adjustments related to assets for incurred claims	16,412	511	-	-	-	-	16,923
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(1,984)	-	-	-	-	-	(1,984)
Income (expenses) from reinsurance contracts held	<u>(2,729,643)</u>	<u>102,039</u>	<u>81,801</u>	<u>654,640</u>	<u>1,213,888</u>	<u>1,950,329</u>	<u>(677,275)</u>
Finance income (expenses) from reinsurance contracts held							
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	59,695	-	9,133	40,887	41,011	91,031	150,726
Finance expenses from reinsurance contracts held recognized in other comprehensive income	(432,271)	-	-	-	-	-	(432,271)
Total of finance (expenses) income from reinsurance contracts held	<u>(372,576)</u>	<u>-</u>	<u>9,133</u>	<u>40,887</u>	<u>41,011</u>	<u>91,031</u>	<u>(281,545)</u>
Exchange (losses) gains	(3,289)	690	1,444	1,611	11,612	14,667	12,068
Exchange differences on translation of the financial statements of foreign operations	(15)	1	-	2	(3)	(1)	(15)
Total amount recognized in the statement of comprehensive income	<u>(3,105,523)</u>	<u>102,730</u>	<u>92,378</u>	<u>697,140</u>	<u>1,266,508</u>	<u>2,056,026</u>	<u>(946,767)</u>
Others	9	-	-	-	-	-	9
Cash flows in the period							
Claims or expenses recovered from reinsurance contracts held	(509,006)	-	-	-	-	-	(509,006)
Premiums paid for reinsurance contracts held	885,574	-	-	-	-	-	885,574
Subtotal of cash flows in the period	<u>376,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,568</u>
Ending balance of reinsurance contract assets held	24,946,443	2,267,870	(9,276)	3,958,505	179,238	4,128,467	31,342,780
Ending balance of reinsurance contract liabilities held	<u>(15,085,341)</u>	<u>617,852</u>	<u>935,217</u>	<u>1,362,167</u>	<u>3,469,467</u>	<u>5,766,851</u>	<u>(8,700,638)</u>
Net balance as of June 30, 2026	<u>\$ 9,861,102</u>	<u>\$ 2,885,722</u>	<u>\$ 925,941</u>	<u>\$ 5,320,672</u>	<u>\$ 3,648,705</u>	<u>\$ 9,895,318</u>	<u>\$ 22,642,142</u>

For the six months ended June 30, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of reinsurance contract assets held	\$ 26,704,810	\$ 2,104,025	\$ 4,566	\$ 2,815,209	\$ 107,880	\$ 2,927,655	\$ 31,736,490
Beginning balance of reinsurance contract liabilities held	(11,609,153)	743,289	805,543	769,687	589,971	2,165,201	(8,700,663)
Net balance as of January 1, 2025	15,095,657	2,847,314	810,109	3,584,896	697,851	5,092,856	23,035,827
Changes that relate to future service							
Changes in estimates adjusting the contractual service margin	131,264	61,070	(2,060)	(55,315)	(134,959)	(192,334)	-
(Reversal) recovery of losses for underlying onerous contracts	-	-	(90)	-	3,283	3,193	3,193
Effect of contracts initially recognized in the period	(1,412,128)	125,067	-	-	1,287,061	1,287,061	-
Subtotal of changes that relate to future service	(1,280,864)	186,137	(2,150)	(55,315)	1,155,385	1,097,920	3,193
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(22,778)	(97,177)	(14,422)	(134,377)	(134,377)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(3,954)	-	-	-	-	(3,954)
Experience adjustments	(600,991)	-	-	-	-	-	(600,991)
Subtotal of changes that relate to current service	(600,991)	(3,954)	(22,778)	(97,177)	(14,422)	(134,377)	(739,322)
Changes that relate to past service							
Adjustments related to assets for incurred claims	(29,823)	(927)	-	-	-	-	(30,750)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	(487)	-	-	-	-	-	(487)
Income (expenses) from reinsurance contracts held	(1,912,165)	181,256	(24,928)	(152,492)	1,140,963	963,543	(767,366)
Finance income (expenses) from reinsurance contracts held							
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	83,408	-	8,449	28,006	21,826	58,281	141,689
Finance income from reinsurance contracts held recognized in other comprehensive income	288,306	-	-	-	-	-	288,306
Subtotal of finance income from reinsurance contracts held	371,714	-	8,449	28,006	21,826	58,281	429,995
Exchange gains (losses)	61,668	(4,543)	(10,903)	(3,044)	(48,722)	(62,669)	(5,544)
Exchange differences on translation of the financial statements of foreign operations	771	(65)	-	1	(568)	(567)	139
Total amount recognized in the statement of comprehensive income	(1,478,012)	176,648	(27,382)	(127,529)	1,113,499	958,588	(342,776)
Others	8	-	-	-	-	-	8
Cash flows in the period							
Claims or expenses recovered from reinsurance contracts held	(1,320,573)	-	-	-	-	-	(1,320,573)
Premiums paid for reinsurance contracts held	1,583,755	-	-	-	-	-	1,583,755
Subtotal of cash flows in the period	263,182	-	-	-	-	-	263,182
Ending balance of reinsurance contract assets held	27,032,636	2,150,545	(14,738)	2,698,111	(55,877)	2,627,496	31,810,677
Ending balance of reinsurance contract liabilities held	(13,151,801)	873,417	797,465	759,256	1,867,227	3,423,948	(8,854,436)
Net balance as of June 30, 2025	\$ 13,880,835	\$ 3,023,962	\$ 782,727	\$ 3,457,367	\$ 1,811,350	\$ 6,051,444	\$ 22,956,241

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

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

	For the Six Months Ended June 30	
	2026	2025
Estimates of the present value of future cash outflows	\$ (10,428,853)	\$ (9,639,442)
Estimates of the present value of future cash inflows	8,945,622	8,227,314
Risk adjustment for non-financial risk	113,181	125,067
Contractual service margin	<u>1,370,050</u>	<u>1,287,061</u>
Effect of contracts initially recognized in the period	<u>\$ -</u>	<u>\$ -</u>

- d. CNY Co-reinsurance business

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

- 1) Purpose, reasons and expected benefit

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

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

For the six months ended June 30, 2026

	Asset for Remaining Coverage Excluding Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Beginning balance of reinsurance contract assets held	<u>\$ 332,548</u>	<u>\$ 5,648</u>	<u>\$ 338,196</u>
Allocation of premiums paid	(896)	-	(896)
Amounts recovered from reinsurers			
Claims and benefits recovered	-	11	11
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>11</u>	<u>(1)</u>	<u>10</u>
Income (expenses) from reinsurance contracts held	<u>(885)</u>	<u>10</u>	<u>(875)</u>
			(Continued)

	Asset for Remaining Coverage Excluding Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Finance income (expenses) from reinsurance contracts held			
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	\$ 2,267	\$ -	\$ 2,267
Finance expenses from reinsurance contracts held recognized in other comprehensive income	<u>1,345</u>	<u>-</u>	<u>1,345</u>
Subtotal of finance income from reinsurance contracts held	<u>3,612</u>	<u>-</u>	<u>3,612</u>
Exchange gains	<u>13,830</u>	<u>257</u>	<u>14,087</u>
Total amount recognized in the statement of comprehensive income	<u>16,557</u>	<u>267</u>	<u>16,824</u>
Investment components	<u>(24,722)</u>	<u>24,722</u>	<u>-</u>
Cash flows in the period			
Claims or expenses recovered from reinsurance contracts held	<u>-</u>	<u>(21,578)</u>	<u>(21,578)</u>
Ending balance of reinsurance contract assets held	<u>\$ 324,383</u>	<u>\$ 9,059</u>	<u>\$ 333,442</u>

For the six months ended June 30, 2025

	Asset for Remaining Coverage Excluding the Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Beginning balance of reinsurance contract assets held	<u>\$ 361,521</u>	<u>\$ 6,558</u>	<u>\$ 368,079</u>
Allocation of premiums paid	(6,745)	-	(6,745)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>7</u>	<u>(1)</u>	<u>6</u>
Expenses from reinsurance contracts held	<u>(6,738)</u>	<u>(1)</u>	<u>(6,739)</u>

(Continued)

	Asset for Remaining Coverage Excluding the Loss Recovery Component	Asset for Incurred Claims of Contracts Measured Under the General Measurement Model	Total
Finance income (expenses) from reinsurance contracts held			
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	\$ 8,417	\$ -	\$ 8,417
Finance expenses from reinsurance contracts held recognized in other comprehensive income	<u>(863)</u>	<u>-</u>	<u>(863)</u>
Subtotal of finance income from reinsurance contracts held	<u>7,554</u>	<u>-</u>	<u>7,554</u>
Exchange losses	<u>(23,236)</u>	<u>(938)</u>	<u>(24,174)</u>
Total amount recognized in the statement of comprehensive income	<u>(22,420)</u>	<u>(939)</u>	<u>(23,359)</u>
Investment components	<u>(21,560)</u>	<u>21,560</u>	<u>-</u>
Cash flows in the period			
Claims or expenses recovered from reinsurance contracts held	<u>-</u>	<u>(16,130)</u>	<u>(16,130)</u>
Ending balance of reinsurance contract assets held	<u>\$ 317,541</u>	<u>\$ 11,049</u>	<u>\$ 328,590</u> (Concluded)

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

For the six months ended June 30, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin Contracts Under the Fair Value Approach	Total
Beginning balance of reinsurance contract assets held	<u>\$ 335,246</u>	<u>\$ 21</u>	<u>\$ 2,929</u>	<u>\$ 338,196</u>
Changes that relate to future service	(2,602)	(21)	2,623	-
Changes that relate to current service	15	-	(900)	(885)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Income (expenses) from reinsurance contracts held	<u>(2,577)</u>	<u>(21)</u>	<u>1,723</u>	<u>(875)</u> (Continued)

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin Contracts Under the Fair Value Approach	Total
Finance income (expenses) from reinsurance contracts held				
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	\$ 2,247	\$ -	\$ 20	\$ 2,267
Finance income from reinsurance contracts held recognized in other comprehensive income	<u>1,345</u>	<u>-</u>	<u>-</u>	<u>1,345</u>
Subtotal of finance income from reinsurance contracts held	<u>3,592</u>	<u>-</u>	<u>20</u>	<u>3,612</u>
Exchange gains	<u>13,988</u>	<u>-</u>	<u>99</u>	<u>14,087</u>
Total amount recognized in the statement of comprehensive income	<u>15,003</u>	<u>(21)</u>	<u>1,842</u>	<u>16,824</u>
Cash flows in the period				
Claims or expenses recovered from reinsurance contracts held	<u>(21,578)</u>	<u>-</u>	<u>-</u>	<u>(21,578)</u>
Ending balance of reinsurance contract assets held	<u>\$ 328,671</u>	<u>\$ -</u>	<u>\$ 4,771</u>	<u>\$ 333,442</u> (Concluded)

For the six months ended June 30, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin Contracts Under the Fair Value Approach	Total
Beginning balance of reinsurance contract assets held	\$ 367,999	\$ 32	\$ 48	\$ 368,079
Changes that relate to future service	(2,542)	(2)	2,544	-
Changes that relate to current service	(6,420)	-	(325)	(6,745)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Income (expenses) from reinsurance contracts held	<u>(8,956)</u>	<u>(2)</u>	<u>2,219</u>	<u>(6,739)</u>
Finance income (expenses) from reinsurance contracts held				
Finance income from reinsurance contracts held recognized in profit or loss - interest-related	8,417	-	-	8,417
Finance expenses from reinsurance contracts held recognized in other comprehensive income	<u>(863)</u>	<u>-</u>	<u>-</u>	<u>(863)</u>
Subtotal of finance income from reinsurance contracts held	<u>7,554</u>	<u>-</u>	<u>-</u>	<u>7,554</u>
Exchange losses	<u>(24,097)</u>	<u>(2)</u>	<u>(75)</u>	<u>(24,174)</u>
Total amount recognized in the statement of comprehensive income	<u>(25,499)</u>	<u>(4)</u>	<u>2,144</u>	<u>(23,359)</u>
Cash flows in the period				
Claims or expenses recovered from reinsurance contracts held	<u>(16,130)</u>	<u>-</u>	<u>-</u>	<u>(16,130)</u>
Ending balance of reinsurance contract assets held	<u>\$ 326,370</u>	<u>\$ 28</u>	<u>\$ 2,192</u>	<u>\$ 328,590</u>

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

5) Accounting treatment for ceded CNY co-reinsurance business

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

6) Other notes designated by authorities: None.

18. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvement	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
Cost								
Balance on January 1, 2025	\$ 18,484,960	\$ 22,147,097	\$ 4,225,125	\$ 404,024	\$ 11,665	\$ 18,724,550	\$ 1,376,715	\$ 65,374,136
Additions	-	-	216,971	2,175	111	222,274	578,926	1,020,457
Disposals	-	-	(57,961)	-	-	(13,207)	-	(71,168)
Reclassification	12,965	12,482	-	-	-	238,286	(263,733)	-
Foreign exchange	-	(44,555)	(20,098)	(27,291)	(240)	-	(4,568)	(96,752)
Balance on June 30, 2025	<u>\$ 18,497,925</u>	<u>\$ 22,115,024</u>	<u>\$ 4,364,037</u>	<u>\$ 378,908</u>	<u>\$ 11,536</u>	<u>\$ 19,171,903</u>	<u>\$ 1,687,340</u>	<u>\$ 66,226,673</u>
Depreciation and impairment								
Balance on January 1, 2025	\$ 98,268	\$ 13,760,855	\$ 3,194,834	\$ 372,403	\$ 8,958	\$ 6,806,475	\$ -	\$ 24,241,793
Depreciation expenses	-	193,146	202,218	7,466	336	456,376	-	859,542
Disposals	-	-	(57,876)	-	-	(13,033)	-	(70,909)
Foreign exchange	-	(14,294)	(15,617)	(25,310)	(93)	-	-	(55,314)
Balance on June 30, 2025	<u>\$ 98,268</u>	<u>\$ 13,939,707</u>	<u>\$ 3,323,559</u>	<u>\$ 354,559</u>	<u>\$ 9,201</u>	<u>\$ 7,249,818</u>	<u>\$ -</u>	<u>\$ 24,975,112</u>
Carrying amount on June 30, 2025	<u>\$ 18,399,657</u>	<u>\$ 8,175,317</u>	<u>\$ 1,040,478</u>	<u>\$ 24,349</u>	<u>\$ 2,335</u>	<u>\$ 11,922,085</u>	<u>\$ 1,687,340</u>	<u>\$ 41,251,561</u>
Cost								
Balance on January 1, 2026	\$ 18,497,925	\$ 22,285,402	\$ 4,689,721	\$ -	\$ 8,344	\$ 19,563,466	\$ 1,403,796	\$ 66,448,654
Additions	-	-	590,976	-	-	299,326	468,120	1,358,422
Disposals	-	-	(125,826)	-	-	(8,689)	-	(134,515)
Reclassification	(116,226)	(82,018)	-	-	-	(13,772)	(77,091)	(289,107)
Foreign exchange	-	27,142	529	-	-	-	-	27,671
Balance on June 30, 2026	<u>\$ 18,381,699</u>	<u>\$ 22,230,526</u>	<u>\$ 5,155,400</u>	<u>\$ -</u>	<u>\$ 8,344</u>	<u>\$ 19,840,331</u>	<u>\$ 1,794,825</u>	<u>\$ 67,411,125</u>
Depreciation and impairment								
Balance on January 1, 2026	\$ 98,268	\$ 14,150,374	\$ 3,394,816	\$ -	\$ 7,922	\$ 7,719,120	\$ -	\$ 25,370,500
Depreciation expenses	-	200,694	223,523	-	47	480,132	-	904,396
Disposals	-	-	(125,810)	-	-	(8,510)	-	(134,320)
Reclassification	-	(120,094)	-	-	-	-	-	(120,094)
Foreign exchange	-	10,011	379	-	-	-	-	10,390
Balance on June 30, 2026	<u>\$ 98,268</u>	<u>\$ 14,240,985</u>	<u>\$ 3,492,908</u>	<u>\$ -</u>	<u>\$ 7,969</u>	<u>\$ 8,190,742</u>	<u>\$ -</u>	<u>\$ 26,030,872</u>
Carrying amount on December 31, 2025 and January 1, 2026	<u>\$ 18,399,657</u>	<u>\$ 8,135,028</u>	<u>\$ 1,294,905</u>	<u>\$ -</u>	<u>\$ 422</u>	<u>\$ 11,844,346</u>	<u>\$ 1,403,796</u>	<u>\$ 41,078,154</u>
Carrying amount on June 30, 2026	<u>\$ 18,283,431</u>	<u>\$ 7,989,541</u>	<u>\$ 1,662,492</u>	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ 11,649,589</u>	<u>\$ 1,794,825</u>	<u>\$ 41,380,253</u>

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

Buildings and construction	1-70 years
Computer equipment	3-5 years
Leasehold improvements	6 years or lease term
Transportation equipment	3-5 years
Other equipment	2-22 years

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

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Carrying amount</u>			
Buildings	\$ 992,767	\$ 923,881	\$ 1,257,056
Land	209,645	216,606	223,567
Transportation equipment	23,164	19,328	8,705
Office equipment	<u>-</u>	<u>-</u>	<u>607</u>
	<u>\$ 1,225,576</u>	<u>\$ 1,159,815</u>	<u>\$ 1,489,935</u>
Right-of-use assets presented as investment properties	<u>\$ 12,598,709</u>	<u>\$ 12,760,363</u>	<u>\$ 12,852,847</u>

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Additions to right-of-use assets	<u>\$ 158,091</u>	<u>\$ 125,050</u>	<u>\$ 267,419</u>	<u>\$ 421,032</u>
Depreciation expense for right-of-use assets				
Buildings	\$ 96,480	\$ 132,821	\$ 192,513	\$ 277,971
Land	3,480	3,479	6,961	7,140
Transportation equipment	1,688	1,379	3,401	2,812
Office equipment	<u>-</u>	<u>1,059</u>	<u>-</u>	<u>2,184</u>
	<u>\$ 101,648</u>	<u>\$ 138,738</u>	<u>\$ 202,875</u>	<u>\$ 290,107</u>

b. Lease liabilities

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Carrying amount	<u>\$ 15,747,818</u>	<u>\$ 15,758,222</u>	<u>\$ 16,016,094</u>

Range of discount rates for lease liabilities is as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Buildings	1.11%-8.57%	1.11%-8.57%	1.11%-8.57%
Land	1.24%-2.63%	1.24%-2.63%	1.24%-2.63%
Transportation equipment	2.34%-2.94%	2.46%-3.66%	2.49%-3.66%
Office equipment	-	-	4.75%
Investment property - right of superficies	2.82%-4.24%	2.82%-4.24%	2.82%-4.24%

20. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Goodwill	Other Intangible Assets	Total
<u>Cost</u>						
Balance on January 1, 2025	\$ 3,536,081	\$ 37,659,600	\$ -	\$ 3,436,811	\$ 2,676	\$ 44,635,168
Additions - acquired separately	122,991	-	128	-	-	123,119
Disposals	(1,920)	-	-	-	-	(1,920)
Foreign exchange	(22,127)	-	-	-	-	(22,127)
Balance on June 30, 2025	<u>\$ 3,635,025</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ 3,436,811</u>	<u>\$ 2,676</u>	<u>\$ 44,734,240</u>
<u>Amortization and impairment</u>						
Balance on January 1, 2025	\$ 2,943,787	\$ 18,881,238	\$ -	\$ -	\$ -	\$ 21,825,025
Amortization	100,844	894,207	-	-	-	995,051
Disposals	(1,920)	-	-	-	-	(1,920)
Foreign exchange	(19,643)	-	-	-	-	(19,643)
Balance on June 30, 2025	<u>\$ 3,023,068</u>	<u>\$ 19,775,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,798,513</u>
Carrying amount on June 30, 2025	<u>\$ 611,957</u>	<u>\$ 17,884,155</u>	<u>\$ 128</u>	<u>\$ 3,436,811</u>	<u>\$ 2,676</u>	<u>\$ 21,935,727</u>
<u>Cost</u>						
Balance on January 1, 2026	\$ 3,465,973	\$ 37,659,600	\$ 128	\$ 3,436,811	\$ 2,260	\$ 44,564,772
Additions - acquired separately	107,915	-	-	-	-	107,915
Disposals	(19,116)	-	-	-	-	(19,116)
Foreign exchange	88	-	-	-	-	88
Balance on June 30, 2026	<u>\$ 3,554,860</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ 3,436,811</u>	<u>\$ 2,260</u>	<u>\$ 44,653,659</u>
<u>Amortization and impairment</u>						
Balance on January 1, 2026	\$ 2,918,380	\$ 20,669,653	\$ 1	\$ -	\$ -	\$ 23,588,034
Amortization	94,542	894,207	1	-	-	988,750
Disposals	(19,116)	-	-	-	-	(19,116)
Foreign exchange	75	-	-	-	-	75
Balance on June 30, 2026	<u>\$ 2,993,881</u>	<u>\$ 21,563,860</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,557,743</u>
Carrying amount on December 31, 2025 and January 1, 2026	<u>\$ 547,593</u>	<u>\$ 16,989,947</u>	<u>\$ 127</u>	<u>\$ 3,436,811</u>	<u>\$ 2,260</u>	<u>\$ 20,976,738</u>
Carrying amount on June 30, 2026	<u>\$ 560,979</u>	<u>\$ 16,095,740</u>	<u>\$ 126</u>	<u>\$ 3,436,811</u>	<u>\$ 2,260</u>	<u>\$ 20,095,916</u>

- a. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Franchises	20 years
Trademarks	46 years

- b. Goodwill arose from the Group's acquisition on July 1, 2015 of substantially all assets, liabilities, and operations of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd. (excluding retained assets and liabilities), and from the acquisition on November 25, 2022 of additional shares in Cathay Power Inc. and its subsidiaries, which increased the Group's ownership interest to 70%.
- c. An annual impairment test for goodwill is performed regularly. The Group estimated the recoverable amount of the cash-generating unit that the goodwill is allocated to for the purpose of impairment test. The recoverable amount is calculated by applying a proper discount rate. Since the recoverable amount is higher than the book value of the cash-generating unit that the goodwill was allocated to, no impairment is incurred for goodwill.

21. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Guarantee deposits paid (a)	\$ 29,773,346	\$ 54,876,651	\$ 52,083,675
Deferred acquisition costs (b)	17,961,368	215,555	234,100
Insurance Industry Stability Fund (c)	15,857,169	15,540,738	15,238,114
Less: Reserve for Insurance Industry Stability Fund (c)	(15,857,169)	(15,540,738)	(15,238,114)
Net defined benefit assets	13,352,707	13,145,181	11,923,797
Prepayments	1,168,799	1,198,993	1,776,052
Others	<u>5,909,411</u>	<u>4,223,023</u>	<u>3,636,522</u>
	<u>\$ 68,165,631</u>	<u>\$ 73,659,403</u>	<u>\$ 69,654,146</u>

a. Guarantee deposits paid are comprised of:

	June 30, 2026	December 31, 2025	June 30, 2025
Deposit for derivatives trading	\$ 12,159,481	\$ 18,522,895	\$ 13,373,584
Insurance operation guarantee deposit	8,681,518	9,269,595	11,752,341
Other guarantee deposits	5,754,310	26,855,733	23,824,079
Deposit for futures and options trading	<u>3,178,037</u>	<u>228,428</u>	<u>3,133,671</u>
	<u>\$ 29,773,346</u>	<u>\$ 54,876,651</u>	<u>\$ 52,083,675</u>

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

b. Deferred acquisition costs

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 215,555	\$ 252,644
Regulatory framework transition	15,796,774	-
Addition	4,666,766	-
Amortization	<u>(2,717,727)</u>	<u>(18,544)</u>
Ending balance	<u>\$ 17,961,368</u>	<u>\$ 234,100</u>

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

22. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Taxes payable	\$ 22,180,723	\$ 1,565,921	\$ 20,551,269
Interest payable	2,458,495	2,855,065	2,432,513
Commissions payable	1,236,709	762,450	1,252,545
Notes payable	358	361	361
Other payables	<u>24,174,082</u>	<u>12,084,265</u>	<u>7,833,111</u>
	<u>\$ 50,050,367</u>	<u>\$ 17,268,062</u>	<u>\$ 32,069,799</u>

23. SHORT-TERM DEBT

	June 30, 2026	December 31, 2025	June 30, 2025
Commercial paper payable	\$ 1,446,000	\$ 1,487,200	\$ 1,416,900
Less: Discount on commercial paper payable	<u>(2,223)</u>	<u>(2,599)</u>	<u>(2,565)</u>
	<u>\$ 1,443,777</u>	<u>\$ 1,484,601</u>	<u>\$ 1,414,335</u>
Interest rate range	2.12%-2.65%	2.10%-3.00%	2.10%-3.08%

24. BONDS PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
First perpetual non-cumulative subordinated corporate bonds of 2016 (a)	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
First perpetual cumulative subordinated corporate bonds of 2017 (b)	35,000,000	35,000,000	35,000,000
First perpetual cumulative subordinated corporate bonds of 2019 (c)	10,000,000	10,000,000	10,000,000
First unsecured cumulative subordinated corporate bonds of 2023 (d)	25,100,000	25,100,000	25,100,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (e)	3,597,581	3,552,494	3,378,926
Third USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (f)	795,925	785,950	747,550
			(Continued)

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Fourth unsecured cumulative subordinated corporate bonds of 2023 (g)	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
First unsecured cumulative subordinated corporate bonds of 2024 (h)	44,000,000	44,000,000	44,000,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2024 (i)	5,953,519	5,878,906	5,591,674
Overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (j)	19,102,200	18,862,800	17,941,200
Overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (k)	10,187,840	10,060,160	9,568,640
Overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (l)	15,918,500	-	-
Discounts on bonds payable	<u>(271,721)</u>	<u>(136,728)</u>	<u>(135,806)</u>
	<u>\$ 209,883,844</u>	<u>\$ 193,603,582</u>	<u>\$ 191,692,184</u>
			(Concluded)

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

- 1) Years to maturity: Perpetual.
- 2) Coupon rate: From the issue date to the tenth year, the coupon rate is 3.6%; from the day following the tenth year maturity and on every tenth year maturity from then on, if the bonds are not redeemed, the coupon rate will be adjusted to a fixed annual rate of Taiwan 10 years government bond plus the issue spread.
- 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date. The Company may stop making interest payments and such interest payments will not be cumulated or deferred under the following circumstances: The Company has no earnings or the earnings are insufficient to make interest payments; the Company would fail to meet the required risk-based capital ("RBC") ratio or other minimum requirements from the authorities if making those interest payments; the Company has other essential considerations.
- 4) Right of early redemption: The Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest. The Company may redeem the bond once a year.

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

- 1) Years to maturity: Perpetual.
- 2) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth-year maturity.

- 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- c. Pursuant to Order No. Securities-TPEX-Bond-10800055731 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
- 1) Years to maturity: Perpetual.
 - 2) Coupon rate: Fixed rate of 3%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- d. Pursuant to Order No. Securities-TPEX-Bond-11200070741 of the Taipei Exchange, the Company issued first domestic unsecured cumulative subordinated corporate bonds on August 1, 2023. Key terms and conditions are as follows:
- 1) Years to maturity: Note A is 10 years, and Note B is 15 years.
 - 2) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- e. Pursuant to Order No. Securities-TPEX-Bond-11200073801 of the Taipei Exchange, the Company issued second domestic USD-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023. Key terms and conditions are as follows:
- 1) Years to maturity: 10 years.
 - 2) Coupon rate: Fixed rate of 6.1%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: None.

- f. Pursuant to Order No. Securities-TPEX-Bond-11200097881 of the Taipei Exchange, the Company issued third domestic USD-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023. Key terms and conditions are as follows:
- 1) Years to maturity: 10 years.
 - 2) Coupon rate: Fixed rate of 6.1%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: None.
- g. Pursuant to Order No. Securities-TPEX-Bond-11200099051 of the Taipei Exchange, the Company issued fourth domestic unsecured cumulative subordinated corporate bonds on October 12, 2023. Key terms and conditions are as follows:
- 1) Years to maturity: Note A is 10 years, and Note B is 15 years.
 - 2) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- h. Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, the Company issued its first domestic unsecured cumulative subordinated corporate bonds on April 24, 2024. Key terms and conditions are as follows:
- 1) Years to maturity: Note A is 10 years, and Note B is 15 years.
 - 2) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- i. Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, the Company issued its second domestic USD-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024. Key terms and conditions are as follows:
- 1) Years to maturity: 10 years.
 - 2) Coupon rate: Fixed rate of 5.80%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

- 4) Right of early redemption: None.
- j. On July 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2034. The Company acts as the guarantor. Key terms and conditions are as follows:
- 1) Years to maturity: 10 years.
 - 2) Coupon rate: Fixed rate of 5.95%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.
 - 4) Right of early redemption: None.
- k. On September 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2039. The Company acts as the guarantor. Key terms and conditions are as follows:
- 1) Years to maturity: 15 years.
 - 2) Coupon rate: Fixed rate of 5.30%.
 - 3) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- l. On April 29, 2026, Cathaylife Singapore Pte. Ltd. issued overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2041. The Company acts as the guarantor. Key terms and conditions are as follows:
- 1) Years to maturity: 15 years.
 - 2) Coupon rate: Fixed rate of 5.50% from the issue date to the tenth year; if the bonds are not redeemed after the tenth-year, the reset rate shall apply.
 - 3) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.
 - 4) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

25. INSURANCE CONTRACT ASSETS AND LIABILITIES

a. Reconciliation of insurance contract assets and liabilities

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

For the six months ended June 30, 2026

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model and the Variable Fee Approach	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			Total
	Excluding Any Loss Component	Any Loss Component	Subtotal		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Subtotal	
Beginning balance of insurance contract assets	\$ (1,170,075)	\$ -	\$ (1,170,075)	\$ 72,075	\$ -	\$ -	\$ -	\$ (1,098,000)
Beginning balance of insurance contract liabilities	7,119,637,990	3,526,050	7,123,164,040	38,605,125	1,234,792	26,847	1,261,639	7,163,030,804
Net balance as of January 1, 2026	7,118,467,915	3,526,050	7,121,993,965	38,677,200	1,234,792	26,847	1,261,639	7,161,932,804
Insurance revenue								
Contracts under the modified retrospective approach	(4,712,998)	-	(4,712,998)	-	-	-	-	(4,712,998)
Contracts under the fair value approach	(54,927,562)	-	(54,927,562)	-	-	-	-	(54,927,562)
All other contracts	(17,200,588)	-	(17,200,588)	-	-	-	-	(17,200,588)
Subtotal of insurance revenue	(76,841,148)	-	(76,841,148)	-	-	-	-	(76,841,148)
Insurance service expenses								
Incurred claims (excluding investment components) and other insurance service expenses	-	(89,978)	(89,978)	44,757,435	2,053,629	6,886	2,060,515	46,727,972
Changes that relate to past service - changes in fulfillment cash flows related to liabilities for incurred claims	-	-	-	4,030,183	151,791	(7,018)	144,773	4,174,956
Changes that relate to future service - losses on onerous groups of insurance contracts	-	273,095	273,095	-	-	-	-	273,095
Amortization of insurance acquisition cash flows	2,517,707	-	2,517,707	-	-	-	-	2,517,707
Subtotal of insurance service expenses	2,517,707	183,117	2,700,824	48,787,618	2,205,420	(132)	2,205,288	53,693,730
Insurance service result	(74,323,441)	183,117	(74,140,324)	48,787,618	2,205,420	(132)	2,205,288	(23,147,418)
Insurance finance (income) expenses								
Insurance finance expenses (income) recognized in profit or loss - interest-related	143,195,350	57,306	143,252,656	(54,166)	-	-	-	143,198,490
Insurance finance income recognized in other comprehensive income	(188,079,057)	(16,893)	(188,095,950)	-	-	-	-	(188,095,950)
Subtotal of insurance finance (income) expenses	(44,883,707)	40,413	(44,843,294)	(54,166)	-	-	-	(44,897,460)
Exchange losses (gains)	20,480,661	(1,796)	20,478,865	33,298	-	-	-	20,512,163
Exchange differences on translation of the financial statements of foreign operations	80,244	148	80,392	2,565	-	-	-	82,957
Total amount recognized in the statement of comprehensive income	(98,646,243)	221,882	(98,424,361)	48,769,315	2,205,420	(132)	2,205,288	(47,449,758)
Investment components	(261,928,681)	-	(261,928,681)	261,928,681	-	-	-	-
Policy loans and premium loans	(1,341,897)	-	(1,341,897)	1,341,897	-	-	-	-
Others	-	-	-	(7,835,025)	(665,162)	-	(665,162)	(8,500,187)
Cash flows in the period								
Premiums received for insurance contracts issued	271,619,753	-	271,619,753	-	-	-	-	271,619,753
Claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(303,844,434)	(1,515,107)	-	(1,515,107)	(305,359,541)
Insurance acquisition cash flows	(24,175,714)	-	(24,175,714)	-	-	-	-	(24,175,714)
Subtotal of cash flows in the period	247,444,039	-	247,444,039	(303,844,434)	(1,515,107)	-	(1,515,107)	(57,915,502)
Ending balance of insurance contract assets	(619,669)	-	(619,669)	12,405	-	-	-	(607,264)
Ending balance of insurance contract liabilities	7,004,614,802	3,747,932	7,008,362,734	39,025,229	1,259,943	26,715	1,286,658	7,048,674,621
Net balance as of June 30, 2026	\$ 7,003,995,133	\$ 3,747,932	\$ 7,007,743,065	\$ 39,037,634	\$ 1,259,943	\$ 26,715	\$ 1,286,658	\$ 7,048,067,357

For the six months ended June 30, 2025

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model and the Variable Fee Approach	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			Total
	Excluding Any Loss Component	Any Loss Component	Subtotal		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Subtotal	
Beginning balance of insurance contract assets	\$ (2,279,125)	\$ -	\$ (2,279,125)	\$ 57,799	\$ 466	\$ 12	\$ 478	\$ (2,220,848)
Beginning balance of insurance contract liabilities	<u>7,001,623,524</u>	<u>1,329,601</u>	<u>7,002,953,125</u>	<u>37,873,791</u>	<u>1,689,594</u>	<u>38,142</u>	<u>1,727,736</u>	<u>7,042,554,652</u>
Net balance as of January 1, 2025	<u>6,999,344,399</u>	<u>1,329,601</u>	<u>7,000,674,000</u>	<u>37,931,590</u>	<u>1,690,060</u>	<u>38,154</u>	<u>1,728,214</u>	<u>7,040,333,804</u>
Insurance revenue								
Contracts under the modified retrospective approach	(4,152,107)	-	(4,152,107)	-	-	-	-	(4,152,107)
Contracts under the fair value approach	(56,242,063)	-	(56,242,063)	-	-	-	-	(56,242,063)
All other contracts	<u>(9,824,184)</u>	<u>-</u>	<u>(9,824,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,824,184)</u>
Subtotal of insurance revenue	<u>(70,218,354)</u>	<u>-</u>	<u>(70,218,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,218,354)</u>
Insurance service expenses								
Incurred claims (excluding investment components) and other insurance service expenses	-	(182,889)	(182,889)	36,705,503	2,165,875	2,741	2,168,616	38,691,230
Changes that relate to past service - changes in fulfillment cash flows related to liabilities for incurred claims	-	-	-	12,724,395	572,530	1,759	574,289	13,298,684
Changes that relate to future service - losses on onerous groups of insurance contracts	-	478,397	478,397	-	-	-	-	478,397
Amortization of insurance acquisition cash flows	<u>1,955,770</u>	<u>-</u>	<u>1,955,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,955,770</u>
Subtotal of insurance service expenses	<u>1,955,770</u>	<u>295,508</u>	<u>2,251,278</u>	<u>49,429,898</u>	<u>2,738,405</u>	<u>4,500</u>	<u>2,742,905</u>	<u>54,424,081</u>
Insurance service result	<u>(68,262,584)</u>	<u>295,508</u>	<u>(67,967,076)</u>	<u>49,429,898</u>	<u>2,738,405</u>	<u>4,500</u>	<u>2,742,905</u>	<u>(15,794,273)</u>
Insurance finance (income) expenses								
Insurance finance expenses recognized in profit or loss - interest-related	72,181,786	22,119	72,203,905	65,088	-	-	-	72,268,993
Insurance finance expenses recognized in other comprehensive income	<u>127,127,008</u>	<u>3,945</u>	<u>127,130,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,130,953</u>
Subtotal of insurance finance expenses	<u>199,308,794</u>	<u>26,064</u>	<u>199,334,858</u>	<u>65,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,399,946</u>
Exchange gains	(119,126,920)	(3)	(119,126,923)	(231,174)	(1,691)	(44)	(1,735)	(119,359,832)
Exchange differences on translation of the financial statements of foreign operations	<u>(11,344,306)</u>	<u>(61,917)</u>	<u>(11,406,223)</u>	<u>(47,521)</u>	<u>(37,174)</u>	<u>(898)</u>	<u>(38,072)</u>	<u>(11,491,816)</u>
Total amount recognized in the statement of comprehensive income	<u>574,984</u>	<u>259,652</u>	<u>834,636</u>	<u>49,216,291</u>	<u>2,699,540</u>	<u>3,558</u>	<u>2,703,098</u>	<u>52,754,025</u>
Investment components	(229,780,224)	-	(229,780,224)	229,780,224	-	-	-	-
Policy loans and premium loans	3,595,149	-	3,595,149	(3,595,149)	-	-	-	-
Others	-	-	-	(7,769,702)	(607,827)	-	(607,827)	(8,377,529)
Cash flows in the period								
Premiums received for insurance contracts issued	249,670,603	-	249,670,603	-	-	-	-	249,670,603
Claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(267,722,430)	(1,934,918)	-	(1,934,918)	(269,657,348)
Insurance acquisition cash flows	<u>(22,713,731)</u>	<u>-</u>	<u>(22,713,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,713,731)</u>
Subtotal of cash flows in the period	<u>226,956,872</u>	<u>-</u>	<u>226,956,872</u>	<u>(267,722,430)</u>	<u>(1,934,918)</u>	<u>-</u>	<u>(1,934,918)</u>	<u>(42,700,476)</u>
Ending balance of insurance contract assets	(1,492,730)	-	(1,492,730)	52,934	87	2	89	(1,439,707)
Ending balance of insurance contract liabilities	<u>7,002,183,910</u>	<u>1,589,253</u>	<u>7,003,773,163</u>	<u>37,787,890</u>	<u>1,846,768</u>	<u>41,710</u>	<u>1,888,478</u>	<u>7,043,449,531</u>
Net balance as of June 30, 2025	<u>\$ 7,000,691,180</u>	<u>\$ 1,589,253</u>	<u>\$ 7,002,280,433</u>	<u>\$ 37,840,824</u>	<u>\$ 1,846,855</u>	<u>\$ 41,712</u>	<u>\$ 1,888,567</u>	<u>\$ 7,042,009,824</u>

b. Reconciliation of components of insurance contract assets and liabilities

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

For the six months ended June 30, 2026

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	\$ (4,124,484)	\$ 534,898	\$ -	\$ 1,710,505	\$ 781,081	\$ 2,491,586	\$ (1,098,000)
Beginning balance of insurance contract liabilities	<u>6,585,819,924</u>	<u>62,606,296</u>	<u>76,300,034</u>	<u>241,380,564</u>	<u>195,206,453</u>	<u>512,887,051</u>	<u>7,161,313,271</u>
Net balance as of January 1, 2026	<u>6,581,695,440</u>	<u>63,141,194</u>	<u>76,300,034</u>	<u>243,091,069</u>	<u>195,987,534</u>	<u>515,378,637</u>	<u>7,160,215,271</u>
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	9,446,682	(679,685)	337,642	(3,527,400)	(5,577,239)	(8,766,997)	-
Losses (reversals of losses) on groups of onerous contracts	1,650,400	(1,492,157)	-	-	-	-	158,243
Effect of contracts initially recognized in the period	<u>(55,886,493)</u>	<u>1,677,604</u>	<u>-</u>	<u>-</u>	<u>54,278,596</u>	<u>54,278,596</u>	<u>69,707</u>
Subtotal of changes that relate to future service	<u>(44,789,411)</u>	<u>(494,238)</u>	<u>337,642</u>	<u>(3,527,400)</u>	<u>48,701,357</u>	<u>45,511,599</u>	<u>227,950</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(2,525,633)	(7,572,799)	(7,504,759)	(17,603,191)	(17,603,191)
Changes in the risk adjustment for non-financial risk that does not relate to future or past service	-	(979,650)	-	-	-	-	(979,650)
Experience adjustments	<u>(8,497,721)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,497,721)</u>
Subtotal of changes that relate to current service	<u>(8,497,721)</u>	<u>(979,650)</u>	<u>(2,525,633)</u>	<u>(7,572,799)</u>	<u>(7,504,759)</u>	<u>(17,603,191)</u>	<u>(27,080,562)</u>
Changes related to past service							
Changes in fulfillment cash flows relating to incurred claims	4,218,063	(187,880)	-	-	-	-	4,030,183
Others	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46)</u>
Subtotal of changes that relate to past service	<u>4,218,017</u>	<u>(187,880)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,030,137</u>
Insurance service result	<u>(49,069,115)</u>	<u>(1,661,768)</u>	<u>(2,187,991)</u>	<u>(11,100,199)</u>	<u>41,196,598</u>	<u>27,908,408</u>	<u>(22,822,475)</u>
Insurance finance (income) expenses							
Insurance finance expenses recognized in profit or loss - interest-related	137,056,698	-	940,424	2,468,755	2,732,613	6,141,792	143,198,490
Insurance finance income recognized in other comprehensive income	<u>(188,095,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,095,950)</u>
Total of insurance finance (income) expenses	<u>(51,039,252)</u>	<u>-</u>	<u>940,424</u>	<u>2,468,755</u>	<u>2,732,613</u>	<u>6,141,792</u>	<u>(44,897,460)</u>
Exchange losses	18,893,738	110,184	296,436	209,847	1,001,959	1,508,242	20,512,164
Exchange differences on translation of the financial statements of foreign operations	<u>30,235</u>	<u>6,963</u>	<u>-</u>	<u>32,514</u>	<u>13,245</u>	<u>45,759</u>	<u>82,957</u>
Total amount recognized in the statement of comprehensive income	<u>(81,184,394)</u>	<u>(1,544,621)</u>	<u>(951,131)</u>	<u>(8,389,083)</u>	<u>44,944,415</u>	<u>35,604,201</u>	<u>(47,124,814)</u>
Others	<u>(7,835,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,835,025)</u>
Cash flows in the period							
Premiums received for insurance contracts issued	269,133,444	-	-	-	-	-	269,133,444
Claims and other insurance service expenses paid for insurance contracts issued	<u>(303,844,292)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,844,292)</u>
Insurance acquisition cash flows	<u>(24,175,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,175,714)</u>
Total of cash flows in the period	<u>(58,886,562)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,886,562)</u>
Ending balance of insurance contract assets	<u>(769,730)</u>	24,942	-	136,571	953	137,524	(607,264)
Ending balance of insurance contract liabilities	<u>6,434,559,189</u>	<u>61,571,631</u>	<u>75,348,903</u>	<u>234,565,415</u>	<u>240,930,996</u>	<u>550,845,314</u>	<u>7,046,976,134</u>
Net balance as of June 30, 2026	<u>\$ 6,433,789,459</u>	<u>\$ 61,596,573</u>	<u>\$ 75,348,903</u>	<u>\$ 234,701,986</u>	<u>\$ 240,931,949</u>	<u>\$ 550,982,838</u>	<u>\$ 7,046,368,870</u>

For the six months ended June 30, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual Service Margin				Total
			Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Subtotal	
Beginning balance of insurance contract assets	\$ (4,507,367)	\$ 478,826	\$ -	\$ 1,807,904	\$ -	\$ 1,807,904	\$ (2,220,637)
Beginning balance of insurance contract liabilities	<u>6,514,567,245</u>	<u>72,349,354</u>	<u>76,439,026</u>	<u>269,294,274</u>	<u>107,114,147</u>	<u>452,847,447</u>	<u>7,039,764,046</u>
Net balance as of January 1, 2025	<u>6,510,059,878</u>	<u>72,828,180</u>	<u>76,439,026</u>	<u>271,102,178</u>	<u>107,114,147</u>	<u>454,655,351</u>	<u>7,037,543,409</u>
Changes that relate to future service							
Changes in estimates that adjust the contractual service margin	7,736,238	922,791	112,352	(1,617,027)	(7,154,354)	(8,659,029)	-
(Reversals of) losses on groups of onerous contracts	(34,242)	2,005	-	-	-	-	(32,237)
Effect of contracts initially recognized in the period	<u>(55,355,187)</u>	<u>2,142,389</u>	<u>-</u>	<u>13,289</u>	<u>53,538,885</u>	<u>53,552,174</u>	<u>339,376</u>
Subtotal of changes that relate to future service	<u>(47,653,191)</u>	<u>3,067,185</u>	<u>112,352</u>	<u>(1,603,738)</u>	<u>46,384,531</u>	<u>44,893,145</u>	<u>307,139</u>
Changes that relate to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	(1,789,268)	(8,336,298)	(2,557,544)	(12,683,110)	(12,683,110)
Changes in the risk adjustment for non-financial risk that does not relate to future or past service	-	(1,358,397)	-	-	-	-	(1,358,397)
Experience adjustments	<u>(14,702,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,702,510)</u>
Subtotal of changes that relate to current service	<u>(14,702,510)</u>	<u>(1,358,397)</u>	<u>(1,789,268)</u>	<u>(8,336,298)</u>	<u>(2,557,544)</u>	<u>(12,683,110)</u>	<u>(28,744,017)</u>
Changes that relate to past service							
Changes in fulfillment cash flows relating to incurred claims	12,726,397	(2,002)	-	-	-	-	12,724,395
Others	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>
Subtotal of changes that relate to past service	<u>12,726,325</u>	<u>(2,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,724,323</u>
Insurance service result	<u>(49,629,376)</u>	<u>1,706,786</u>	<u>(1,676,916)</u>	<u>(9,940,036)</u>	<u>43,826,987</u>	<u>32,210,035</u>	<u>(15,712,555)</u>
Insurance finance (income) expenses							
Insurance finance expenses recognized in profit or loss - interest-related	66,871,025	-	885,896	2,820,025	1,692,047	5,397,968	72,268,993
Insurance finance expenses recognized in other comprehensive income	<u>127,130,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,130,953</u>
Total of insurance finance expenses	<u>194,001,978</u>	<u>-</u>	<u>885,896</u>	<u>2,820,025</u>	<u>1,692,047</u>	<u>5,397,968</u>	<u>199,399,946</u>
Exchange gains	(110,188,665)	(905,546)	(1,850,104)	(2,633,357)	(3,777,571)	(8,261,032)	(119,355,243)
Exchange differences on translation of the financial statements of foreign operations	<u>(9,425,800)</u>	<u>(206,815)</u>	<u>-</u>	<u>(1,281,951)</u>	<u>(507,413)</u>	<u>(1,789,364)</u>	<u>(11,421,979)</u>
Total amount recognized in the statement of comprehensive income	<u>24,758,137</u>	<u>594,425</u>	<u>(2,641,124)</u>	<u>(11,035,319)</u>	<u>41,234,050</u>	<u>27,557,607</u>	<u>52,910,169</u>
Others	<u>(7,769,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,769,702)</u>
Cash flows in the period							
Premiums received for insurance contracts issued	246,900,309	-	-	-	-	-	246,900,309
Claims and other insurance service expenses paid for insurance contracts issued	<u>(267,722,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,722,430)</u>
Insurance acquisition cash flows	<u>(22,713,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,713,731)</u>
Total of cash flows in the period	<u>(43,535,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,535,852)</u>
Ending balance of insurance contract assets	(3,635,205)	439,049	-	1,462,122	294,661	1,756,783	(1,439,373)
Ending balance of insurance contract liabilities	<u>6,487,147,666</u>	<u>72,983,556</u>	<u>73,797,902</u>	<u>258,604,737</u>	<u>148,053,536</u>	<u>480,456,175</u>	<u>7,040,587,397</u>
Net balance as of June 30, 2025	<u>\$ 6,483,512,461</u>	<u>\$ 73,422,605</u>	<u>\$ 73,797,902</u>	<u>\$ 260,066,859</u>	<u>\$ 148,348,197</u>	<u>\$ 482,212,958</u>	<u>\$ 7,039,148,024</u>

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

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

For the six months ended June 30, 2026

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	\$ 21,708,812	\$ 56,670	\$ 21,765,482
Claims and other directly attributable expenses	<u>172,786,455</u>	<u>492,870</u>	<u>173,279,325</u>
	<u>194,495,267</u>	<u>549,540</u>	<u>195,044,807</u>
Estimates of the present value of future cash inflows	(250,445,088)	(486,212)	(250,931,300)
Risk adjustment for non-financial risk	1,671,225	6,379	1,677,604
Contractual service margin	<u>54,278,596</u>	<u>-</u>	<u>54,278,596</u>
Effect of contracts initially recognized in the period	<u>\$ -</u>	<u>\$ 69,707</u>	<u>\$ 69,707</u>

For the six months ended June 30, 2025

	Insurance Contracts Issued		
	Non-onerous Contracts	Onerous Contracts	Total
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	\$ 23,688,436	\$ 348,788	\$ 24,037,224
Claims and other directly attributable expenses	<u>160,762,151</u>	<u>2,477,268</u>	<u>163,239,419</u>
	<u>184,450,587</u>	<u>2,826,056</u>	<u>187,276,643</u>
Estimates of the present value of future cash inflows	(240,110,641)	(2,521,189)	(242,631,830)
Risk adjustment for non-financial risk	2,107,880	34,509	2,142,389
Contractual service margin	<u>53,552,174</u>	<u>-</u>	<u>53,552,174</u>
Effect of contracts initially recognized in the period	<u>\$ -</u>	<u>\$ 339,376</u>	<u>\$ 339,376</u>

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Non-separate account insurance products</u>			
Financial assets at fair value through other comprehensive income			
Beneficiary certificates	\$ 277	\$ -	\$ -
Overseas bonds	1,117,637	-	-
Financial assets at fair value through profit or loss			
Beneficiary certificates	-	290	328
Financial assets measured at amortized cost			
Overseas bonds	-	1,109,745	1,041,909
	<u>1,117,914</u>	<u>1,110,035</u>	<u>1,042,237</u>
<u>Separate account insurance products</u>			
Financial assets at fair value through profit or loss			
Beneficiary certificates	372,290,975	309,716,050	265,808,351
Bank deposits	345,552	388,002	398,527
Interest receivables	5,424	6,116	6,112
Other receivables	5,706,413	3,462,549	1,752,819
	<u>378,348,364</u>	<u>313,572,717</u>	<u>267,965,809</u>
	<u>\$ 379,466,278</u>	<u>\$ 314,682,752</u>	<u>\$ 269,008,046</u>

26. PROVISIONS

	<u>For the Six Months Ended June 30</u>	
	<u>2026</u>	<u>2025</u>
Beginning balance	\$ 56,245	\$ 56,245
Changes in the period	<u>(56,245)</u>	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ 56,245</u>

27. OTHER LIABILITIES

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Reserve for foreign exchange valuation (a)	\$ 130,931,746	\$ 113,806,568	\$ 56,420,881
Other reserves - others (b)	80,014,617	72,098,295	70,307,901
Unamortized unrealized foreign exchange valuation effects on financial assets measured at amortized cost (Note 10)	31,788,108	-	-
Service contract liabilities (c)	13,014,629	265,742	268,300
Guarantee deposits received	5,171,727	3,479,304	56,111,507
Refund liabilities	593,110	1,421,532	1,186,532
Advance receipts	289,696	315,385	467,587
Other liabilities - others	<u>12,142,031</u>	<u>7,666,332</u>	<u>3,627,722</u>
	<u>\$ 273,945,664</u>	<u>\$ 199,053,158</u>	<u>\$ 188,390,430</u>

a. Reserve for foreign exchange valuation

1) The hedging strategy and risk exposure

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

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

2) Reconciliation for reserve for foreign exchange valuation

For the six months ended June 30, 2026

Beginning balance	\$ 113,806,568
Provisions for the period	
Provision for fixed reserve	13,974,400
Provision for fluctuation reserve	4,850,036
Other provisions (Note)	<u>4,914</u>
	<u>18,829,350</u>
Reversals for the period	
Reversal of fixed reserve	-
Reversal of fluctuation reserve	<u>(1,704,172)</u>
	<u>(1,704,172)</u>
Ending balance	<u>\$ 130,931,746</u>

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

For the six months ended June 30, 2025

Beginning balance	\$ 27,514,387
Provision	
Compulsory reserve	4,208,905
Additional reserve (Note 1)	<u>66,331,264</u>
	<u>70,540,169</u>
Recovery	<u>(56,267,104)</u>
Transferred from policy reserve and other provision (Note 2)	<u>14,633,429</u>
Ending balance	<u>\$ 56,420,881</u>

Note 1: The Company applied to and obtained approval from the Financial Supervisory Commission under Jin Guan Bao Shou No. 1140424940. In June 2025, the Company increased the foreign exchange fluctuation reserve by \$50,848,511 thousand.

Note 2: The Company applied to and obtained approval from the Financial Supervisory Commission under Jin Guan Bao Shou No. 1140420671. In May 2025, amounts of \$11,083,324 thousand, \$1,850,105 thousand, and \$1,700,000 thousand were reclassified from the special reserve, policy reserve, and other reserves, respectively, to the foreign exchange fluctuation reserve.

3) Effects due to reserve for foreign exchange valuation

Items	For the Six Months Ended June 30, 2026		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net profit attributable to owners of the Company	\$ 59,860,009	\$ 46,159,867	\$ (13,700,142)
Earnings per share (NT\$)	9.42	7.27	(2.15)
Reserve for foreign exchange valuation	-	130,931,746	130,931,746
Equity attributable to owners of the Company	1,048,110,411	958,674,654	(89,435,757)
Items	For the Six Months Ended June 30, 2025		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net loss attributable to owners of the Company	\$ (73,450,224)	\$ (84,868,676)	\$ (11,418,452)
Losses per share (NT\$)	(11.56)	(13.36)	(1.80)
Reserve for foreign exchange valuation	-	56,420,881	56,420,881
Equity attributable to owners of the Company	627,360,039	597,532,974	(29,827,065)

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

c. Service contract liabilities

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 265,742	\$ 302,294
Regulatory framework transition	12,486,607	-
Additions	2,262,100	-
Recognized revenue during the period	(1,999,820)	(22,074)
Foreign exchange	-	(11,920)
Ending balance	<u>\$ 13,014,629</u>	<u>\$ 268,300</u>

28. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Insurance acquisition cash flows	\$ -	\$ 495	\$ -	\$ 987
Other directly attributable costs	-	379	-	752
Other operating costs and other operating expenses	<u>(13,441)</u>	<u>338</u>	<u>(26,883)</u>	<u>685</u>
	<u>\$ (13,441)</u>	<u>\$ 1,212</u>	<u>\$ (26,883)</u>	<u>\$ 2,424</u>

29. INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES

a. Insurance revenue

For the three months ended June 30, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	\$ 26,087,090	\$ -	\$ 26,087,090	\$ 715,644				\$ 26,802,734	\$ -	\$ 26,802,734
Recognition of contractual service margin in profit or loss	8,548,434	-	8,548,434	422,708				8,971,142	-	8,971,142
Changes in the risk adjustment for non-financial risk caused by the release from risk	534,862	-	534,862	28,486				563,348	-	563,348
Others	-	-	-	23				23	-	23
Allocation to recovery of insurance acquisition cash flows	<u>1,196,530</u>	<u>-</u>	<u>1,196,530</u>	<u>121,204</u>				<u>1,317,734</u>	<u>-</u>	<u>1,317,734</u>
	<u>36,366,916</u>	<u>-</u>	<u>36,366,916</u>	<u>1,288,065</u>				<u>37,654,981</u>	<u>-</u>	<u>37,654,981</u>
Insurance revenue from contracts measured under the premium allocation approach					\$ 1,171,370	\$ -	\$ 1,171,370	1,171,370	-	1,171,370
	<u>\$ 36,366,916</u>	<u>\$ -</u>	<u>\$ 36,366,916</u>	<u>\$ 1,288,065</u>	<u>\$ 1,171,370</u>	<u>\$ -</u>	<u>\$ 1,171,370</u>	<u>\$ 38,826,351</u>	<u>\$ -</u>	<u>\$ 38,826,351</u>

For the three months ended June 30, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	\$ 25,252,181	\$ -	\$ 25,252,181	\$ 687,222				\$ 25,939,403	\$ -	\$ 25,939,403
Recognition of contractual service margin in profit or loss	6,144,035	-	6,144,035	238,742				6,382,777	-	6,382,777
Changes in the risk adjustment for non-financial risk caused by the release from risk	687,118	-	687,118	32,032				719,150	-	719,150
Others	-	-	-	26				26	-	26
Allocation to recovery of insurance acquisition cash flows	922,972	-	922,972	87,210				1,010,182	-	1,010,182
	<u>33,006,306</u>	<u>-</u>	<u>33,006,306</u>	<u>1,045,232</u>				<u>34,051,538</u>	<u>-</u>	<u>34,051,538</u>
Insurance revenue from contracts measured under the premium allocation approach					\$ 1,407,444	\$ -	\$ 1,407,444	1,407,444	-	1,407,444
	<u>\$ 33,006,306</u>	<u>\$ -</u>	<u>\$ 33,006,306</u>	<u>\$ 1,045,232</u>	<u>\$ 1,407,444</u>	<u>\$ -</u>	<u>\$ 1,407,444</u>	<u>\$ 35,458,982</u>	<u>\$ -</u>	<u>\$ 35,458,982</u>

For the six months ended June 30, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	\$ 51,626,725	\$ -	\$ 51,626,725	\$ 1,413,389				\$ 53,040,114	\$ -	\$ 53,040,114
Recognition of contractual service margin in profit or loss	16,890,612	-	16,890,612	712,579				17,603,191	-	17,603,191
Changes in the risk adjustment for non-financial risk caused by the release from risk	1,047,506	-	1,047,506	57,210				1,104,716	-	1,104,716
Others	-	-	-	46				46	-	46
Allocation to recovery of insurance acquisition cash flows	2,292,371	-	2,292,371	225,336				2,517,707	-	2,517,707
	<u>71,857,214</u>	<u>-</u>	<u>71,857,214</u>	<u>2,408,560</u>				<u>74,265,774</u>	<u>-</u>	<u>74,265,774</u>
Insurance revenue from contracts measured under the premium allocation approach					\$ 2,575,374	\$ -	\$ 2,575,374	2,575,374	-	2,575,374
	<u>\$ 71,857,214</u>	<u>\$ -</u>	<u>\$ 71,857,214</u>	<u>\$ 2,408,560</u>	<u>\$ 2,575,374</u>	<u>\$ -</u>	<u>\$ 2,575,374</u>	<u>\$ 76,841,148</u>	<u>\$ -</u>	<u>\$ 76,841,148</u>

For the six months ended June 30, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Revenue		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Insurance revenue from contracts measured under the general measurement model and the variable fee approach										
Amounts relating to changes in liabilities for remaining coverage										
Expected incurred claims and insurance service expenses	\$ 49,854,187	\$ -	\$ 49,854,187	\$ 1,359,327				\$ 51,213,514	\$ -	\$ 51,213,514
Recognition of contractual service margin in profit or loss	12,235,301	-	12,235,301	447,809				12,683,110	-	12,683,110
Changes in the risk adjustment for non-financial risk caused by the release from risk	1,331,416	-	1,331,416	63,106				1,394,522	-	1,394,522
Others	-	-	-	72				72	-	72
Allocation to recovery of insurance acquisition cash flows	1,793,390	-	1,793,390	162,380				1,955,770	-	1,955,770
	65,214,294	-	65,214,294	2,032,694				67,246,988	-	67,246,988
Insurance revenue from contracts measured under the premium allocation approach					\$ 2,971,366	\$ -	\$ 2,971,366	2,971,366	-	2,971,366
	\$ 65,214,294	\$ -	\$ 65,214,294	\$ 2,032,694	\$ 2,971,366	\$ -	\$ 2,971,366	\$ 70,218,354	\$ -	\$ 70,218,354

b. Insurance service expenses

For the three months ended June 30, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	\$ 19,663,885	\$ -	\$ 19,663,885	\$ 658,372	\$ 696,944	\$ -	\$ 696,944	\$ 21,019,201	\$ -	\$ 21,019,201
Other incurred insurance service expenses	3,792,244	-	3,792,244	12,063	200,225	-	200,225	4,004,532	-	4,004,532
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	960,096	-	960,096	69,766	48,843	-	48,843	1,078,705	-	1,078,705
Changes that relate to future service - losses and reversals of losses on onerous contracts	225,427	-	225,427	-	(68,001)	-	(68,001)	157,426	-	157,426
Insurance acquisition cash flows										
Amortization	1,196,530	-	1,196,530	121,204	-	-	-	1,317,734	-	1,317,734
Acquisition expenses	-	-	-	-	119,840	-	119,840	119,840	-	119,840
	\$ 25,838,182	\$ -	\$ 25,838,182	\$ 861,405	\$ 997,851	\$ -	\$ 997,851	\$ 27,697,438	\$ -	\$ 27,697,438

For the three months ended June 30, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	\$ 17,347,475	\$ -	\$ 17,347,475	\$ 590,692	\$ 761,681	\$ 2,158	\$ 763,839	\$ 18,699,848	\$ 2,158	\$ 18,702,006
Other incurred insurance service expenses	4,006,420	-	4,006,420	80,607	216,169	(31)	216,138	4,303,196	(31)	4,303,165
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	3,870,556	-	3,870,556	92,857	270,171	-	270,171	4,233,584	-	4,233,584
Changes that relate to future service - losses and reversals of losses on onerous contracts	285,831	-	285,831	(53,403)	(61,455)	-	(61,455)	170,973	-	170,973
Insurance acquisition cash flows										
Amortization	922,972	-	922,972	87,210	-	-	-	1,010,182	-	1,010,182
Acquisition expenses	-	-	-	-	196,951	(9)	196,942	196,951	(9)	196,942
	<u>\$ 26,433,254</u>	<u>\$ -</u>	<u>\$ 26,433,254</u>	<u>\$ 797,963</u>	<u>\$ 1,383,517</u>	<u>\$ 2,118</u>	<u>\$ 1,385,635</u>	<u>\$ 28,614,734</u>	<u>\$ 2,118</u>	<u>\$ 28,616,852</u>

For the six months ended June 30, 2026

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	\$ 36,208,664	\$ -	\$ 36,208,664	\$ 1,153,899	\$ 1,395,587	\$ -	\$ 1,395,587	\$ 38,758,150	\$ -	\$ 38,758,150
Other incurred insurance service expenses	7,223,878	-	7,223,878	81,018	397,423	-	397,423	7,702,319	-	7,702,319
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	3,786,792	-	3,786,792	243,391	144,773	-	144,773	4,174,956	-	4,174,956
Changes that relate to future service - losses and reversals of losses on onerous contracts	227,949	-	227,949	1	45,145	-	45,145	273,095	-	273,095
Insurance acquisition cash flows										
Amortization	2,292,371	-	2,292,371	225,336	-	-	-	2,517,707	-	2,517,707
Acquisition expenses	-	-	-	-	267,503	-	267,503	267,503	-	267,503
	<u>\$ 49,739,654</u>	<u>\$ -</u>	<u>\$ 49,739,654</u>	<u>\$ 1,703,645</u>	<u>\$ 2,250,431</u>	<u>\$ -</u>	<u>\$ 2,250,431</u>	<u>\$ 53,693,730</u>	<u>\$ -</u>	<u>\$ 53,693,730</u>

For the six months ended June 30, 2025

	Amounts Under the General Measurement Model			Amounts Under the Variable Fee Approach (Direct Business)	Amounts Under the Premium Allocation Approach			Insurance Service Expenses		
	Direct Business	Reinsurance Assumed	Total		Direct Business	Reinsurance Assumed	Total	Direct Business	Reinsurance Assumed	Total
Incurred claims	\$ 27,257,028	\$ -	\$ 27,257,028	\$ 1,255,289	\$ 1,340,286	\$ 3,361	\$ 1,343,647	\$ 29,852,603	\$ 3,361	\$ 29,855,964
Other incurred insurance service expenses	7,875,704	-	7,875,704	159,108	415,015	(14)	415,001	8,449,827	(14)	8,449,813
Changes that relate to past service - changes in fulfillment cash flows relating to liabilities for incurred claims	12,530,880	-	12,530,880	193,515	574,257	32	574,289	13,298,652	32	13,298,684
Changes that relate to future service - losses and reversals of losses on onerous contracts	368,231	-	368,231	(61,092)	171,258	-	171,258	478,397	-	478,397
Insurance acquisition cash flows										
Amortization	1,793,390	-	1,793,390	162,380	-	-	-	1,955,770	-	1,955,770
Acquisition expenses	-	-	-	-	385,455	(2)	385,453	385,455	(2)	385,453
	<u>\$ 49,825,233</u>	<u>\$ -</u>	<u>\$ 49,825,233</u>	<u>\$ 1,709,200</u>	<u>\$ 2,886,271</u>	<u>\$ 3,377</u>	<u>\$ 2,889,648</u>	<u>\$ 54,420,704</u>	<u>\$ 3,377</u>	<u>\$ 54,424,081</u>

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

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

June 30, 2026

	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Insurance contracts issued	<u>\$ 34,685,224</u>	<u>\$ 64,170,918</u>	<u>\$ 57,488,203</u>	<u>\$ 394,638,493</u>	<u>\$ 550,982,838</u>

June 30, 2025

	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Insurance contracts issued	<u>\$ 26,227,463</u>	<u>\$ 52,364,711</u>	<u>\$ 50,029,263</u>	<u>\$ 353,591,521</u>	<u>\$ 482,212,958</u>

30. INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

For the three months ended June 30, 2026

	<u>Amounts Under the General Measurement Model</u>	<u>Amounts Under the Premium Allocation Approach</u>	<u>Total</u>
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	\$ (661,749)	\$ -	\$ (661,749)
Contractual service margin recognized in profit or loss for services received	(132,416)	-	(132,416)
Changes in the risk adjustment for non-financial risk	(3,438)	-	(3,438)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(34,564)</u>	<u>(34,564)</u>
	<u>(797,603)</u>	<u>(34,564)</u>	<u>(832,167)</u>
Amounts recovered from reinsurers			
Claims and benefits recovered	406,647	12,770	419,417
Other reinsurance-related expenses incurred	123	-	123
Changes that relate to past service - adjustments to assets for incurred claims	(4,465)	101	(4,364)
Reversal of loss recovery on underlying onerous contracts	(227)	-	(227)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>930</u>	<u>-</u>	<u>930</u>
	<u>403,008</u>	<u>12,871</u>	<u>415,879</u>
Net expenses from reinsurance contracts held	<u>\$ (394,595)</u>	<u>\$ (21,693)</u>	<u>\$ (416,288)</u>

For the three months ended June 30, 2025

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	\$ (625,695)	\$ -	\$ (625,695)
Contractual service margin recognized in profit or loss for services received	(67,343)	-	(67,343)
Changes in the risk adjustment for non-financial risk	(2,077)	-	(2,077)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(47,645)</u>	<u>(47,645)</u>
	<u>(695,115)</u>	<u>(47,645)</u>	<u>(742,760)</u>
Amounts recovered from reinsurers			
Claims and benefits recovered	279,767	16,749	296,516
Other reinsurance-related expenses incurred	(5)	-	(5)
Changes that relate to past service - adjustments to assets for incurred claims	(2,034)	5,774	3,740
Reversal of loss recovery on underlying onerous contracts	2,074	-	2,074
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>(645)</u>	<u>(215)</u>	<u>(860)</u>
	<u>279,157</u>	<u>22,308</u>	<u>301,465</u>
Net expenses from reinsurance contracts held	<u>\$ (415,958)</u>	<u>\$ (25,337)</u>	<u>\$ (441,295)</u>

For the six months ended June 30, 2026

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	\$ (1,312,477)	\$ -	\$ (1,312,477)
Contractual service margin recognized in profit or loss for services received	(243,279)	-	(243,279)
Changes in the risk adjustment for non-financial risk	(6,661)	-	(6,661)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(61,558)</u>	<u>(61,558)</u>
	<u>(1,562,417)</u>	<u>(61,558)</u>	<u>(1,623,975)</u>
			(Continued)

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Amounts recovered from reinsurers			
Claims and benefits recovered	\$ 870,684	\$ 27,232	\$ 897,916
Other reinsurance-related expenses incurred	116	-	116
Changes that relate to past service - adjustments to assets for incurred claims	16,923	(49)	16,874
Reversal of loss recovery on underlying onerous contracts	(597)	-	(597)
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>(1,984)</u>	<u>(1)</u>	<u>(1,985)</u>
	<u>885,142</u>	<u>27,182</u>	<u>912,324</u>
Net expenses from reinsurance contracts held	<u>\$ (677,275)</u>	<u>\$ (34,376)</u>	<u>\$ (711,651)</u>
			(Concluded)

For the six months ended June 30, 2025

	Amounts Under the General Measurement Model	Amounts Under the Premium Allocation Approach	Total
Allocation of premiums paid			
Contracts not measured under the premium allocation approach			
Related to changes in remaining coverage			
Expected reinsurance recoveries of claims and other reinsurance-related expenses	\$ (1,235,946)	\$ -	\$ (1,235,946)
Contractual service margin recognized in profit or loss for services received	(134,267)	-	(134,267)
Changes in the risk adjustment for non-financial risk	(3,954)	-	(3,954)
Contracts measured under the premium allocation approach	<u>-</u>	<u>(97,832)</u>	<u>(97,832)</u>
	<u>(1,374,167)</u>	<u>(97,832)</u>	<u>(1,471,999)</u>
Amounts recovered from reinsurers			
Claims and benefits recovered	634,963	32,682	667,645
Other reinsurance-related expenses incurred	(8)	-	(8)
Changes that relate to past service - adjustments to assets for incurred claims	(30,750)	11,023	(19,727)
Reversal of loss recovery on underlying onerous contracts	3,083	-	3,083
Effect of changes in the non-performance risk by the issuer of reinsurance contracts held	<u>(487)</u>	<u>(46)</u>	<u>(533)</u>
	<u>606,801</u>	<u>43,659</u>	<u>650,460</u>
Net expenses from reinsurance contracts held	<u>\$ (767,366)</u>	<u>\$ (54,173)</u>	<u>\$ (821,539)</u>

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

June 30, 2026

	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Reinsurance contracts held	\$ <u>315,657</u>	\$ <u>673,424</u>	\$ <u>666,446</u>	\$ <u>8,239,791</u>	\$ <u>9,895,318</u>

June 30, 2025

	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Reinsurance contracts held	\$ <u>179,556</u>	\$ <u>402,546</u>	\$ <u>406,579</u>	\$ <u>5,062,763</u>	\$ <u>6,051,444</u>

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

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

For the three months ended June 30, 2026

	<u>Insurance Company</u>	<u>Others</u>	<u>Total</u>
Investment returns recognized in profit or loss			
Interest income	\$ 61,602,436	\$ 1,256,914	\$ 62,859,350
Loss on financial assets and liabilities at fair value through profit or loss	(54,813,510)	-	(54,813,510)
(Loss) gain on derecognition of financial assets measured at amortized cost	(18,006)	-	(18,006)
Realized gain on financial assets at fair value through other comprehensive income	2,567,753	-	2,567,753
Share of profit or loss of associates and joint ventures accounted for using the equity method	1,634,902	556,777	2,191,679
Foreign exchange (loss) gain	(4,739,449)	8,161	(4,731,288)
Net changes in foreign exchange valuation reserve	(6,985,934)	-	(6,985,934)
Gains on investment property	9,170,840	855,269	10,026,109
Expected credit loss on investments	(546,745)	(5,589)	(552,334)
Impairment loss on other investments	(1,970,000)	-	(1,970,000)
Net income on assets of insurance products in separate accounts	112,922,007	-	112,922,007
Other net investment losses	(425,729)	-	(425,729)
	<u>118,398,565</u>	<u>2,671,532</u>	<u>121,070,097</u>
Investment returns recognized in other comprehensive income	<u>284,026,987</u>	<u>(1,172,045)</u>	<u>282,854,942</u>
Total investment returns	<u>\$ 402,425,552</u>	<u>\$ 1,499,487</u>	<u>\$ 403,925,039</u>

(Continued)

	Insurance Company	Others	Total
Insurance finance income (expenses)			
Interest accretion	\$ (42,675,063)	\$ -	\$ (42,675,063)
Effect of changes in interest rates or other financial assumptions	51,812,672	-	51,812,672
Fair value of underlying items for contracts measured under the variable fee approach	<u>(49,273,359)</u>	<u>-</u>	<u>(49,273,359)</u>
	<u>\$ (40,135,750)</u>	<u>\$ -</u>	<u>\$ (40,135,750)</u>
Amount recognized in profit or loss	<u>\$ (92,000,545)</u>	<u>\$ -</u>	<u>\$ (92,000,545)</u>
Amount recognized in other comprehensive income	<u>\$ 51,864,795</u>	<u>\$ -</u>	<u>\$ 51,864,795</u>
Finance income (expenses) from reinsurance contracts held			
Interest accretion	\$ 74,427	\$ -	\$ 74,427
Effect of changes in interest rates or other financial assumptions	<u>(136,698)</u>	<u>-</u>	<u>(136,698)</u>
	<u>\$ (62,271)</u>	<u>\$ -</u>	<u>\$ (62,271)</u>
Amount recognized in profit or loss	<u>\$ 74,427</u>	<u>\$ -</u>	<u>\$ 74,427</u>
Amount recognized in other comprehensive income	<u>\$ (136,698)</u>	<u>\$ -</u>	<u>\$ (136,698)</u>
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	\$ 26,472,447	\$ 2,671,532	\$ 29,143,979
Amount recognized in other comprehensive income	<u>335,755,084</u>	<u>(1,172,045)</u>	<u>334,583,039</u>
	<u>\$ 362,227,531</u>	<u>\$ 1,499,487</u>	<u>\$ 363,727,018</u>
			(Concluded)

For the three months ended June 30, 2025

	Insurance Company	Others	Total
Investment returns recognized in profit or loss			
Interest income	\$ 48,740,354	\$ 1,026,790	\$ 49,767,144
Gain on financial assets and liabilities at fair value through profit or loss	231,126,232	-	231,126,232
(Loss) gain on derecognition of financial assets measured at amortized cost	1,926,759	-	1,926,759
Realized gain on financial assets at fair value through other comprehensive income	1,533,239	-	1,533,239
Share of profit or loss of associates and joint ventures accounted for using the equity method	115,802	701,463	817,265
Foreign exchange (loss) gain	(350,832,620)	21,561	(350,811,059)
Net changes in foreign exchange valuation reserve	(3,163,206)	-	(3,163,206)
Gains on investment property	9,211,291	1,906,577	11,117,868
Expected credit loss on investments	(169,122)	2,119	(167,003)
Impairment loss on other investments	-	(2,906)	(2,906)
Net loss on assets of insurance products in separate accounts	(31,765,821)	-	(31,765,821)
Other net investment income	<u>306,269</u>	<u>-</u>	<u>306,269</u>
	<u>(92,970,823)</u>	<u>3,655,604</u>	<u>(89,315,219)</u>
Investment returns recognized in other comprehensive income	<u>10,831,535</u>	<u>387,579</u>	<u>11,219,114</u>
Total investment returns	<u>\$ (82,139,288)</u>	<u>\$ 4,043,183</u>	<u>\$ (78,096,105)</u>
Insurance finance income (expenses)			
Interest accretion	\$ (38,310,765)	\$ -	\$ (38,310,765)
Effect of changes in interest rates or other financial assumptions	(143,370,100)	-	(143,370,100)
Fair value of underlying items for contracts measured under the variable fee approach	<u>4,768,098</u>	<u>-</u>	<u>4,768,098</u>
	<u>\$(176,912,767)</u>	<u>\$ -</u>	<u>\$(176,912,767)</u>
Amount recognized in profit or loss	<u>\$ (33,147,960)</u>	<u>\$ -</u>	<u>\$ (33,147,960)</u>
Amount recognized in other comprehensive income	<u>\$(143,764,807)</u>	<u>\$ -</u>	<u>\$(143,764,807)</u>
Finance income (expenses) from reinsurance contracts held			
Interest accretion	\$ 73,178	\$ -	\$ 73,178
Effect of changes in interest rates or other financial assumptions	<u>403,612</u>	<u>-</u>	<u>403,612</u>
	<u>\$ 476,790</u>	<u>\$ -</u>	<u>\$ 476,790</u>

(Continued)

	Insurance Company	Others	Total
Amount recognized in profit or loss	<u>\$ 73,178</u>	<u>\$ -</u>	<u>\$ 73,178</u>
Amount recognized in other comprehensive income	<u>\$ 403,612</u>	<u>\$ -</u>	<u>\$ 403,612</u>
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	\$(126,045,605)	\$ 3,655,604	\$(122,390,001)
Amount recognized in other comprehensive income	<u>(132,529,660)</u>	<u>387,579</u>	<u>(132,142,081)</u>
	<u>\$(258,575,265)</u>	<u>\$ 4,043,183</u>	<u>\$(254,532,082)</u>
			(Concluded)

For the six months ended June 30, 2026

	Insurance Company	Others	Total
Investment returns recognized in profit or loss			
Interest income	\$ 121,461,815	\$ 1,874,581	\$ 123,336,396
Loss on financial assets and liabilities at fair value through profit or loss	(82,994,803)	-	(82,994,803)
(Loss) gain on derecognition of financial assets measured at amortized cost	(550,039)	-	(550,039)
Realized gain on financial assets at fair value through other comprehensive income	7,262,980	-	7,262,980
Share of profit or loss of associates and joint ventures accounted for using the equity method	3,598,187	(231,563)	3,366,624
Foreign exchange gain	13,453,050	11,822	13,464,872
Net changes in foreign exchange valuation reserve	(17,125,178)	-	(17,125,178)
Gains on investment property	12,011,427	1,332,471	13,343,898
Expected credit loss on investments	(997,744)	(3,376)	(1,001,120)
Impairment loss on other investments	(1,970,000)	-	(1,970,000)
Net income on assets of insurance products in separate accounts	127,676,969	-	127,676,969
Other net investment losses	<u>(836,445)</u>	<u>-</u>	<u>(836,445)</u>
	<u>180,990,219</u>	<u>2,983,935</u>	<u>183,974,154</u>
Investment returns recognized in other comprehensive income	<u>266,237,206</u>	<u>(19,973)</u>	<u>266,217,233</u>
Total investment returns	<u>\$ 447,227,425</u>	<u>\$ 2,963,962</u>	<u>\$ 450,191,387</u>
			(Continued)

	Insurance Company	Others	Total
Insurance finance income (expenses)			
Interest accretion	\$ (85,084,639)	\$ -	\$ (85,084,639)
Effect of changes in interest rates or other financial assumptions	186,643,814	-	186,643,814
Fair value of underlying items for contracts measured under the variable fee approach	<u>(56,661,715)</u>	<u>-</u>	<u>(56,661,715)</u>
	<u>\$ 44,897,460</u>	<u>\$ -</u>	<u>\$ 44,897,460</u>
Amount recognized in profit or loss	<u>\$ (143,198,490)</u>	<u>\$ -</u>	<u>\$ (143,198,490)</u>
Amount recognized in other comprehensive income	<u>\$ 188,095,950</u>	<u>\$ -</u>	<u>\$ 188,095,950</u>
Finance income (expenses) from reinsurance contracts held			
Interest accretion	\$ 150,726	\$ -	\$ 150,726
Effect of changes in interest rates or other financial assumptions	<u>(432,271)</u>	<u>-</u>	<u>(432,271)</u>
	<u>\$ (281,545)</u>	<u>\$ -</u>	<u>\$ (281,545)</u>
Amount recognized in profit or loss	<u>\$ 150,726</u>	<u>\$ -</u>	<u>\$ 150,726</u>
Amount recognized in other comprehensive income	<u>\$ (432,271)</u>	<u>\$ -</u>	<u>\$ (432,271)</u>
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	\$ 37,942,455	\$ 2,983,935	\$ 40,926,390
Amount recognized in other comprehensive income	<u>453,900,885</u>	<u>(19,973)</u>	<u>453,880,912</u>
	<u>\$ 491,843,340</u>	<u>\$ 2,963,962</u>	<u>\$ 494,807,302</u>
			(Concluded)

For the six months ended June 30, 2025

	Insurance Company	Others	Total
Investment returns recognized in profit or loss			
Interest income	\$ 100,012,740	\$ 1,419,234	\$ 101,431,974
Gain on financial assets and liabilities at fair value through profit or loss	168,701,309	-	168,701,309
(Loss) gain on derecognition of financial assets measured at amortized cost	3,652,678	-	3,652,678
Realized gain on financial assets at fair value through other comprehensive income	2,269,377	-	2,269,377
Share of profit or loss of associates and joint ventures accounted for using the equity method	1,793,094	(21,266)	1,771,828
Foreign exchange loss	(305,139,764)	(23,704)	(305,163,468)
Net changes in foreign exchange valuation reserve	(14,273,065)	-	(14,273,065)
Gains on investment property	12,399,292	2,186,209	14,585,501
Expected credit loss on investments	(626,848)	(1,485)	(628,333)
Net loss on assets of insurance products in separate accounts	(36,460,994)	-	(36,460,994)
Other net investment income	<u>343,289</u>	<u>-</u>	<u>343,289</u>
	<u>(67,328,892)</u>	<u>3,558,988</u>	<u>(63,769,904)</u>
Investment returns recognized in other comprehensive income	<u>13,312,790</u>	<u>(908,043)</u>	<u>12,404,747</u>
Total investment returns	<u>\$ (54,016,102)</u>	<u>\$ 2,650,945</u>	<u>\$ (51,365,157)</u>
Insurance finance income (expenses)			
Interest accretion	\$ (79,023,795)	\$ -	\$ (79,023,795)
Effect of changes in interest rates or other financial assumptions	(127,085,946)	-	(127,085,946)
Fair value of underlying items for contracts measured under the variable fee approach	<u>6,709,795</u>	<u>-</u>	<u>6,709,795</u>
	<u>\$(199,399,946)</u>	<u>\$ -</u>	<u>\$(199,399,946)</u>
Amount recognized in profit or loss	<u>\$ (72,268,993)</u>	<u>\$ -</u>	<u>\$ (72,268,993)</u>
Amount recognized in other comprehensive income	<u>\$(127,130,953)</u>	<u>\$ -</u>	<u>\$(127,130,953)</u>
Finance income (expenses) from reinsurance contracts held			
Interest accretion	\$ 141,689	\$ -	\$ 141,689
Effect of changes in interest rates or other financial assumptions	<u>288,306</u>	<u>-</u>	<u>288,306</u>
	<u>\$ 429,995</u>	<u>\$ -</u>	<u>\$ 429,995</u>

(Continued)

	Insurance Company	Others	Total
Amount recognized in profit or loss	<u>\$ 141,689</u>	<u>\$ -</u>	<u>\$ 141,689</u>
Amount recognized in other comprehensive income	<u>\$ 288,306</u>	<u>\$ -</u>	<u>\$ 288,306</u>
Net effect of investment returns and insurance finance income (expenses)			
Amount recognized in profit or loss	<u>\$(139,456,196)</u>	<u>\$ 3,558,988</u>	<u>\$(135,897,208)</u>
Amount recognized in other comprehensive income	<u>(113,529,857)</u>	<u>(908,043)</u>	<u>(114,437,900)</u>
	<u>\$(252,986,053)</u>	<u>\$ 2,650,945</u>	<u>\$(250,335,108)</u>
			(Concluded)

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	<u>\$(217,472,686)</u>	<u>\$ (9,307,419)</u>
Unrealized gain on financial assets at fair value through other comprehensive income	<u>265,925,165</u>	<u>12,394,317</u>
Reclassification of cumulative loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	<u>(3,468,827)</u>	<u>(681,056)</u>
Reclassification of cumulative loss on disposal of equity instruments at fair value through other comprehensive income to retained earnings	<u>(85,711,294)</u>	<u>(2,103,394)</u>
Income tax related to this item	<u>(1,999,749)</u>	<u>(2,062,855)</u>
Ending balance	<u>\$ (42,727,391)</u>	<u>\$ (1,760,407)</u>

32. EQUITY

a. Share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Number of shares authorized (in thousands)	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Shares authorized	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>6,351,527</u>	<u>6,351,527</u>	<u>6,351,527</u>
Shares issued	<u>\$ 63,515,274</u>	<u>\$ 63,515,274</u>	<u>\$ 63,515,274</u>

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

b. Capital surplus

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Additional paid-in capital	\$ 89,550,000	\$ 89,550,000	\$ 89,550,000
Differences between share price and book value from acquisition or disposal of subsidiaries	29,142	29,142	29,142
Changes in amount of associates and joint ventures accounted for using the equity method	1,724,447	1,712,689	1,712,626
Share-based payments granted by the parent company to the Company's employees	<u>622,273</u>	<u>622,273</u>	<u>622,273</u>
	<u>\$ 91,925,862</u>	<u>\$ 91,914,104</u>	<u>\$ 91,914,041</u>

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in No. 37 of the Company's Article of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends also takes precedence in accordance with the dividends policy of the preferred share, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 34 d.

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

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

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

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

The Company's Board of Directors approved the proposal for the appropriation of 2025 earnings on March 11, 2026. Pursuant to Article 33 of the Regulations Governing the Provision of Various Reserves by Insurance Enterprises, an additional special surplus reserve of \$12,585,944 thousand was appropriated with the approval of the competent authority. The appropriations of earnings for 2025 and 2024 had been approved by the board of directors (on behalf of shareholders) on June 29, 2026 and April 29, 2025, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2025	2024
Legal reserve	\$ 12,561,939	\$ 13,920,324
Special reserve	50,562,801	61,025,362
Cash dividends	5,000,000	-
Cash dividends per share (NT\$)	0.79	-

d. Special reserves

	June 30, 2026	December 31, 2025	June 30, 2025
Special reserve for catastrophic events and fluctuation of risks (1)	\$ 15,803,031	\$ 15,803,031	\$ 14,967,734
Special reserve for the policy value difference reserve (2)	108,451,053	-	-
Special reserve for the foreign exchange valuation reserve (3)	67,936,097	58,134,164	58,134,164
Special reserve appropriated at the first-time adoption of IFRS Accounting Standards (4)	47,327,860	47,327,860	47,327,860
Special reserve for investment properties at fair value model in subsequent measurement (5)	157,492,303	150,432,066	150,432,066
Special reserve for gains or losses on disposal of immature debt instruments (6)	88,374,966	90,921,229	90,921,229
Others (7)	<u>201,107,032</u>	<u>184,499,083</u>	<u>183,596,423</u>
	<u>\$ 686,492,342</u>	<u>\$ 547,117,433</u>	<u>\$ 545,379,476</u>

1) Special reserve for catastrophic events and fluctuation of risks

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

a) Special reserve for catastrophic events

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

b) Special reserve for fluctuation of risks

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

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

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

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

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

	June 30, 2026		
	Insurance Contracts	Investment Contracts with Discretionary Participation Features	Total
Life insurance	\$ 82,317	\$ -	\$ 82,317
Injury insurance	5,362,187	-	5,362,187
Health insurance	6,809,566	-	6,809,566
Group insurance	<u>3,548,961</u>	<u>-</u>	<u>3,548,961</u>
	<u>\$ 15,803,031</u>	<u>\$ -</u>	<u>\$ 15,803,031</u>
	December 31, 2025		
	Insurance Contracts	Investment Contracts with Discretionary Participation Features	Total
Life insurance	\$ 82,317	\$ -	\$ 82,317
Injury insurance	5,362,187	-	5,362,187
Health insurance	6,809,566	-	6,809,566
Group insurance	<u>3,548,961</u>	<u>-</u>	<u>3,548,961</u>
	<u>\$ 15,803,031</u>	<u>\$ -</u>	<u>\$ 15,803,031</u>
	June 30, 2025		
	Insurance Contracts	Investment Contracts with Discretionary Participation Features	Total
Life insurance	\$ 84,346	\$ -	\$ 84,346
Injury insurance	5,161,645	-	5,161,645
Health insurance	6,326,163	-	6,326,163
Group insurance	<u>3,395,580</u>	<u>-</u>	<u>3,395,580</u>
	<u>\$ 14,967,734</u>	<u>\$ -</u>	<u>\$ 14,967,734</u>

2) Special reserve for policy value difference reserve

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

3) Special reserve for foreign exchange valuation reserve

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

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

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

At the first-time adoption of IFRS Accounting Standards, the Company chose to use fair values as the deemed costs of investment properties and in accordance with regulations, and the increments on property revaluation should be offset by other negative effects at the first-time adoption of IFRS Accounting Standards. The remaining increments on property revaluation should be recovered as special reserve under liabilities and the portion of increments on property revaluation used for offsetting other negative effects is recognized as retained earnings. According to Bao (Tsai) No. 10202508140, the abovementioned adjustments of retained earnings amounting to \$2,994,565 thousand should be set aside as special reserve under equity following Jin Guan Bao Tsai No. 11004920441.

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

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

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

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

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

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

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

- a) Financial assets not measured at fair value
- b) Financial assets measured at FVTOCI
- c) Financial assets measured at FVTPL using overlay approach

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

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

e. Other equity

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (9,674,688)	\$ (7,683,958)
Recognized for the period	770,276	(5,275,940)
Share of associates and joint ventures accounted for using the equity method	(998,110)	(1,172,770)
Tax effects	219,750	195,564
Other comprehensive loss recognized for the period	(8,084)	(6,253,146)
Ending balance	<u>\$ (9,682,772)</u>	<u>\$ (13,937,104)</u>

2) Unrealized loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 1,234,617	\$ (9,420,523)
Effects of redesignation of financial assets	(224,707,526)	-
Balance after redesignation of financial assets	(223,472,909)	(9,420,523)
Recognized for the period	272,620,547	12,044,738
Share of associates and joint ventures accounted for using the equity method	(681,160)	344,999
Reclassification adjustment		
Disposal of investments in debt instruments	(3,540,088)	(680,792)
Tax effects	(4,598,173)	(2,062,057)
Other comprehensive income recognized for the period	263,801,126	9,646,888
Changes in associates and joint ventures accounted for using the equity method	18,581	(490)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(85,097,181)	(2,102,116)
Ending balance	<u>\$ (44,750,383)</u>	<u>\$ (1,876,241)</u>

3) (Loss) gain on hedging instruments

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (1,596,964)	\$ (354,267)
Recognized for the period	(823,508)	588,939
Reclassification adjustment		
Hedged item that affects profit or loss	670,771	692,333
Exchange rate changes	(2,155)	16,127
Tax effects	30,967	(259,017)
Other comprehensive (loss) income recognized for the period	(123,925)	1,038,382
Ending balance	<u>\$ (1,720,889)</u>	<u>\$ 684,115</u>

4) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	<u>\$ 4,959,752</u>	<u>\$ 4,132,850</u>
Share of associates and joint ventures accounted for using the equity method	3,058	(262)
Tax effects	<u>(612)</u>	<u>52</u>
Other comprehensive income (loss) recognized for the period	<u>2,446</u>	<u>(210)</u>
Ending balance	<u>\$ 4,962,198</u>	<u>\$ 4,132,640</u>

5) Property revaluation surplus

	For the Six Months Ended June 30	
	2026	2025
Beginning and ending balance	<u>\$ 402,058</u>	<u>\$ 402,058</u>

6) Insurance finance income or expenses

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (198,290,162)	\$ (7,779,490)
Effects of redesignation of financial assets	<u>(82,000)</u>	<u>-</u>
Balance after redesignation of financial assets	<u>(198,372,162)</u>	<u>(7,779,490)</u>
Recognized for the period	188,095,950	(125,831,588)
Share of associates and joint ventures accounted for using the equity method	(1,032,178)	-
Tax effects	<u>(37,388,440)</u>	<u>25,738,751</u>
Other comprehensive income (loss) recognized for the period	<u>149,675,332</u>	<u>(100,092,837)</u>
Ending balance	<u>\$ (48,696,830)</u>	<u>\$ (107,872,327)</u>

7) Finance income or expenses from reinsurance contracts held

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	<u>\$ 479,024</u>	<u>\$ (8,596)</u>
Recognized for the period	(432,271)	288,306
Tax effects	<u>86,464</u>	<u>(57,635)</u>
Other comprehensive (loss) income recognized for the period	<u>(345,807)</u>	<u>230,671</u>
Ending balance	<u>\$ 133,217</u>	<u>\$ 222,075</u>

f. Non-controlling interests

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 1,298,168	\$ 7,114,791
Net profit attributed to non-controlling interests		
Net profit for the period	53,757	1,080,104
Other comprehensive income (loss) recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	-	(405,432)
Gain (loss) on hedging instruments	56	(2,311)
Unrealized gain on financial assets at fair value through other comprehensive income	-	573,746
Insurance finance expenses	-	(1,299,365)
Non-controlling interests arising from acquisition of subsidiaries (Note 45)	(32,813)	(310,237)
Others	<u>(25,132)</u>	<u>(79,054)</u>
Ending balance	<u>\$ 1,294,036</u>	<u>\$ 6,672,242</u>

33. EARNINGS (LOSS) PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Basic earnings (loss) per share	<u>\$ 4.54</u>	<u>\$ (10.33)</u>	<u>\$ 7.27</u>	<u>\$ (13.36)</u>

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

Net Profit (Loss) for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Earnings used in the net profit (loss) used in the computation of basic earnings (loss) per share	<u>\$ 28,803,084</u>	<u>\$ (65,614,448)</u>	<u>\$ 46,159,867</u>	<u>\$ (84,868,676)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	<u>6,351,527</u>	<u>6,351,527</u>	<u>6,351,527</u>	<u>6,351,527</u>

If reserve for foreign exchange valuation was not applicable, earnings (loss) per share would be \$5.41, \$(9.93), \$9.42 and \$(11.56) for the three months and six months ended June 30, 2026 and 2025, respectively.

34. NET PROFIT (LOSS) FOR THE PERIOD

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Financial assets at FVTOCI	\$ 33,118,339	\$ 5,741,611	\$ 64,767,189	\$ 11,775,754
Financial assets measured at amortized cost	25,489,858	39,100,336	50,541,361	80,876,254
Loans	1,677,227	1,452,915	3,283,995	2,865,706
Others	<u>2,573,926</u>	<u>3,472,282</u>	<u>4,743,851</u>	<u>5,914,260</u>
	<u>\$ 62,859,350</u>	<u>\$ 49,767,144</u>	<u>\$ 123,336,396</u>	<u>\$ 101,431,974</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
(Expected credit loss) reversal of expected credit loss from investments				
Debt instrument investments at FVTOCI	\$ (92,265)	\$ (115,471)	\$ 2,029	\$ (78,874)
Financial assets measured at amortized cost	69,928	(58,488)	165,737	(82,540)
Interest receivables	(317,769)	119,251	(746,514)	(295,781)
Loans	(211,986)	(112,295)	(421,040)	(171,138)
Other financial assets	<u>(242)</u>	<u>-</u>	<u>(1,332)</u>	<u>-</u>
	<u>(552,334)</u>	<u>(167,003)</u>	<u>(1,001,120)</u>	<u>(628,333)</u>
(Expected credit loss) reversal of expected credit loss from non-investments				
Receivables	<u>(4,151)</u>	<u>(991)</u>	<u>(5,316)</u>	<u>(6,543)</u>
	<u>\$ (556,485)</u>	<u>\$ (167,994)</u>	<u>\$ (1,006,436)</u>	<u>\$ (634,876)</u>

c. Employee benefits expense

	For the Three Months Ended June 30				2025			
	2026							
	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total
Short-term benefits								
Salaries	\$ 5,440,117	\$ 2,422,552	\$ 2,600,366	\$ 10,463,035	\$ 6,035,729	\$ 2,209,436	\$ 456,296	\$ 8,701,461
Labor and health insurance expenses	461,718	48,275	214,106	724,099	490,453	51,178	147,371	689,002
Post-employment benefits								
Defined contribution plans	254,863	17,377	70,589	342,829	274,011	19,743	37,844	331,598
Defined benefit plans (Note 28)	-	-	(13,441)	(13,441)	495	379	338	1,212
Remuneration of directors	-	-	6,073	6,073	-	-	6,538	6,538
Other employee benefits	4,090	1,899	121,659	127,648	8,378	3,127	159,082	170,587
	<u>\$ 6,160,788</u>	<u>\$ 2,490,103</u>	<u>\$ 2,999,352</u>	<u>\$ 11,650,243</u>	<u>\$ 6,809,066</u>	<u>\$ 2,283,863</u>	<u>\$ 807,469</u>	<u>\$ 9,900,398</u>

	For the Six Months Ended June 30				2025			
	2026							
	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total	Attributable to Insurance Acquisition Cash Flows	Attributable to Other Directly Attributable Costs	Attributable to Other Operating Costs and Other Operating Expenses	Total
Short-term benefits								
Salaries	\$ 11,778,086	\$ 4,529,539	\$ 5,331,355	\$ 21,638,980	\$ 11,884,187	\$ 4,223,002	\$ 3,213,712	\$ 19,320,901
Labor and health insurance expenses	1,043,108	104,785	388,331	1,536,224	985,428	99,759	405,222	1,490,409
Post-employment benefits								
Defined contribution plans	531,908	33,625	126,534	692,067	549,288	37,914	84,000	671,202
Defined benefit plans (Note 28)	-	-	(26,883)	(26,883)	987	752	685	2,424
Remuneration of directors	-	-	12,174	12,174	-	-	13,187	13,187
Other employee benefits	9,376	4,369	235,955	249,700	13,662	5,417	335,903	354,982
	<u>\$ 13,362,478</u>	<u>\$ 4,672,318</u>	<u>\$ 6,067,466</u>	<u>\$ 24,102,262</u>	<u>\$ 13,433,552</u>	<u>\$ 4,366,844</u>	<u>\$ 4,052,709</u>	<u>\$ 21,853,105</u>

As of June 30, 2026 and 2025, the total numbers of the Group's employees were 32,233 and 34,525, respectively, including 12 and 21, non-executive directors, respectively.

d. Compensation of employees and remuneration of directors and supervisors

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

In compliance with the Company's Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors and supervisors for the three months and six months ended June 30, 2026 and 2025, respectively, as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Compensation of employees	\$ 3,109	\$ 64	\$ 5,196	\$ 2,026
Remuneration of directors and supervisors	1,350	1,350	2,700	2,700

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

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

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

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

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Property and equipment	\$ 462,838	\$ 433,362	\$ 904,396	\$ 859,542
Right-of-use assets	101,648	138,738	202,875	290,107
Intangible assets	<u>493,958</u>	<u>497,810</u>	<u>988,750</u>	<u>995,051</u>
	<u>\$ 1,058,444</u>	<u>\$ 1,069,910</u>	<u>\$ 2,096,021</u>	<u>\$ 2,144,700</u>
An analysis of depreciation by function				
Attributable to insurance acquisition cash flows	\$ 88,431	\$ 107,709	\$ 173,820	\$ 212,567
Attributable to other directly attributable costs	144,067	157,053	280,753	321,727
Attributable to other operating costs and other operating expenses	<u>331,988</u>	<u>307,338</u>	<u>652,698</u>	<u>615,355</u>
	<u>\$ 564,486</u>	<u>\$ 572,100</u>	<u>\$ 1,107,271</u>	<u>\$ 1,149,649</u>
An analysis of amortization by function				
Attributable to insurance acquisition cash flows	\$ 17,584	\$ 22,553	\$ 36,064	\$ 44,653
Attributable to other directly attributable costs	11,884	13,102	23,784	25,824
Attributable to other operating costs and other operating expenses	<u>464,490</u>	<u>462,155</u>	<u>928,902</u>	<u>924,574</u>
	<u>\$ 493,958</u>	<u>\$ 497,810</u>	<u>\$ 988,750</u>	<u>\$ 995,051</u>

f. Non-operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Loss on disposal of property and equipment	\$ (57)	\$ (99)	\$ (195)	\$ (250)
Others	<u>326,292</u>	<u>738,609</u>	<u>665,806</u>	<u>1,297,789</u>
	<u>\$ 326,235</u>	<u>\$ 738,510</u>	<u>\$ 665,611</u>	<u>\$ 1,297,539</u>

35. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current period	\$ (30,970,273)	\$ (43,214,549)	\$ (31,312,378)	\$ (40,836,667)
Adjustments for prior years	(57,975)	(1,037,348)	(62,334)	(1,037,576)
Deferred tax				
In respect of the current period	26,295,950	50,918,373	22,873,918	41,380,537
Adjustments for prior years	2,225,227	(59)	2,225,227	(59)
Other				
Additional income tax under Alternative Minimum Tax Act	-	330,903	-	-
Tax effect under integrated income tax system	<u>-</u>	<u>16,950</u>	<u>-</u>	<u>-</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (2,507,071)</u>	<u>\$ 7,014,270</u>	<u>\$ (6,275,567)</u>	<u>\$ (493,765)</u>

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	\$ (2,277,166)	\$ 10,390	\$ (2,400,760)	\$ 19,090
Deferred tax				
Derecognition of equity instruments at FVTOCI	<u>2,277,166</u>	<u>(10,390)</u>	<u>2,400,760</u>	<u>(19,090)</u>
Total income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive (loss) 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 (loss) income				
Exchange differences on translation of the financial statements of foreign operations	\$ 225,912	\$ 275,325	\$ 219,750	\$ 195,564
Gain (loss) on hedging instruments	52,440	(284,611)	30,967	(259,017)
Unrealized gain or loss on equity instruments at FVTOCI	(11,390,386)	136,301	(10,112,175)	326,298
Unrealized gain or loss on debt instruments at FVTOCI	(3,881,702)	(1,001,375)	5,382,420	(2,367,756)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	149,446	4,487	337,405	(20,547)
Insurance finance income (expenses)	(10,362,152)	28,937,638	(37,594,875)	25,738,751
Reinsurance finance income (expenses)	<u>27,341</u>	<u>(80,703)</u>	<u>86,464</u>	<u>(57,635)</u>
Total income tax recognized in other comprehensive (loss) income	<u>\$ (25,179,101)</u>	<u>\$ 27,987,062</u>	<u>\$ (41,650,044)</u>	<u>\$ 23,555,658</u>

d. Income tax assessments

The tax returns through 2020 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2015, 2016, 2017, 2018 and 2019 tax returns and applied for an administrative remedy.

e. Pillar II income taxes

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

36. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Cathay Financial Holdings	The Company's parent company
Cathay Securities Investment Consulting	Subsidiary
Cathay Life (Vietnam)	Subsidiary
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
Cathaylife Singapore Pte. Ltd.	Subsidiary
Cathay Industrial R&D Center	Subsidiary
Cathay Power	Subsidiary
Sunrise Pv One	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Neo Cathay Power	Subsidiary
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Cathay Wind Power	Subsidiary
Cathay II Wind Power Holdings	Subsidiary
Jian Kun Energy	Subsidiary after November 2025
Cathay Lujiazui Life	Joint venture (subsidiary before October 2025)
Symphox Information Co., Ltd.	Joint venture
Greater Changhua NW Holdings Ltd.	Joint venture
Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture
Seaward Card Co., Ltd.	Subsidiary of joint venture
PSS Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CMG International One Co., Ltd.	Associate
CMG International Two Co., Ltd.	Associate
Generali Investments Holding S.p.A.	Associate
Conning Holdings Limited	Subsidiary of associate

(Continued)

Related Party Name	Related Party Category
Global Evolution Holding ApS	Subsidiary of associate
Yua-Yung Marketing (Taiwan) Co., Ltd.	Subsidiary of associate
Hong-Sui Co., Ltd.	Subsidiary of associate
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Century Insurance Co., Ltd.	Fellow subsidiary
Cathay Securities Corporation	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Venture Inc.	Fellow subsidiary
Cathay Insurance (Vietnam) Co., Ltd.	Subsidiary of fellow subsidiary
Indovina Bank Limited	Subsidiary of fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of fellow subsidiary
ThinkPower Information Co., Ltd.	Other related party
Private Equity Fund managed by Cathay Private Equity	Other related party
Ally Logistic Property Co., Ltd.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Food & Beverage Group Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cymbal Medical Network Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Srisawad Corporation Public Company Limited	Other related party
Cymder Co., Ltd.	Other related party prior to its dissolved due to a merger in June 2025
Yi Ru Capital Co., Ltd.	Other related party before December 2025
Yu Heng Capital Co., Ltd.	Other related party before December 2025 (Concluded)

b. Significant transactions with related parties:

1) Property transactions

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

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

Name	For the Six Months Ended June 30			
	2026		2025	
	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Tainan Shopping Center, etc.	\$ 36,097	Songjiang Changchun Building, etc.	\$ 7,196

(Continued)

Name	For the Six Months Ended June 30			
	2026		2025	
	Items	Amount	Items	Amount
Other related party				
San Ching Engineering Co., Ltd.	Taoyuan High Speed Rail Industrial District, etc.	\$ 2,107,079	Huan Yu Building, etc.	\$ 1,752,456
Ally Logistic Property Co., Ltd.	Meishi Section, Yangmei District, etc.	<u>1,476,783</u>	Taoyuan Daxi Ruixing Section, etc.	<u>743,694</u>
		<u>3,583,862</u>		<u>2,496,150</u>
		<u>\$ 3,619,959</u>		<u>\$ 2,503,346</u>
				(Concluded)

As of June 30, 2026, December 31, 2025 and June 30, 2025, the total amounts of contracted projects for real estate between the Group and Lin Yuan Property Management Co., Ltd. were \$182,176 thousand, \$65,086 thousand and \$59,717 thousand, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were \$29,148,220 thousand, \$29,170,301 thousand and \$23,426,457 thousand, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the total amounts of contracted projects for real estate between the Group and Ally Logistic Property Co., Ltd. were \$7,366,562 thousand, \$7,366,562 thousand and \$2,409,524 thousand, respectively.

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

	Rental Income			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Parent company				
Cathay Financial Holdings	<u>\$ 52,717</u>	<u>\$ 51,368</u>	<u>\$ 103,411</u>	<u>\$ 101,095</u>
Subsidiary				
Cathay Securities Investment Consulting	<u>2,569</u>	<u>2,569</u>	<u>5,139</u>	<u>5,139</u>
Joint venture				
Symphox Information Co., Ltd.	<u>8,006</u>	<u>7,853</u>	<u>15,964</u>	<u>15,700</u>
Associate and its subsidiary				
Yua-Yung Marketing (Taiwan) Co., Ltd.	19,078	16,005	37,806	32,587
Hong-Sui Co., Ltd.	13,389	9,012	26,024	17,767
Lin Yuan Property Management Co., Ltd.	12,697	9,842	22,570	17,722
PSS Co., Ltd.	<u>2,742</u>	<u>2,742</u>	<u>5,484</u>	<u>5,649</u>
	<u>47,906</u>	<u>37,601</u>	<u>91,884</u>	<u>73,725</u>
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	232,247	224,010	414,125	396,834
Cathay Century Insurance Co., Ltd.	34,486	35,483	69,012	68,953
Cathay Securities Corporation	23,824	21,615	46,480	42,783
Cathay Securities Investment Trust Co., Ltd.	18,228	15,898	36,455	31,797
				(Continued)

	Rental Income			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Cathay Venture Inc.	\$ 2,277	\$ 2,222	\$ 4,554	\$ 4,444
Cathay Futures Co., Ltd.	<u>1,741</u>	<u>1,741</u>	<u>3,481</u>	<u>3,481</u>
	<u>312,803</u>	<u>300,969</u>	<u>574,107</u>	<u>548,292</u>
Other related party				
Ally Logistic Property Co., Ltd.	317,025	258,999	645,462	517,242
Cathay Hospitality Management Co., Ltd.	51,789	51,290	116,773	121,471
Cathay Hospitality Consulting Co., Ltd.	51,670	70,647	103,326	179,232
Cathay Medical Care Corp.	37,467	54,797	76,085	105,623
Cathay Healthcare Management Co., Ltd.	28,545	27,853	57,090	55,436
Cathay Real Estate Development Co., Ltd.	4,580	4,465	9,161	8,931
San Ching Engineering Co., Ltd.	1,822	1,498	3,645	2,997
Cymlin Co., Ltd.	-	2,207	-	4,414
Cymder Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,211</u>
	<u>492,898</u>	<u>471,756</u>	<u>1,011,542</u>	<u>998,557</u>
	<u>\$ 916,899</u>	<u>\$ 872,116</u>	<u>\$ 1,802,047</u>	<u>\$ 1,742,508</u>
				(Concluded)

Name	Guarantee Deposits Received		
	December 31,		
	June 30, 2026	2025	June 30, 2025
Parent company			
Cathay Financial Holdings	<u>\$ 47,584</u>	<u>\$ 47,584</u>	<u>\$ 46,826</u>
Joint venture			
Symphox Information Co., Ltd.	<u>7,934</u>	<u>7,813</u>	<u>7,723</u>
Associate and its subsidiary			
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	15,938	13,670
Hong-Sui Co., Ltd.	12,174	12,174	7,572
Lin Yuan Property Management Co., Ltd.	12,138	10,812	8,093
PSS Co., Ltd.	<u>3,482</u>	<u>3,482</u>	<u>3,482</u>
	<u>43,732</u>	<u>42,406</u>	<u>32,817</u>
Fellow subsidiary			
Cathay United Bank Co., Ltd.	226,725	221,036	221,036
Cathay Securities Investment Trust Co., Ltd.	58,440	17,556	20,771
Cathay Century Insurance Co., Ltd.	38,541	38,733	38,040
Cathay Securities Corporation	<u>23,448</u>	<u>23,243</u>	<u>20,475</u>
	<u>347,154</u>	<u>300,568</u>	<u>300,322</u>
			(Continued)

Name	Guarantee Deposits Received		
	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Ally Logistic Property Co., Ltd.	\$ 317,761	\$ 312,282	\$ 312,121
Cathay Hospitality Management Co., Ltd.	197,175	196,021	195,328
Cathay Hospitality Consulting Co., Ltd.	191,383	190,585	189,448
Cathay Medical Care Corp.	67,077	67,906	63,251
Cathay Healthcare Management Co., Ltd.	30,923	30,923	30,103
Cathay Food & Beverage Group Co., Ltd.	8,517	8,517	8,517
Cathay Real Estate Development Co., Ltd.	4,153	4,153	4,153
Cymbal Medical Network Co., Ltd.	1,107	1,107	3,400
Cymlin Co., Ltd.	-	-	4,081
Yu Heng Capital Co., Ltd.	-	-	3,072
	<u>818,096</u>	<u>811,494</u>	<u>813,474</u>
	<u>\$ 1,264,500</u>	<u>\$ 1,209,865</u>	<u>\$ 1,201,162</u>
			(Concluded)

Lease periods and collection of rentals are in compliance with the lease contracts. Lease periods are usually between 2 to 5 years and rentals are collected on a monthly basis.

c) Lease arrangements

i. Lease liabilities

Name	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.	<u>\$ 58,943</u>	<u>\$ 7,658</u>	<u>\$ 22,866</u>
Other related party			
Cathay Real Estate Development Co., Ltd.	24,982	28,699	32,356
Yi Ru Capital Co., Ltd.	-	-	4,023
	<u>24,982</u>	<u>28,699</u>	<u>36,379</u>
	<u>\$ 83,925</u>	<u>\$ 36,357</u>	<u>\$ 59,245</u>

ii. Guarantee deposits paid

Name	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary Cathay United Bank Co., Ltd.	\$ 8,150	\$ 7,789	\$ 7,555
Other related party Cathay Real Estate Development Co., Ltd.	3,103	3,103	2,072
	<u>\$ 11,253</u>	<u>\$ 10,892</u>	<u>\$ 9,627</u>

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

Name	For the Six Months Ended June 30	
	2026	2025
Other related party ThinkPower Information Co., Ltd.	<u>\$ 9,925</u>	<u>\$ 7,124</u>

2) Shares transactions

Balance of shares issued by the related parties

Name	Nature of Transaction	June 30, 2026	December 31, 2025	June 30, 2025
Other related party Srisawad Corporation Public Company Limited	Ordinary shares	\$ 1,680,453	\$ 1,929,300	\$ 1,123,783
CDIB & PARTNERS Investment Holding Corporation	Ordinary shares	1,138,860	1,189,080	1,086,480
Cathay Real Estate Development Co., Ltd.	Ordinary shares	1,052,975	997,556	1,072,601
Daiwa - Cathay Capital Markets Co., Ltd.	Ordinary shares	<u>178,400</u>	<u>160,100</u>	<u>161,600</u>
		<u>\$ 4,050,688</u>	<u>\$ 4,276,036</u>	<u>\$ 3,444,464</u>

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

3) Cash in banks

Name	Nature of Transaction	June 30, 2026	December 31, 2025	June 30, 2025
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	\$ 3,177,721	\$ 2,134,338	\$ 2,992,364
	Demand deposit	98,916,436	75,519,320	103,792,380
	Checking deposit	366,537	572,543	345,189
	Security deposit	6	158,128	82,048
		<u>102,460,700</u>	<u>78,384,329</u>	<u>107,211,981</u>
Subsidiary of fellow subsidiary				
Indovina Bank Limited	Time deposit	3,719,298	3,522,621	5,360,817
	Demand deposit	168,691	49,104	280,547
		<u>3,887,989</u>	<u>3,571,725</u>	<u>5,641,364</u>
		<u>\$ 106,348,689</u>	<u>\$ 81,956,054</u>	<u>\$ 112,853,345</u>

For the three months and six months ended June 30, 2026 and 2025, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to \$153,310 thousand, \$137,653 thousand, \$288,767 thousand and \$237,112 thousand, respectively.

For the three months and six months ended June 30, 2026 and 2025, the interest income earned from above bank deposits in Indovina Bank Limited amounted to \$69,584 thousand, \$82,001 thousand, \$129,201 thousand and \$156,961 thousand, respectively.

4) Loans

June 30, 2026

Type	Account Volume or Name	Highest Balance for the Six Months Ended June 30, 2026	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	27	\$ 43,607	\$ 43,340	V	\$ -	Real estate	None
Self-used housing mortgage loans	111	749,637	743,943	V	-	Real estate	None
Others	44	175,540	172,546	V	-	Real estate	None
Others	Cathay Real Estate Development Co., Ltd.	100,000	100,000	V	-	Real estate	None

June 30, 2025

Type	Account Volume or Name	Highest Balance for the Six Months Ended June 30, 2025	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	13	\$ 24,028	\$ 23,892	V	\$ -	Real estate	None
Self-used housing mortgage loans	121	644,226	616,246	V	-	Real estate	None
Others	28	145,229	129,830	V	-	Real estate	None
Others	Cathay Real Estate Development Co., Ltd.	100,030	100,000	V	-	Real estate	None

For the three months and six months ended June 30, 2026 and 2025, the interest income earned from above loans to other related party amounted to \$4,663 thousand, \$4,246 thousand, \$10,247 thousand and \$8,117 thousand, respectively.

5) Balance of funds managed by related parties

Name	Item	June 30, 2026	December 31, 2025	June 30, 2025
Other related party				
Private Equity Fund	Market value	\$ 1,812,491	\$ 1,886,579	\$ 2,171,164
managed by Cathay	Cost	\$ 1,647,995	\$ 1,771,649	\$ 1,771,649
Private Equity				

6) Balance of discretionary management investments

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of associate			
Conning Holdings Limited	\$ 1,478,267,311	\$ 1,492,635,980	\$ 1,391,573,713
Global Evolution Holding ApS	23,820,568	23,206,572	20,968,625
	<u>1,502,087,879</u>	<u>1,515,842,552</u>	<u>1,412,542,338</u>
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	883,076,202	319,981,744	284,614,961
	<u>\$ 2,385,164,081</u>	<u>\$ 1,835,824,296</u>	<u>\$ 1,697,157,299</u>

7) Other receivables

Name	June 30, 2026	December 31, 2025	June 30, 2025
Joint ventures and its subsidiary			
Greater Changhua Offshore Wind Farm NW Ltd.	\$ 41,084,370	\$ 38,484,992	\$ 41,969,997
Greater Changhua NW Holdings Ltd.	63,596	62,335	-
	<u>41,147,966</u>	<u>38,547,327</u>	<u>41,969,997</u>
Fellow subsidiary and its subsidiary			
Indovina Bank Limited	339,494	269,508	380,190
Cathay Century Insurance Co., Ltd.	113,069	81,489	99,823
Cathay United Bank Co., Ltd.	62,550	69,552	71,023
Cathay Securities Investment Trust Co., Ltd.	52,493	34,913	23,950
Cathay Venture Inc.	-	-	142,932
	<u>567,606</u>	<u>455,462</u>	<u>717,918</u>
	<u>\$ 41,715,572</u>	<u>\$ 39,002,789</u>	<u>\$ 42,687,915</u>

8) Guarantee deposits paid (for future transactions)

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of fellow subsidiary Cathay Futures Co., Ltd.	\$ 1,142,312	\$ 39,713	\$ 1,496,621

For the three months and six months ended June 30, 2026 and 2025, the interest income earned from the above guarantee deposits paid in Cathay Futures Co., Ltd. amounted to \$1,072 thousand, \$2,765 thousand, \$1,072 thousand and \$4,928 thousand, respectively.

9) Guarantee deposits received and collateral

Name	June 30, 2026	December 31, 2025	June 30, 2025
Associate Lin Yuan Property Management Co., Ltd.	\$ 5,000	\$ 5,000	\$ 5,000
Other related party San Ching Engineering Co., Ltd.	2,759,251	2,659,313	2,889,399
Ally Logistic Property Co., Ltd.	2,513,104	2,576,599	2,576,599
	<u>5,272,355</u>	<u>5,235,912</u>	<u>5,465,998</u>
	<u>\$ 5,277,355</u>	<u>\$ 5,240,912</u>	<u>\$ 5,470,998</u>

10) Other payables

Name	June 30, 2026	December 31, 2025	June 30, 2025
Parent company Cathay Financial Holdings (Note)	\$ 26,721,606	\$ 998,764	\$ 20,198,318
Joint venture Symphox Information Co., Ltd.	33,773	11,576	15,851
Associate and its subsidiary Conning Holdings Limited	302,972	297,076	281,431
Lin Yuan Property Management Co., Ltd.	59,137	4,350	16,190
Global Evolution Holding ApS	23,170	22,712	20,243
	<u>385,279</u>	<u>324,138</u>	<u>317,864</u>
Fellow subsidiary Cathay Securities Investment Trust Co., Ltd.	75,082	29,404	26,403
Cathay Century Insurance Co., Ltd.	14,464	3,905	5,579
	<u>89,546</u>	<u>33,309</u>	<u>31,982</u>
	<u>\$ 27,230,204</u>	<u>\$ 1,367,787</u>	<u>\$ 20,564,015</u>

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

11) Commission payable

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Fellow subsidiary			
Cathay United Bank Co., Ltd.	<u>\$ 1,008,117</u>	<u>\$ 511,228</u>	<u>\$ 954,080</u>

12) Bonds payable

Name	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Parent company			
Cathay Financial Holdings	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>

13) Premium income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Parent company				
Cathay Financial Holdings	<u>\$ 3,395</u>	<u>\$ 2,946</u>	<u>\$ 6,539</u>	<u>\$ 4,883</u>
Fellow subsidiary				
Cathay United Bank Co., Ltd.	30,254	38,294	80,205	80,990
Cathay Century Insurance Co., Ltd.	11,798	8,799	17,703	17,599
Cathay Securities Corporation	5,191	4,662	10,384	10,009
Cathay Securities Investment Trust Co., Ltd.	<u>2,419</u>	<u>1,518</u>	<u>2,977</u>	<u>3,009</u>
	<u>49,662</u>	<u>53,273</u>	<u>111,269</u>	<u>111,607</u>
Other related party				
Cathay Medical Care Corp.	9,287	13,898	18,338	18,530
Cathay Healthcare Management Co., Ltd.	1,858	1,193	3,153	2,351
San Ching Engineering Co., Ltd.	972	1,846	2,426	3,191
Other	<u>35,610</u>	<u>35,219</u>	<u>86,751</u>	<u>62,015</u>
	<u>47,727</u>	<u>52,156</u>	<u>110,668</u>	<u>86,087</u>
	<u>\$ 100,784</u>	<u>\$ 108,375</u>	<u>\$ 228,476</u>	<u>\$ 202,577</u>

14) Fee income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Fellow subsidiary Cathay Securities Investment Trust Co., Ltd.	\$ 53,167	\$ 19,081	\$ 89,370	\$ 41,031

15) Insurance claims payments

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Parent company Cathay Financial Holdings	\$ 4,905	\$ -	\$ 4,905	\$ 5,605
Fellow subsidiary Cathay United Bank Co., Ltd.	-	-	42,383	46,118
	\$ 4,905	\$ -	\$ 47,288	\$ 51,723

16) Brokerage fee

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary of associate Conning Holdings Limited	\$ 299,690	\$ 268,406	\$ 607,039	\$ 580,985
Global Evolution Holding ApS	23,000	19,479	46,268	41,415
	322,690	287,885	653,307	622,400
Fellow subsidiary Cathay United Bank Co., Ltd.	291,097	257,417	574,153	534,121
Cathay Securities Investment Trust Co., Ltd.	229,653	110,716	419,508	227,054
	520,750	368,133	993,661	761,175
	\$ 843,440	\$ 656,018	\$ 1,646,968	\$ 1,383,575

17) Commission expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Fellow subsidiary Cathay United Bank Co., Ltd.	<u>\$ 2,687,778</u>	<u>\$ 2,444,715</u>	<u>\$ 6,270,645</u>	<u>\$ 5,687,132</u>

18) Finance costs

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Parent company Cathay Financial Holdings	<u>\$ 314,137</u>	<u>\$ 314,137</u>	<u>\$ 624,822</u>	<u>\$ 624,822</u>

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

19) Other expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Parent company Cathay Financial Holdings	<u>\$ 12,836</u>	<u>\$ 10,890</u>	<u>\$ 12,836</u>	<u>\$ 10,890</u>
Joint ventures and its subsidiary Symphox Information Co., Ltd.	66,629	61,535	131,925	121,304
Seaward Card Co., Ltd.	<u>22,271</u>	<u>22,471</u>	<u>52,228</u>	<u>46,156</u>
	<u>88,900</u>	<u>84,006</u>	<u>184,153</u>	<u>167,460</u>
Associate Lin Yuan Property Management Co., Ltd.	<u>392,428</u>	<u>302,781</u>	<u>742,122</u>	<u>609,307</u>
Fellow subsidiary Cathay United Bank Co., Ltd.	25,695	29,040	38,789	36,828
Cathay Century Insurance Co., Ltd.	17,738	5,942	149,276	151,099
Cathay Securities Investment Trust Co., Ltd.	<u>4,917</u>	<u>3,542</u>	<u>8,572</u>	<u>7,244</u>
	<u>48,350</u>	<u>38,524</u>	<u>196,637</u>	<u>195,171</u>
Other related party Cathay Healthcare Management Co., Ltd.	2,679	776	4,753	2,870
San Ching Engineering Co., Ltd.	6,375	975	7,350	1,950

(Continued)

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
ThinkPower Information Co., Ltd.	\$ 1,573	\$ 4,567	\$ 7,257	\$ 6,398
Cathay Real Estate Development Co., Ltd.	<u>1,277</u>	<u>1,827</u>	<u>2,903</u>	<u>3,014</u>
	<u>11,904</u>	<u>8,145</u>	<u>22,263</u>	<u>14,232</u>
	<u>\$ 554,418</u>	<u>\$ 444,346</u>	<u>\$ 1,158,011</u>	<u>\$ 997,060</u>

(Concluded)

20) Operating income and non-operating income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Parent company				
Cathay Financial Holdings	<u>\$ 17,139</u>	<u>\$ 20,672</u>	<u>\$ 19,465</u>	<u>\$ 22,918</u>
Fellow subsidiary and its subsidiary				
Cathay Century Insurance Co., Ltd.	224,675	247,497	462,155	459,557
Cathay United Bank Co., Ltd.	101,653	92,607	152,798	120,548
Cathay Securities Corporation	94,105	82,932	235,935	85,777
Cathay Securities Investment Trust Co., Ltd.	19,882	11,321	35,137	24,733
Cathay Insurance (Vietnam) Co., Ltd.	2,085	1,967	5,341	4,895
Cathay Futures Co., Ltd.	<u>1,199</u>	<u>2,859</u>	<u>1,262</u>	<u>5,086</u>
	<u>443,599</u>	<u>439,183</u>	<u>892,628</u>	<u>700,596</u>
Other related party				
Ally Logistic Property Co., Ltd.	3,930	255	7,462	371
Cathay Hospitality Consulting Co., Ltd.	2,465	2,373	3,697	3,560
Cathay Healthcare Management Co., Ltd.	<u>2,293</u>	<u>2,292</u>	<u>3,439</u>	<u>3,438</u>
	<u>8,688</u>	<u>4,920</u>	<u>14,598</u>	<u>7,369</u>
	<u>\$ 469,426</u>	<u>\$ 464,775</u>	<u>\$ 926,691</u>	<u>\$ 730,883</u>

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

21) Other net investment income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Associate Generali Investments Holding S.p.A.	\$ 290,224	\$ 246,526	\$ 290,224	\$ 246,526

22) Others

As of June 30, 2026, December 31, 2025 and June 30, 2025, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands of each currency):

Line Item	June 30, 2026	December 31, 2025	June 30, 2025
Sell SWAP	US\$ 1,404,000	US\$ 2,064,000	US\$ 2,290,000
Sell Forward	US\$ 100,000	US\$ 100,000	US\$ 2,100,000
Buy Forward	US\$ -	US\$ 100,000	US\$ -

c. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	\$ 14,156	\$ 16,468	\$ 31,645	\$ 52,285
Post-employment benefits	437	716	1,000	1,432
	<u>\$ 14,593</u>	<u>\$ 17,184</u>	<u>\$ 32,645</u>	<u>\$ 53,717</u>

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

37. SEPARATE ACCOUNT INSURANCE PRODUCTS ASSETS

a. The related accounts were summarized as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Separate account insurance product assets</u>			
Financial assets at FVTPL	\$ 973,501,506	\$ 828,885,964	\$ 736,895,820
Other receivables	15,882,922	9,146,603	3,580,859
Cash in bank	<u>468,031</u>	<u>524,852</u>	<u>482,328</u>
	<u>\$ 989,852,459</u>	<u>\$ 838,557,419</u>	<u>\$ 740,959,007</u>

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net income (loss) on assets on insurance products in separate accounts				
Gains on financial assets at FVTPL	\$ 116,633,370	\$ 52,991,555	\$ 117,062,622	\$ 38,451,555
Foreign exchange (loss) gain	(3,736,589)	(84,764,144)	10,563,947	(74,934,791)
Interest income	<u>25,226</u>	<u>6,768</u>	<u>50,400</u>	<u>22,242</u>
	<u>\$ 112,922,007</u>	<u>\$ (31,765,821)</u>	<u>\$ 127,676,969</u>	<u>\$ (36,460,994)</u>

For the three months and six months ended June 30, 2026 and 2025, the rebates earned from counterparties due to the business of separate account insurance products amounted to \$194,685 thousand, \$163,092 thousand, \$380,965 thousand and \$339,595 thousand, respectively, which were recorded under fee income.

b. Reconciliation of Separate Account Products Assets

	For the Six Months Ended June 30	
	2026	2025
Beginning balance of financial assets measured at FVTPL	\$ 828,885,964	\$ 774,239,033
Additions during the period	162,278,688	59,495,191
Disposals during the period	(119,014,208)	(43,603,846)
Operating expenses and expenditures	(4,638,113)	(3,969,148)
Investment gains and losses	105,989,175	(49,345,007)
Changes in subsidiaries	<u>-</u>	<u>79,597</u>
Ending balance of financial assets measured at FVTPL	<u>\$ 973,501,506</u>	<u>\$ 736,895,820</u>

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

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

39. PLEDGED ASSETS

a. The Company

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Guarantee deposits paid - government bonds	\$ 9,532,539	\$ 10,083,319	\$ 10,064,973
Guarantee deposits paid - time deposits	3,725,916	25,497,173	22,459,808
Guarantee deposits paid - demand deposits	773,438	182,511	182,511
Guarantee deposits paid - others	<u>22,542</u>	<u>22,542</u>	<u>21,320</u>
	<u>\$ 14,054,435</u>	<u>\$ 35,785,545</u>	<u>\$ 32,728,612</u>

b. Cathay Lujiazui Life

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

	<u>June 30, 2025</u>
Guarantee deposits paid - time deposits	<u>CNY 600,000</u>

c. Cathay Life (Vietnam)

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Guarantee deposits paid - time deposits	<u>VND 15,000,000</u>	<u>VND 15,000,000</u>	<u>VND 15,000,000</u>

d. Cathay Power

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

<u>Item of Asset</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>Use of Guarantee</u>
Other equipments	\$ 8,777,198	\$ 9,060,784	\$ 8,843,858	Pledge for borrowings
Time deposits	148,760	196,360	178,939	Performance securities
Demand deposits	<u>111,768</u>	<u>353,339</u>	<u>562,617</u>	Reserve accounts
	<u>\$ 9,037,726</u>	<u>\$ 9,610,483</u>	<u>\$ 9,585,414</u>	

e. Cathay Wind Power

The following assets have been provided as collateral for loans:

<u>Item of Asset</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>Use of Guarantee</u>
Investments accounted for using the equity method	\$ 11,973,133	\$ 12,203,743	\$ 3,841,430	Pledge for borrowings
Demand deposits	<u>3,042,139</u>	<u>1,052,783</u>	<u>45,123</u>	Reserve accounts
	<u>\$ 15,015,272</u>	<u>\$ 13,256,526</u>	<u>\$ 3,886,553</u>	

40. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. The Company has its own formal control and response policies to manage legal claims. Once the losses can be reasonably estimated based on professional advices, the Company will recognize the losses and adjust negative impacts on financial figures resulting from the claims.
- b. As of June 30, 2026, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT\$51,700 thousand, US\$3,275,054 thousand and EUR479,457 thousand.
- c. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company has entered into irrevocable corporate finance and consumer lending loans with the amounts as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
NTD	<u>\$ 10,078,565</u>	<u>\$ 9,657,728</u>	<u>\$ 8,508,797</u>

- d. Cathay Wind Power has entered into major agreements, including a share purchase agreement, with Ørsted Wind Power TW Holding A/S and the financing banking syndicate. Furthermore, a tripartite agreement has been signed between the Company, Cathay Wind Power Holdings and the beneficiaries. Cathay Wind Power Holdings shall have the right to require the Company to fulfill its capital injection obligations.

41. FINANCIAL INSTRUMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- 1) The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to their short maturities.

- 2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- 3) Fair value of equity instruments without an active market (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of liquidity, P/E ratio of similar entities and P/B ratio of similar entities).
- 4) Fair value of debt instruments without an active market is determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for fixed rate commercial paper published by Reuters and credit risk information).
- 5) The fair values of derivatives which are not options and without an active market is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivatives is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- 6) The Group evaluates the credit risk of the derivative contract traded over-the-counter through the following calculation. Under the assumption that the Group will not default, the Group determines their credit value adjustment by multiplying three factors, specifically probability of default, loss given default, and exposure at default, of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Group calculates their debit value adjustment by multiplying three factors, specifically probability of default, loss given default, and exposure at default, of the Group. The Group decides the estimated probability of default by referring to the probability of default announced by external credit rating agencies. The Group sets estimated loss given default at 60% by considering the experience of Jon Gregory, a scholar, and foreign financial institutions. The estimated exposure at default for current period is evaluated by considering the fair value of the derivative instruments traded at Taipei Exchange.

b. Financial instruments not measured at fair value

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

June 30, 2026

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 2,685,560,111	\$ 50,189,561	\$ 2,022,062,254	\$ -	\$ 2,072,251,815
Other financial assets	5,998,311	-	5,887,790	-	5,887,790

December 31, 2025

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

June 30, 2025

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 3,966,983,234	\$ 42,446,277	\$ 3,092,601,536	\$ -	\$ 3,135,047,813

Note: Including those serving as refundable deposits.

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. Significant unobservable inputs used in Level 3 fair value measurement were the discount rates that reflect the credit risk of counterparties and the cash flows that reflect the feature of early reimbursement.

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

1) Fair value hierarchy

Items	June 30, 2026				December 31, 2025				June 30, 2025			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>												
Assets												
Financial assets at FVTPL												
Stocks	\$ 11,747	\$ -	\$ -	\$ 11,747	\$ 451,705,647	\$ 449,258,979	\$ -	\$ 2,446,668	\$ 378,618,144	\$ 375,767,274	\$ 82,023	\$ 2,768,847
Bonds	205,809,092	-	205,809,092	-	238,987,895	-	228,039,149	10,948,746	232,655,371	1,783,946	221,342,427	9,528,998
Others	263,686,315	45,007,973	17,854,861	200,823,481	881,839,309	670,450,967	17,872,604	193,515,738	820,607,719	603,962,785	36,545,934	180,099,000
Financial assets at FVTOCI												
Stocks	821,161,972	816,389,056	-	4,772,916	149,785,713	147,756,220	-	2,029,493	169,112,026	166,993,674	-	2,118,352
Bonds (Note)	2,119,468,514	42,192,161	2,066,180,686	11,095,667	751,744,760	72,154,559	679,590,201	-	577,766,171	49,569,603	528,196,568	-
Others	624,068,281	624,068,281	-	-	-	-	-	-	-	-	-	-
<u>Derivative instruments</u>												
Assets												
Financial assets at FVTPL	6,217,631	-	6,217,631	-	14,117,276	-	14,117,276	-	112,919,516	508	112,919,008	-
Financial assets for hedging	26,415	26,415	-	-	36,010	28,289	7,721	-	5,771,006	13,349	5,757,657	-
Liabilities												
Financial liabilities at FVTPL	673,251,550	611,723,754	61,527,796	-	584,829,831	524,970,001	59,859,830	-	483,392,866	472,853,248	10,539,618	-
Financial liabilities for hedging	2,235,955	141,514	2,094,441	-	919,871	166,925	752,946	-	1,631,823	993,262	638,561	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the six months ended June 30, 2026 and 2025, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

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

	For the Six Months Ended June 30, 2026	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ 206,911,152	\$ 2,029,493
Effects of redesignation of financial assets	<u>(13,378,126)</u>	<u>13,378,126</u>
Balance after redesignation of financial assets	<u>193,533,026</u>	<u>15,407,619</u>
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	8,786,539	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	-	137,478
Loss on equity instruments at FVTOCI	-	(548,118)
Purchases	8,777,165	1,112,404
Disposals	<u>(10,261,502)</u>	<u>(240,800)</u>
Ending balance	<u>\$ 200,835,228</u>	<u>\$ 15,868,583</u>

	For the Six Months Ended June 30, 2025	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ 201,333,145	\$ 2,083,245
Recognized in profit or loss		
Loss on financial assets and liabilities at FVTPL	(13,256,441)	-
Exchange differences on translation of the financial statements of foreign operations	119,071	-
Gain on equity instruments at FVTOCI	-	35,107
Purchases	12,879,623	-
Disposals	<u>(8,678,553)</u>	<u>-</u>
Ending balance	<u>\$ 192,396,845</u>	<u>\$ 2,118,352</u>

Regarding the above amounts recognized in profit or loss for the six months ended June 30, 2026 and 2025, unrealized gains of \$3,860,623 thousand and losses of \$669,333 thousand were related to financial assets held at the end of the period, respectively.

3) Information on significant unobservable inputs applied for Level 3 fair value measurement

The significant unobservable inputs applied for recurring Level 3 fair value measurement are as follows:

June 30, 2026				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(65%)-16%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	6%-90%	The higher the dividend payout ratio, the higher the fair value estimates
December 31, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(100%)-78%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	6%-100%	The higher the dividend payout ratio, the higher the fair value estimates
June 30, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-78%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	35%-100%	The higher the dividend payout ratio, the higher the fair value estimates

4) Valuation process for Level 3 fair value measurement

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

d. Categories of financial instruments

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 475,724,785	\$ 1,586,650,127	\$ 1,544,800,750
Financial assets at FVTOCI	3,555,166,229	889,340,149	744,752,570
Measured at amortized cost			
Cash and cash equivalents (Note 1)	272,131,518	280,941,493	464,040,168
Receivables	122,352,653	105,880,746	104,730,006
Financial assets measured at amortized cost	2,670,518,348	4,079,499,577	3,936,584,079
Other financial assets	5,998,311	1,499,643	-
Loans	286,201,840	258,270,941	243,693,942
Guarantee deposits paid	29,773,346	54,876,651	52,083,675
Financial assets for hedging	26,415	36,010	5,771,006
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	673,251,550	584,829,831	483,392,866
Financial liabilities at amortized cost			
Payables (Note 2)	29,019,172	16,340,287	12,561,893
Bonds payable	209,883,844	193,603,582	191,692,184
Other financial liabilities	43,312,595	39,209,760	54,670,843
Guarantee deposits received	5,171,727	3,479,304	56,111,507
Short-term debt	1,443,777	1,484,601	1,414,335
Financial liabilities for hedging	2,235,955	919,871	1,631,823

Note 1: Cash on hand was excluded.

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

e. Financial risk management objectives and policies

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

1) Market risk

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

The Group continuously utilizes market risk management instruments such as Value at Risk (“VaR”) and Sensitivity Analysis, to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is the maximum loss on the investment portfolio due to changes in market risk factors over a given period and at a specified confidence level. Currently, the Group adopts the one-week VaR at 99% confidence levels to measure market risk.

b) Sensitivity analysis

Regarding the sensitivity of the consolidated company’s financial instruments to changes in market risk variables, please refer to Note 42 c, “Credit Risk, Liquidity Risk and Market Risk for Insurance Contracts,” subsection(3), “Market Risk,” for further information.

2) Credit risk

a) Sources of credit risk

When engaged in financial transactions, Cathay Life is exposed to credit risks, including issuer credit risk, counterparty credit risk and credit risk of underlying assets:

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

b) Concentration of credit risk

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

June 30, 2026								
Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 186,075,023	\$ 190,888	\$ 3,596,946	\$ 62,170,525	\$ -	\$ -	\$ 10,928,529	\$ 262,961,911
Financial assets at FVTPL	39,837,036	2,159,959	94,834,018	84,356,395	3,453,967	1,587,361	7,752	226,236,488
Financial assets at FVTOCI	89,620,079	293,723,725	351,039,272	1,396,199,668	129,386,182	91,304,061	110,669,383	2,461,942,370
Financial assets measured at amortized cost	59,676,010	330,805,236	325,745,914	1,449,946,609	159,144,748	246,324,576	51,412,505	2,623,055,598
Other Financial assets	<u>5,998,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,998,311</u>
	<u>\$ 381,206,459</u>	<u>\$ 626,879,808</u>	<u>\$ 775,216,150</u>	<u>\$ 2,992,673,197</u>	<u>\$ 291,984,897</u>	<u>\$ 339,215,998</u>	<u>\$ 173,018,169</u>	<u>\$ 5,580,194,678</u>
Proportion	6.9%	11.2%	13.9%	53.6%	5.2%	6.1%	3.1%	100%

Note 1: Taiwan is presented separately. Others refer to supranational organizations, such as European Investment Bank, Asian Development Bank, and International Finance Corporation (IFC).

Note 2: Beneficiary certificates classified as investments in debt instruments at FVTOCI, whose principal investments are not attributable to a single country, amounted to 237,494,726 thousand and are not included in the above regional distribution.

December 31, 2025								
Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 170,817,981	\$ 2,957,390	\$ 1,333,274	\$ 87,769,949	\$ -	\$ -	\$ 9,982,897	\$ 272,861,491
Financial assets at FVTPL	39,934,129	7,810,082	102,350,746	92,395,508	3,747,012	1,546,082	385,836	248,169,395
Financial assets at FVTOCI	22,922,032	87,983,206	100,843,590	418,959,709	40,475,212	37,082,342	28,766,810	737,032,901
Financial assets for hedging	-	2,671	5,050	-	-	-	-	7,721
Financial assets measured at amortized cost	116,297,937	534,582,830	599,665,049	2,085,763,899	281,155,862	299,497,630	126,038,104	4,043,001,311
Other Financial assets	<u>1,499,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499,643</u>
	<u>\$ 351,471,722</u>	<u>\$ 633,336,179</u>	<u>\$ 804,197,709</u>	<u>\$ 2,684,889,065</u>	<u>\$ 325,378,086</u>	<u>\$ 338,126,054</u>	<u>\$ 165,173,647</u>	<u>\$ 5,302,572,462</u>
Proportion	6.6%	11.9%	15.2%	50.7%	6.1%	6.4%	3.1%	100%

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

June 30, 2025								
Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 307,741,067	\$ 25,949,826	\$ 13,858,889	\$ 70,785,905	\$ -	\$ -	\$ 31,440,173	\$ 449,775,860
Financial assets at FVTPL	81,956,112	37,460,516	116,811,453	102,062,363	3,467,526	2,340,540	7,206,254	351,304,764
Financial assets at FVTOCI	29,484,253	67,308,846	63,516,676	261,727,211	34,213,992	28,632,093	10,089,922	494,972,993
Financial assets for hedging	-	1,184,016	2,005,358	1,795,433	-	-	772,850	5,757,657
Financial assets measured at amortized cost	<u>117,544,733</u>	<u>511,147,288</u>	<u>584,573,836</u>	<u>1,991,819,558</u>	<u>269,458,569</u>	<u>283,463,401</u>	<u>121,338,589</u>	<u>3,879,345,974</u>
	<u>\$ 536,726,165</u>	<u>\$ 643,050,492</u>	<u>\$ 780,766,212</u>	<u>\$ 2,428,190,470</u>	<u>\$ 307,140,087</u>	<u>\$ 314,436,034</u>	<u>\$ 170,847,788</u>	<u>\$ 5,181,157,248</u>
Proportion	10.4%	12.4%	15.0%	46.9%	5.9%	6.1%	3.3%	100%

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

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

June 30, 2026					
Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 193,895,612	\$ 41,794,666	\$ 49,836,646	\$ 147,430	\$ 285,674,354
Non-accrual receivables	<u>335,333</u>	<u>26,652</u>	<u>35,954</u>	<u>-</u>	<u>397,939</u>
	<u>\$ 194,230,945</u>	<u>\$ 41,821,318</u>	<u>\$ 49,872,600</u>	<u>\$ 147,430</u>	<u>\$ 286,072,293</u>
Proportion	67.9%	14.6%	17.4%	0.1%	100%

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

June 30, 2025					
Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 157,814,378	\$ 38,486,705	\$ 46,492,980	\$ 185,715	\$ 242,979,778
Non-accrual receivables	<u>344,571</u>	<u>31,175</u>	<u>44,568</u>	<u>1,077,489</u>	<u>1,497,803</u>
	<u>\$ 158,158,949</u>	<u>\$ 38,517,880</u>	<u>\$ 46,537,548</u>	<u>\$ 1,263,204</u>	<u>\$ 244,477,581</u>
Proportion	64.7%	15.8%	19.0%	0.5%	100%

iii. Categories for credit risk quality

The Company classified credit risk into low credit risk, medium credit risk, high credit risk and credit impaired. The definitions of each category are as follows:

- i) Low credit risk indicates that an entity or a subject has a robust ability to perform financial commitment. Even though it encounters material uncertainty or exposes to unfavorable conditions, its ability to perform financial commitment obligations will be kept and maintained.
- ii) Medium credit risk indicates that an entity or a subject has a weak ability to perform financial commitment. Unfavorable operational, financial or economic conditions will diminish its ability to perform financial commitment.
- iii) High credit risk indicates that an entity or a subject has a fragile ability to perform financial commitment. The capability to perform financial commitment depends on the favorability of its business environment and financial conditions.
- iv) Credit impaired indicates that an entity or a subject fails to fulfill its obligations, and the Company evaluates the potential losses and determines it as impaired.

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

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

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

The Company's definition of default on financial assets is the same as that of a credit-impaired financial asset. If one or more of the following criteria are met, a financial asset is considered defaulted and credit-impaired:

- i) Quantitative factor: When the contractual payments are overdue for more than 90 days, the financial asset is considered defaulted and credit-impaired.
- ii) Qualitative factor: An evidence indicates that the issuers or borrowers cannot pay the contractual payments, or that they have significant financial difficulties, for example:
 - The issuers or borrowers have entered into bankruptcy or are probable to enter into bankruptcy or financial reorganization.
 - The issuers or borrowers fail to pay interest or principal according to the issue terms and conditions.
 - The collateral of the borrowers had been provisionally seized or enforced.
 - The borrowers claim for a change of credit conditions due to financial difficulties.
- iii) The abovementioned definitions of default on a financial asset and a credit-impaired financial asset are applicable to all financial assets held by the Company, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.

vi. Measurement of expected credit loss

- i) The methodology and assumptions applied

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

Expected credit losses in the next 12 months and for the duration of the instrument is calculated separately for the two periods using probability of default (“PD”) of issuers, guarantee agencies or borrowers multiplied by loss given default (“LGD”) and exposure at default (“EAD”), in consideration of time value of money.

PD is the rate that a default occurs on issuers, guarantee agencies or borrowers. LGD is the loss rate that resulted from a default of issuers, guarantee agencies or borrowers. Loss given default used by the Company in impairment assessment is based on information regularly issued by Moody’s. Probability of default is based on information regularly issued by Taiwan Ratings and Moody’s and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of financial assets.

ii) Forward-looking information considerations

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

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

i) Financial assets of the Company

	June 30, 2026					
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 2,677,973,839	\$ -	\$ -	\$ -	\$ -	\$ 2,677,973,839
Financial assets measured at amortized cost	2,622,507,512	-	-	-	(810,280)	2,621,697,232
Other financial assets	6,000,000	-	-	-	(1,689)	5,998,311
Non-investment grade						
Debt instruments at FVTOCI	3,763,797	-	17,699,460	-	-	21,463,257
Financial assets measured at amortized cost	417,639	1,003,519	-	-	(62,792)	1,358,366
December 31, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 725,085,692	\$ -	\$ -	\$ -	\$ -	\$ 725,085,692
Financial assets measured at amortized cost	4,012,668,342	-	-	-	(1,501,993)	4,011,166,349
Other financial assets	1,500,000	-	-	-	(357)	1,499,643
Non-investment grade						
Debt instruments at FVTOCI	5,381,553	1,387,056	5,178,600	-	-	11,947,209
Financial assets measured at amortized cost	13,616,629	1,214,020	19,110,807	-	(2,106,494)	31,834,962

June 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 484,786,413	\$	-	\$	-	\$ 484,786,413
Financial assets measured at amortized cost	3,850,098,077		-		-	(1,543,923)
Non-investment grade						
Debt instruments at FVTOCI	5,440,600		1,526,883		3,219,097	-
Financial assets measured at amortized cost	13,427,267		1,156,612		18,197,484	-
						(1,989,543)
						30,791,820

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

ii) Secured loans and overdue receivables of the Company

June 30, 2026						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans and overdue receivables	\$ 283,016,606	\$	237,351	\$	2,818,336	\$ -
						(276,862)
						(3,895,990)
						\$ 281,899,441
December 31, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans and overdue receivables	\$ 255,523,986	\$	211,302	\$	2,990,716	\$ -
						(476,219)
						(3,275,548)
						\$ 254,974,237
June 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans and overdue receivables	\$ 240,090,296	\$	238,151	\$	4,149,134	\$ -
						(974,492)
						(2,991,940)
						\$ 240,511,149

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI of the Company

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 218,884	\$ 277,745	\$ 987,829	\$ -	\$ 1,484,458
Effects of the redesignation of financial assets	635,706	(201,920)	1,951,211	-	2,384,997
Balance after redesignation of financial assets	854,590	75,825	2,939,040	-	3,869,455
Changes due to financial instruments recognized as at January 1					
Transferred to 12-month expected credit losses	75,825	(75,825)	-	-	-
New financial assets originated or purchased	211,596	-	-	-	211,596
Financial assets that have been derecognized during the period	(33,655)	-	-	-	(33,655)
Changes in models/risk parameters	(183,563)	-	40,253	-	(143,310)
Foreign exchange and other movements	10,044	-	38,793	-	48,837
June 30, 2026	<u>\$ 934,837</u>	<u>\$ -</u>	<u>\$ 3,018,086</u>	<u>\$ -</u>	<u>\$ 3,952,923</u>

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2025	\$ 164,757	\$ 224,414	\$ 985,882	\$ -	\$ 1,375,053
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(778)	778	-	-	-
Transferred to 12-month expected credit losses	13,699	(13,699)	-	-	-
New financial assets originated or purchased	29,974	-	-	-	29,974
Financial assets that have been derecognized during the period	(29,935)	(55)	-	-	(29,990)
Changes in models/risk parameters	20,668	111,459	11,681	-	143,808
Foreign exchange and other movements	(15,916)	(22,068)	(68,914)	-	(106,898)
June 30, 2025	<u>\$ 182,469</u>	<u>\$ 300,829</u>	<u>\$ 928,649</u>	<u>\$ -</u>	<u>\$ 1,411,947</u>

ii) Financial assets measured at amortized cost of the Company

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 1,540,200	\$ 117,076	\$ 1,951,211	\$ -	\$ 3,608,487
Effects of the redesignation of financial assets	(695,055)	74,183	(1,951,211)	-	(2,572,083)
Balance after redesignation of financial assets	845,145	191,259	-	-	1,036,404
New financial assets originated or purchased	26,658	-	-	-	26,658
Financial assets that have been derecognized during the period	(177,489)	-	-	-	(177,489)
Changes in models/risk parameters	106,750	(132,078)	-	-	(25,328)
Foreign exchange and other movements	9,913	2,914	-	-	12,827
June 30, 2026	<u>\$ 810,977</u>	<u>\$ 62,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,072</u>

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2025	\$ 1,544,817	\$ 864	\$ 1,979,485	\$ -	\$ 3,525,166
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(2,098)	2,098	-	-	-
New financial assets originated or purchased	19,111	-	-	-	19,111
Financial assets that have been derecognized during the period	(468,195)	(939)	-	-	(469,134)
Changes in models/risk parameters	645,847	118,944	24,814	-	789,605
Foreign exchange and other movements	(155,538)	(1,895)	(173,849)	-	(331,282)
June 30, 2025	<u>\$ 1,583,944</u>	<u>\$ 119,072</u>	<u>\$ 1,830,450</u>	<u>\$ -</u>	<u>\$ 3,533,466</u>

iii) Other financial assets of the Company

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2026	\$ 357	\$ -	\$ -	\$ -	\$ 357
New financial assets originated or purchased	1,332	-	-	-	1,332
June 30, 2026	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,689</u>

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

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2026	\$ 59,595	\$ 3,464	\$ 413,160	\$ -	\$ 476,219	\$ 3,275,548	\$ 3,751,767
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(16)	16	-	-	-	-	-
Transferred to credit-impaired financial assets	(35)	(2)	37	-	-	-	-
Transferred to 12-month expected credit losses	972	(30)	(942)	-	-	-	-
New financial assets originated or purchased	2,561	-	1,149	-	3,710	-	3,710
Financial assets that have been derecognized during the period	(394)	-	-	-	(394)	-	(394)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	620,442	620,442
Foreign exchange and other movements	(35,767)	(446)	(166,460)	-	(202,673)	-	(202,673)
June 30, 2026	<u>\$ 26,916</u>	<u>\$ 3,002</u>	<u>\$ 246,944</u>	<u>\$ -</u>	<u>\$ 276,862</u>	<u>\$ 3,895,990</u>	<u>\$ 4,172,852</u>

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2025	\$ 51,050	\$ 4,657	\$ 1,186,186	\$ -	\$ 1,241,893	\$ 2,821,399	\$ 4,063,292
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(9)	9	-	-	-	-	-
Transferred to credit-impaired financial assets	(31)	(12)	43	-	-	-	-
Transferred to 12-month expected credit losses	1,206	(37)	(1,169)	-	-	-	-
New financial assets originated or purchased	4,585	-	9,794	-	14,379	-	14,379
Financial assets that have been derecognized during the period	(790)	-	-	-	(790)	-	(790)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	170,541	170,541
Changes in models/risk parameters	1,559	(777)	(281,772)	-	(280,990)	-	(280,990)
June 30, 2025	<u>\$ 57,570</u>	<u>\$ 3,840</u>	<u>\$ 913,082</u>	<u>\$ -</u>	<u>\$ 974,492</u>	<u>\$ 2,991,940</u>	<u>\$ 3,966,432</u>

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

ix. Exposure to credit risk and loss allowance of receivables

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

	Aging of Receivables Recognized					
	Not Yet Due/Within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Over 12 Months	Total
<u>June 30, 2026</u>						
Gross carrying amount (Note)	\$ 20,763,448	\$ 77,636	\$ 367	\$ 24	\$ 33	\$ 20,841,508
Loss rate	0%	2%	10%	50%	100%	-
Lifetime expected credit losses	-	1,553	37	12	33	1,635

Note: Notes receivable of \$397,805 thousand and other receivables of \$20,443,703 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/Within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>December 31, 2025</u>					
Gross carrying amount (Note)	\$ 17,244,413	\$ 74,083	\$ 391	\$ 130	\$ 17,319,017
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,482	39	65	1,586

Note: Notes receivable of \$29,283 thousand and other receivables of \$17,289,734 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/Within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>June 30, 2025</u>					
Gross carrying amount (Note)	\$ 18,256,492	\$ 67,093	\$ 73	\$ -	\$ 18,323,658
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,342	7	-	1,349

Note: Notes receivable of \$19,612 thousand and other receivables of \$18,304,046 thousand were included.

The loss allowance was reconciled as follows:

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 1,586	\$ 1,334
Provision for the current period	<u>49</u>	<u>15</u>
Ending balance	<u><u>\$ 1,635</u></u>	<u><u>\$ 1,349</u></u>

3) Liquidity risk analysis

a) Sources of liquidity risk

Liquidity risks of financial instruments are comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Company is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. Market liquidity risk is the risk of significant changes in fair values when the Company sells or offsets its positions during a market disorder or a lack of sufficient market depth.

b) Liquidity risk management

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

The Company uses cash flow model and stress testing to assess cash flow risk based on actual management needs or special situations. Also, for abnormal and urgent financing needs, management of the Company establishes an emergency operating procedure to deal with significant liquidity risks.

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

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

	June 30, 2026				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 49,532,054	\$ 518,313	\$ -	\$ -	\$ -
Short-term debt	1,443,777	-	-	-	-
Other financial liabilities	2,782,898	2,001,388	3,844,442	11,146,231	34,133,555
Bonds payable (Note 1)	37,018,257	4,203,494	6,258,787	18,176,361	199,885,104
Lease liabilities (Note 2)	381,396	471,505	801,784	2,101,368	31,370,016
<u>Derivative financial liabilities</u>					
SWAP	52,119,943	1,549,390	10,509,400	-	-
Forward	6,009,431	754,200	-	-	1,294,100

December 31, 2025					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 16,665,249	\$ 602,813	\$ -	\$ -	\$ -
Short-term debt	1,484,601	-	-	-	-
Other financial liabilities	1,787,539	2,181,299	3,339,120	10,106,467	34,218,542
Bonds payable (Note 1)	2,018,043	37,897,545	6,509,572	15,763,715	181,809,876
Lease liabilities (Note 2)	459,951	396,960	759,845	2,092,910	31,704,563
<u>Derivative financial liabilities</u>					
SWAP	8,663,320	38,847,818	9,152,800	-	-
Forward	15,641,333	4,315,570	138,400	-	1,190,360
June 30, 2025					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 31,554,518	\$ 515,281	\$ -	\$ -	\$ -
Short-term debt	1,414,335	-	-	-	-
Other financial liabilities	24,526,204	999,127	3,147,367	8,722,598	28,124,525
Bonds payable (Note 1)	1,527,454	3,696,831	7,659,096	15,432,289	216,655,571
Lease liabilities (Note 2)	390,963	458,370	851,107	2,233,570	32,034,802
<u>Derivative financial liabilities</u>					
SWAP	7,311,773	-	-	-	-
Forward	5,177,683	-	-	-	-

Note 1: For the bonds payable without maturity dates, the contractual cash flows were calculated on the basis of 10 years starting from the issuance date. For the bonds payable with maturity dates, the contractual cash flows were calculated on the basis of the issuance interval (10 or 15 years) starting from the issuance date.

Note 2: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 66 years.

f. Hedge accounting disclosures

Cash flow hedges

The future cash flows of the bond investments and borrowings held by the Group may fluctuate due to the changes in market interest rates and thus lead to risks. Accordingly, the Group held interest rate derivatives to hedge risks arising from the changes in interest rates. Information of hedge accounting is as follows:

1) Hedging instruments

June 30, 2026					Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	
		Assets	Liabilities		
IRS	\$ 807,497	\$ 26,415	\$ -	Financial assets for hedging	\$ (1,873)
IRS	25,246,663	-	141,514	Financial liabilities for hedging	25,412

December 31, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 830,223	\$ 28,289	\$ -	Financial assets for hedging	\$ 21,874
IRS	25,527,896	-	166,925	Financial liabilities for hedging	(143,701)
June 30, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 788,886	\$ 13,349	\$ -	Financial assets for hedging	\$ 6,934
IRS	39,413,734	-	993,262	Financial liabilities for hedging	(970,038)

2) Maturities of the nominal amount of hedging instruments and average price or rate

Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
June 30, 2026						
IRS						
Nominal principal	\$ -	\$ -	\$ -	\$ -	\$ 26,054,160	
Average fixed rate	-	-	-	-	2.23%	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
December 31, 2025						
IRS						
Nominal principal	\$ -	\$ -	\$ -	\$ -	\$ 26,358,119	
Average fixed rate	-	-	-	-	2.23%	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
June 30, 2025						
IRS						
Nominal principal	\$ -	\$ -	\$ 20,938,506	\$ -	\$ 19,264,114	
Average fixed rate	-	-	1.75%	-	2.23%	

3) Hedged items

For the Six Months Ended June 30, 2026								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate borrowings	\$ (23,539)	\$ (115,099)	N/A	\$ (56,777)	\$ -	-	\$ 80,315	-
Discontinued hedge	-	-	\$ (235,067)	-	-	-	3,181	Finance costs
For the Six Months Ended June 30, 2025								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate borrowings	\$ 963,104	\$ (979,913)	N/A	\$ (963,104)	\$ -	-	\$ -	-
Discontinued hedge	20,662	-	\$ (235,067)	29,287	(23,599)	Finance costs	3,369	Finance costs
Expected Investment	(49,949)	-	N/A	-	-	Finance costs	-	-

4) Reconciliation of equity component that applied hedge accounting and related other comprehensive income is summarized below:

For the Six Months Ended June 30		
	2026	2025
Beginning balance	\$ (288,067)	\$ (225,374)
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive loss	(56,833)	(931,506)
Changes in the values of the hedging instruments of non-controlling interests recognized in other comprehensive income (loss)	56	(2,311)
Amount reclassified from cash flow hedge reserve to profit or loss	83,496	3,369
Exchange rate changes	(2,155)	16,127
Tax effects	(4,913)	182,864
Ending balance	\$ (268,416)	\$ (956,831)

Fair value hedges

The book value of the foreign currency denominated assets held by the Group may fluctuate due to the changes in market exchange rates and thus lead to risk. Accordingly, the Group held derivative instruments related to exchange rates to reduce risks arising from changes in exchange rates. Information of hedge accounting is as follows:

1) Hedging instruments

June 30, 2026					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period
		Assets	Liabilities		
Forward	\$ 44,433,720	\$ -	\$ 2,094,441	Financial liabilities for hedging	\$ (582,540)

December 31, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period
		Assets	Liabilities		
Forward	\$ 44,433,720	\$ 7,721 -	\$ - 752,946	Financial assets for hedging Financial liabilities for hedging	\$ 3,548,209
June 30, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period
		Assets	Liabilities		
Forward	\$ 55,705,620	\$ 5,757,657 -	\$ - 638,561	Financial assets for hedging Financial liabilities for hedging	\$ 5,512,405

2) Maturities of the nominal amount of hedging instruments and average price or rate

Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>June 30, 2026</u>						
Forward						
Nominal principal	\$ -	\$ -	\$ 37,450,200	\$ -	\$ 6,983,520	
Exchange rate (USD/TWD)	-	-	31.2085	-	26.7845	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>December 31, 2025</u>						
Forward						
Nominal principal	\$ -	\$ -	\$ 9,327,400	\$ 28,122,800	\$ 6,983,520	
Exchange rate (USD/TWD)	-	-	31.0913	31.2476	26.7845	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>June 30, 2025</u>						
Forward						
Nominal principal	\$ 8,441,900	\$ 2,830,000	\$ -	\$ 37,450,200	\$ 6,983,520	
Exchange rate (USD/TWD)	28.1318	28.3000	-	31.2085	26.7845	

3) Hedged items

For the Six Months Ended June 30, 2026								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position that Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 44,433,720	\$ -	\$ 582,540	\$ -	Financial assets at amortized cost	\$ 582,540	\$ -	\$ -

For the Six Months Ended June 30, 2025								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position that Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 55,705,620	\$ -	\$ (5,512,405)	\$ -	Financial assets at amortized cost	\$ (5,512,405)	\$ -	\$ -

4) Reconciliation of equity component that applied hedge accounting and related other comprehensive income were summarized below:

	For the Six Months Ended June 30	
	2026	2025
<u>Foreign currency basis - related period</u>		
Beginning balance	\$ (1,309,229)	\$ (128,933)
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments		
recognized in other comprehensive (loss) income	(766,675)	1,520,445
Amount reclassified to profit or loss	587,275	688,964
Tax effects	<u>35,880</u>	<u>(441,881)</u>
Ending balance	<u>\$ (1,452,749)</u>	<u>\$ 1,638,595</u>

g. Offsetting of financial assets and financial liabilities

The Group engages in derivative financial instruments that do not meet the offsetting criteria of standards, but enters into master netting arrangements or other similar agreements with counterparties. Financial instruments subject to master netting arrangements or other similar agreements could be settled at net amount as agreed by both parties of the transaction, or the financial instrument should be settled at gross amount otherwise. However, if one of both parties of the transaction defaults, the other party could choose to settle the transaction at net amount.

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

June 30, 2026

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 6,217,631	\$ -	\$ 6,217,631	\$ 4,971,999	\$ 1,711,130	\$ (465,498)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 63,622,237	\$ -	\$ 63,622,237	\$ 4,971,999	\$ 8,225,757	\$ 50,424,481

December 31, 2025

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 14,153,286	\$ -	\$ 14,153,286	\$ 13,956,747	\$ 434,284	\$ (237,745)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 60,779,701	\$ -	\$ 60,779,701	\$ 13,956,747	\$ 15,040,950	\$ 31,782,004

June 30, 2025

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 118,676,665	\$ -	\$ 118,676,665	\$ 11,085,130	\$ 61,395,107	\$ 46,196,428

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 11,178,179	\$ -	\$ 11,178,179	\$ 11,085,130	\$ 122,987	\$ (29,938)

h. Other financial liabilities

Item	June 30, 2026	December 31, 2025	June 30, 2025
<u>Secured borrowings</u>			
Bank loans	\$ 42,725,013	\$ 37,501,356	\$ 54,554,843
<u>Unsecured borrowings</u>			
Bank loans	587,582	1,708,404	116,000
	<u>\$ 43,312,595</u>	<u>\$ 39,209,760</u>	<u>\$ 54,670,843</u>
Borrowing rate	2.10%-3.91%	2.05%-3.91%	2.05%-3.91%

The amount of capitalized borrowing costs was \$12,707 thousand as of June 30, 2026, and the rate for the amount of borrowing costs that meet the capitalized conditions was determined to be 2.10% to 2.74%.

The secured borrowings of Cathay Wind Power, Cathay Power and its subsidiaries were secured by NTD demand deposits, time deposits, other equipment and investments accounted for using the equity method. Refer to Note 39.

Cathay Wind Power entered into a bank loan with First Commercial Bank, CTBC bank, HSBC bank, DBS bank and other financial institutions. According to the loan agreement, when Cathay Wind Power makes new drawdowns, the debt ratio should not exceed 300% and debt service coverage ratios should be higher than 1.25 times after starting operation.

42. RISK MANAGEMENT AND INSURANCE RISK INFORMATION

a. Risk management objectives, policies, procedures and methods

1) Objectives of risk management

The Company's risk management policy aims to promote operational efficiency, ensure asset safety, increase shareholders' value, and comply with applicable domestic and overseas laws and regulations for the purpose of steady growth and sustainable management.

2) Framework, organizational structure and responsibilities of risk management

a) The board of directors

- i. The board of directors should establish appropriate risk management framework and culture, ratify appropriate risk management policy and review it regularly, and allocate resources in the most effective manner.
- ii. The board of directors and senior management should consistently promote, execute risk management and keep the consistency of the operational objectives of the Company as well as operational strategies and operations management.
- iii. The board of directors should review risk appetite on a yearly basis and make adjustments as deemed appropriate.

- iv. The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
 - v. The board of directors should delegate authority to risk management department to deal with violation to risk limits by other departments.
- b) Risk management committee
- i. The committee should propose the risk management policies, framework and organizational functions and establish quantitative and qualitative risk management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly and making necessary suggestions for improvement.
 - ii. The committee should execute the risk management policies set by the board of directors and review the development, build-up and performance of overall risk management mechanisms regularly.
 - iii. The committee should assist and monitor the risk management activities.
 - iv. The committee should assist in the review of the risk limit development process.
 - v. The committee should arrange the risk category, risk limit allocation and risk taking according to the changes in environment.
 - vi. The committee should enhance cross-department interaction and communication.
- c) Chief risk officer
- i. The chief risk officer should maintain independence. Besides a position directly related to risk management and without conflict of interest, the chief risk officer should not hold a position in the Company.
 - ii. The chief risk officer should be able to access any business information which may have an impact on risk overview of the Company.
 - iii. The chief risk officer should be in charge of overall risk management of the Company.
 - iv. The chief risk officer should participate in the Company's important decision-making process and, as appropriate, provide opinions from a risk management perspective.
- d) Risk management department
- i. The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently to business units.
 - ii. The department should perform the following functions with regard to different business activities:
 - i) Propose and execute the risk management policies set by the board of directors.
 - ii) Propose the risk limits based on risk appetite.
 - iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.

- iv) Regularly present risk management reports.
- v) Regularly review the risk limits and usage status of each business unit and deal with the violation of the business units authorized by the board of directors.
- vi) Assist to execute stress testing.
- vii) Execute back testing if necessary.
- viii) Other risk management related issues.

e) Business units

- i. Each business unit should assign a risk management coordinator to assist in execution of the risk management of each business unit.
- ii. The duties of the risk management include the following:
 - i) Identify and measure risks and report risk exposures and potential impacts on time.
 - ii) Regularly review the risks and their limits and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.
 - iii) Assist to develop the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.
 - iv) Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.
 - v) Assist to collect data related to operational risk.
 - vi) Manager of a business unit is responsible for daily risk management and risk reporting of the unit, if necessary, and takes necessary actions to mitigate such risks.
 - vii) Manager of a business unit should supervise the unit to submit risk management information regularly to the risk management department.

f) Audit department

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

g) Subsidiary

Each subsidiary's risk management department or related unit should develop risk management policies based on the nature of its business and needs, periodically submit risk management reports to the Company's risk management unit for consolidation, and report to the Company's risk management committee for future reference.

3) Range and nature of risk assessment or risk reporting

The Company's risk management procedures include risk identification, risk measurement, risk management mechanisms, and risk management reporting. The Company sets its management standards for market risk, credit risk, country risk, liquidity risk, operational risk, insurance risk, asset and liability matching risk, capital adequacy, information security risk, personal data risk, emerging risk, ESG risk, reputation risk, and group risk. The Company also develops methods of assessment and evaluation, monitors its risks and regularly provides the risk management reports.

a) Market risk

Market risk is the risk that changes in financial market prices may adversely affect the Company. The Company adopts measurement indicators for market risk based on VaR and reviews regularly. In addition, the Company performs back testing to ensure the accuracy of the market risk model regularly. Furthermore, the Company applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly. In response to the implementation of foreign exchange valuation reserve, the Company determines the ceiling of foreign exchange risk, implements warning system and monitors foreign exchange risk regularly.

b) Credit risk

Credit risk is the risk of loss arising from a counterparty's or debtor's failure to fulfill contractual obligations, resulting in adverse impacts on the Company. The Company applies credit rating, credit concentration and VaR of credit as measurement indicators which are reviewed regularly. Furthermore, the Company applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly.

c) Country risk

Country risk is the risk that the Company may incur losses on its loans, financial investments and long-term investments in a specific country as a result of market price fluctuation or default of security issuers or debtors stemming from economic, domestic, and geopolitical changes. The Company adopts measurement indicators for country risk, which are calculated by total investments in a certain country or specific area divided by total foreign investments or adjusted net assets. The Company reviews and adjusts the indicator on a regular basis.

d) Liquidity risk

Liquidity risk is comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Company is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. The Company has established measurement indicators of funding liquidity risk and reviews the indicators regularly. In addition, a funding reporting system has been established under which the risk management department manages funding liquidity based on the information provided by relevant business units. Furthermore, the cash flow analysis model has been applied and monitored regularly, and improvements should be made once unusual events occur. The cash flow analysis model is also applied to set the annual assets allocation plan to maintain appropriate liquidity of assets. Market liquidity risk is the risk of significant changes in fair values when the Company sells or offsets its positions during a market disorder or a lack of sufficient market depth. The Company has established a liquidity threshold for investment positions. Each investment department evaluates the market trading volumes and adequacy of positions held according to the features and objectives of its investment positions.

e) Operational risk

Operational risk is the risk caused by improper conduct or errors of internal process, personnel, system or external issues that lead to losses. Operational risk includes legal risk but excludes strategic risk and reputation risk. The Company has set the standard operating procedures based on the nature of the business and established reporting system for loss events of operation risk as well as to collect and manage information with respect to losses resulting from operational risk. To maintain the Company's operation and ability to provide customer services while minimizing the losses under a major crisis, the Company has established business continuity management system, emergency handling mechanism and information system damage responses.

f) Insurance risk

The Company assumes certain risks which is transferred from policyholders after the collection of premiums from policyholders, and the Company may bear losses due to unexpected changes when paying claims and related expenses. This risk is involved with policy design and pricing risk, underwriting risk, reinsurance risk, catastrophe risk, claim risk and reserve-related risk.

g) Asset and liability matching risk

This risk resulted from the differences between the changes in values of assets and those of liabilities. The Company measures the risk with capital costs, duration, cash flow management and scenario analysis.

h) Capital adequacy

The Company regards capital adequacy ratio and net worth ratio as management indicators for capital adequacy. The capital adequacy ratio is the total capital of the Company divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The net worth ratio is the Company's equity divided by the total assets excluding the total assets recorded in assets of segregated account insurance products. Both the capital adequacy ratio and the equity ratio shall be calculated based on the standalone financial statements.

i) Risk of information security

The risk of information security refers to the damage resulted from confidentiality, completeness and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking information asset. The Company has a security management policy to reduce the impact of information security incidents and report to the Board regularly on the overall implementation of information security and the trend of information security risks.

j) Risk of personal data

The risk of personal data refers to the damage caused by stealing, tampering, damaging, losing or leaking personal data. The Company has a personal data management policy to reduce the impact of personal data damages.

k) Emerging risks

Emerging risks refer to risks that are not currently revealed but may arise as a result of the changes of the environment, usually due to changes in politics, regulations, markets or the natural environment. The Company conducts emerging risk management operations by reference to authority organizations, benchmarking enterprise reports, regularly identifying and measuring emerging risks as well as assessing risk response and control mechanism, and reports the status of emerging risk to senior management every year, which is incorporated into the risk management business implementation report and delivered to the Risk Management Committee for deliberation.

l) ESG risks

ESG risks include environmental (issues such as climate and nature), social and corporate governance risks. Climate and nature risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate changes and environmental changes, including transformation risk (a wide range of risks resulting from the trend of a low-carbon economy or emphasis on environmental sustainability, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to immediacy extreme weather events, long-term climate pattern change or degradation of natural systems). The Company has established relevant risk indicators, implements management mechanisms such as risk monitoring, scenario analysis, and stress testing, and regularly prepares risk management reports.

m) Reputation risks

Reputation risks refer to risks caused by misconduct or negative reports from the media, leading to the damage to brands and shareholders' equity and potentially having adverse effects on the Company's reputation. The Company has reputation risk management policies, assesses the risk, takes relevant measures, and implements procedures such as stakeholder communication as a response.

n) Group risks

Group risk refers to the risk that the financial condition of the entire group or any member within the group may be adversely affected by events occurring at the group level, events affecting a specific group member, or events arising from the external environment. The Company has established group risk management guidelines to identify other group members, manage risks arising from significant interrelationships, and oversee the implementation of risk management by its subsidiaries.

4) The process of assuming, measuring, monitoring and controlling risks and the underwriting policies to determine the proper risk classification and premium levels

a) The process of assuming, measuring, monitoring and controlling insurance risks

- i. Stipulate the Company's insurance risk management standards including the definitions and range of risks, management structure, risk management indicators and other risk management measures.
- ii. Establish methods to evaluate insurance risks.
- iii. Regularly provide the insurance risk management report as a reference for monitoring insurance risk and for developing insurance risk management strategies.

- iv. Regularly summarize the results of implementing risk management policies and report to the risk management committee and risk management division of Cathay Financial Holdings. When an exceptional insurance risk event occurs, the related departments should propose corresponding solutions to the risk management committee of the Company.
- b) The underwriting policies to determine proper risk classification and premium levels
- i. Underwriters should comply with the rules of financial underwriting. For underwriting a new policy of an existing policyholders, the underwriter should consider previous information as well as the exceptional cases from the insurance notification database and total insured amounts in insurance enterprises, to check if the number of policies, the insured amounts and the premiums are reasonable and affordable according to the policyholder's financial resources and socioeconomic status and to determine if the policyholder is capable of paying renewal premiums.
 - ii. The Company has set up an underwriting team to deal with controversial cases with regard to new contracts and to interpret relevant underwriting standards.
 - iii. The Company has set up insurance contract approval procedures for high-value policies to enhance risk management over high-value policies and avoid adverse selection and moral hazard.
- 5) The scope of insurance risk assessment and management from a company-wide perspective
- a) Insurance risk assessment covers the following risks:
- i. Product design and pricing risk: The risk arises from improper design of products, inconsistent terms and conditions and pricing or unexpected changes.
 - ii. Underwriting risk: Unexpected losses arise from solicitation activities, underwriting and approval activities, other expenditure activities, etc.
 - iii. Reinsurance risk: This risk occurs when a company fails to reinsure the excess risk over the limits or a reinsurer fails to fulfill its obligations such that premiums, claims or expenses cannot be reimbursed.
 - iv. Catastrophe risk: This risk arises from accidents which lead to considerable losses in one or more categories of insurance and the aggregate amount of such losses is huge enough to affect the Company's credit rating or solvency.
 - v. Claim risk: The risk arising from improper operations or negligence in the process of handling claims by insurance enterprises.
 - vi. Reserve-related risk: This risk occurs when the Company does not have sufficient reserves to fulfill its obligations owing to underestimation of its liabilities.
- b) The scope of management of insurance risk
- i. Develop a risk control framework of the Company's insurance risk to empower related development to execute risk management.
 - ii. Establish the Company's insurance risk management standards including the definitions and types of risks, management structure, risk management indicators and other risk management measures.

- iii. Develop related response in consideration of the Company's growth strategy and changes in the domestic and global economic and financial environments.
 - iv. Determine methods to measure insurance risks.
 - v. Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategy.
 - vi. Other insurance risk management issues.
- 6) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

The Company limits or transfers insurance risk exposure and avoids inappropriate concentration risk mainly through the reinsurance management plan which is developed considering the Company's risk taking ability, risk profiling and legal issues factors to determine whether to retain or cede a policy. In order to maintain safety of risk transfer and to control the risk of reinsurance transactions, the Company has established reinsurer selection standards.

7) Asset/liability management

- a) The Company established an asset/liability management committee to improve the asset/liability management structure, ensure the application of the asset/liability management policy and review the performance from strategy and practice aspect on a regular basis to reduce all types of risks the Company faces.
 - b) Authorized departments review the measurement of asset/liability matching risk and regularly report to the asset/liability management committee, risk management committee of the Company and risk management division of Cathay Financial Holdings.
 - c) When an exceptional situation occurs, the related departments should propose reactions to the asset/liability management committee, the risk management committee of the Company and the risk management division of Cathay Financial Holdings.
- 8) The procedures to manage, monitor and control a special event for which the Company is committed to assuming additional liabilities or funding addition capital

Pursuant to the applicable laws and regulations, the Company's capital adequacy ratio and net worth ratio should be higher than a certain number. In order to enhance the Company's capital management and to maintain a proper capital adequacy ratio and net worth ratio, the Company has established a set of capital adequacy management standards as follows:

- a) Capital adequacy management
 - i. Regularly provide capital adequacy management reports and analysis to the finance department of Cathay Financial Holdings.
 - ii. Regularly provide the analysis report to the risk management committee.
 - iii. Conduct simulation analyses on significant fund utilization, changes in the financial environment, and amendments to applicable laws and regulations, to assess their impact on capital adequacy, as reflected in capital adequacy ratio and net worth ratio.

- iv. Regularly review capital adequacy ratio, net worth ratio and related control standards and, in coordination with the risk management unit, conducts own risk and solvency assessment to ensure a solid capital adequacy management.
- v. During the transitional period, the Company regularly reports to the Board of Directors on the actual implementation status of the transitional insurance product strategy, earnings retention plan, and capital strengthening measures plan as approved by the competent authority.

b) Exception management process

When capital adequacy ratio or net worth ratio exceeds the internal risk control criteria or other exceptions occur, the Company is required to notify the risk management department and the finance department and the risk management division of Cathay Financial Holdings, and submits the analysis report and actions.

9) Policies for hedge or mitigation of risk and monitoring procedures on continuous effectiveness of hedging instruments

- a) The Company enters into derivative transactions to reduce market risk and credit risk of its asset positions, including stock index options, index futures, individual stock futures, interest rate futures, IRS, forwards, CCS and credit default swaps to reduce the equity risk, interest rate risk, cash flow risk, foreign exchange risk and credit risk from the Company's investments. In addition, bond forward contracts are used as hedging instruments for expected investments to manage the risk of future bond purchase prices being affected by interest rate fluctuations and are accounted for in accordance with hedge accounting. The effective portion of the hedge is measured at FVTOCI, while the ineffective portion is measured at FVTPL.
- b) Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk-taking abilities. The Company executes hedge and exercises authorized financial instruments to adjust the overall risk level to the tolerance levels based on the market dynamics, business strategies, the characteristics of products and risk management policies.
- c) The Company assesses and reviews the effectiveness and correlation of the hedge instruments and hedged items regularly. The assessment report is issued and forwarded to the board of directors or to the management which is delegated by the board of directors; meanwhile, a copy of the assessment report is delivered to the audit department for future reference.

10) The policies and procedures against the concentration of credit and investment risks

Considering the credit risk factors, the Company has set up the measurement indicators for credit and investment positions by countries, industries and business groups. When the limits of credit and investments are reached or breached as a result of any increase of the credit line or investment, the Company shall not grant loans or make investment in general. However, if the Company has to undertake the business under certain circumstances, the Company shall follow the internal regulations, including but not limited to "Guidelines for sovereign risk management", "Guidelines for securities investment risk limit" and "Guidelines for credit and investment risk management on conglomerate and other juristic person institute".

b. Information on insurance risk

1) Sensitivity of insurance risk

The sensitivity testing of insurance risk is performed by applying stress tests to key actuarial assumptions, including mortality, morbidity, expense rates, and lapse rates, to assess the impact on profit or loss before tax and equity. However, considering the relevant risk management mechanisms in place and that no significant changes in actuarial assumptions occurred during the interim reporting period, the Group did not separately quantify a sensitivity analysis for the interim period. Instead, the Group fully discloses the insurance risk sensitivity analysis in the annual financial statements in conjunction with the annual update of actuarial assumptions. This approach is considered sufficient to reflect the material impact of insurance risk on the Group's financial position and is consistent with the principles of relevance and cost-effectiveness in financial reporting.

2) Concentration of insurance risks

The table below presents the Group's analysis of concentration of insurance risk by line of business.

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Groups of insurance contracts issued</u>			
Traditional life insurance and others	\$ 6,125,620,876	\$ 6,309,181,279	\$ 6,277,608,732
Health insurance	559,316,278	553,452,994	510,329,251
Investment-linked insurance	356,664,702	292,606,471	246,700,194
Annuity insurance	4,741,596	5,077,208	5,430,350
Group insurance	<u>1,723,905</u>	<u>1,614,852</u>	<u>1,941,297</u>
	<u>\$ 7,048,067,357</u>	<u>\$ 7,161,932,804</u>	<u>\$ 7,042,009,824</u>

3) Claim development trend

a) The Company

i. Direct business development trend

Accident Year	Development Year							Incurred Claims Liabilities
	1	2	3	4	5	6	7	
2019Q3-2020Q2	\$ 36,712,137	\$ 46,740,412	\$ 47,904,888	\$ 48,227,936	\$ 48,485,306	\$ 48,625,807	\$ 48,681,686	\$ -
2020Q3-2021Q2	38,907,366	48,579,128	49,794,706	50,130,459	50,323,798	50,442,579	50,500,221	57,757
2021Q3-2022Q2	38,560,896	49,453,369	50,735,865	51,356,150	51,531,293	51,701,584	51,719,135	188,217
2022Q3-2023Q2	43,105,955	55,047,395	56,593,455	56,960,509	57,355,548	57,387,717	57,407,430	447,815
2023Q3-2024Q2	45,587,945	58,509,460	60,016,460	60,669,387	60,804,763	60,839,198	60,860,381	845,609
2024Q3-2025Q2	47,854,802	61,010,936	62,810,282	63,090,016	63,296,340	63,381,421	63,403,929	2,397,778
2025Q3-2026Q2	49,714,380	62,604,313	64,161,023	64,555,396	64,824,917	64,980,258	65,053,212	15,369,510
Total								\$ 19,306,686
Impact of the risk adjustment for non-financial risk								658,833
Other incurred claims liabilities								<u>20,098,035</u>
Total incurred claims liabilities for direct business								<u>\$ 40,063,554</u>

ii. Retained business development trend

Accident Year	Development Year							Incurred Claims Liabilities
	1	2	3	4	5	6	7	
2019Q3-2020Q2	\$ 36,712,137	\$ 46,740,412	\$ 47,904,888	\$ 48,227,936	\$ 48,485,306	\$ 48,625,807	\$ 48,681,686	\$ -
2020Q3-2021Q2	38,907,366	48,579,128	49,794,706	50,130,459	50,323,798	50,442,579	50,500,221	57,757
2021Q3-2022Q2	38,560,896	49,453,369	50,735,865	51,356,150	51,531,293	51,701,584	51,719,135	188,217
2022Q3-2023Q2	43,105,955	55,047,395	56,593,455	56,960,509	57,355,548	57,387,717	57,407,430	447,815
2023Q3-2024Q2	45,587,945	58,509,460	60,016,460	60,669,387	60,804,763	60,839,198	60,860,381	845,609
2024Q3-2025Q2	47,854,802	61,010,936	62,810,282	63,090,016	63,296,340	63,381,421	63,403,929	2,397,778
2025Q3-2026Q2	49,714,380	62,604,313	64,161,023	64,555,396	64,824,917	64,980,258	65,053,212	15,369,510
Total								\$ 19,306,686
Less: Ceded reinsurance share of claims not yet reported and unpaid								(341,201)
Impact of the risk adjustment for non-financial risk								649,897
Other incurred claims liabilities								18,097,073
Total incurred claims liabilities for retained business								<u>\$ 37,712,455</u>

Note: Retained business equals direct business plus assumed reinsurance business less ceded reinsurance business.

The Company recognizes claims paid and reported claims, and, after considering related expenses, provides for incurred but not reported claims. In addition, reported but unpaid claims are provided for on a case-by-case basis, with consideration given to the effect of risk adjustment for non-financial risk. The aggregate of these amounts constitutes the liability for incurred claims. The recognition of such liabilities involves significant uncertainty, estimation, and judgment, and is therefore highly complex. Any changes in estimates or judgments are accounted for as changes in accounting estimates, with the resulting effects recognized in profit or loss for the current period. Certain claims may be reported to the Company with a delay. Furthermore, the estimation of the expected settlement amounts for IBNR claims involves extensive reliance on historical claims experience and subjective judgment. Accordingly, it cannot be assured that the claims provisions estimated as of the balance sheet date will ultimately equal the final settlement amounts of the claims. The carrying amount of the liability for incurred claims is estimated based on currently available information; however, the ultimate outcome may differ from the original estimates due to subsequent developments in the claims.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in the specific accident year and the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in the specific accident year. The circumstances and trends affecting the provision of loss reserve in current year may differ in the future; therefore, the expected future payments cannot be determined by this table.

b) Cathay Life (Vietnam)

i. Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021Q3-2022Q2	\$ 46,681	\$ 52,781	\$ 52,781	\$ 52,904	\$ 52,904
2022Q3-2023Q2	87,418	99,229	99,229	99,229	99,229
2023Q3-2024Q2	78,180	90,835	90,836	90,890	90,890
2024Q3-2025Q2	88,244	102,641	102,667	102,729	102,729
2025Q3-2026Q2	86,062	98,694	98,719	98,778	98,778

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021Q3-2022Q2	\$ 46,681	\$ 52,781	\$ 52,781	\$ 52,904	\$ 52,904
2022Q3-2023Q2	87,418	99,229	99,229	99,229	99,229
2023Q3-2024Q2	78,180	90,835	90,836	90,890	90,890
2024Q3-2025Q2	88,244	102,641	102,667	102,729	102,729
2025Q3-2026Q2	86,062	98,694	98,719	98,778	98,778

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in a specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in a specific accident year.

Cathay Life (Vietnam) provides loss reserve for claims filed but not paid and claims not yet filed, claims reserves are established after considering the impact of the risk adjustment for non-financial risk. Reserve for claims not yet filed is estimated by multiplying the loss ratio of earned premiums by loss ratio based upon the past loss experiences instead of loss triangle method, which was approved by local authorities in Vietnam; therefore, provision for loss reserve is not determined by the above table. Estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments.

c. Credit risk, liquidity risk, and market risk for insurance contracts

1) Credit risk

The credit risk of the Group's insurance contracts primarily arises from the risk of financial loss resulting from reinsurers' failure to fulfill their obligations under reinsurance contracts, resulting in impairment of the Group's reinsurance assets.

To reduce reinsurer credit risk, the Group prudently selects reinsurance counterparties in accordance with the Group's Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers and periodically reviews their credit standing to ensure compliance with relevant regulatory requirements and reduce potential risks.

Information on the credit quality of reinsurance contracts held that are assets is as follows:

	June 30, 2026			
	AAA	AA	A	Total
Carrying amount of reinsurance contract held assets	\$ -	\$ 30,488,743	\$ 868,422	\$ 31,357,165

	December 31, 2025			
	AAA	AA	A	Total
Carrying amount of reinsurance contract held assets	\$ -	\$ 31,522,326	\$ 879,609	\$ 32,401,935

	June 30, 2025			
	AAA	AA	A	Total
Carrying amount of reinsurance contract held assets	\$ -	\$ 30,976,497	\$ 837,382	\$ 31,813,879

2) Liquidity risk

The table below presents the maturity analysis of groups of insurance contract liabilities. It is prepared based on the undiscounted estimated future cash flows, and excludes amounts related to the liability for remaining coverage of insurance contracts that are measured under the premium allocation approach.

June 30, 2026

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 142,706,363	\$ 96,190,603	\$ 131,919,677	\$ 164,662,658	\$ 200,125,006	\$ 19,404,609,694	\$ 20,140,214,001
Reinsurance contract held liabilities	596,023	512,271	527,249	533,459	540,148	32,014,319	34,723,469
	<u>\$ 143,302,386</u>	<u>\$ 96,702,874</u>	<u>\$ 132,446,926</u>	<u>\$ 165,196,117</u>	<u>\$ 200,665,154</u>	<u>\$ 19,436,624,013</u>	<u>\$ 20,174,937,470</u>

December 31, 2025

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 177,205,381	\$ 103,409,770	\$ 122,518,302	\$ 148,290,031	\$ 194,012,727	\$ 19,214,989,663	\$ 19,960,425,874
Reinsurance contract held liabilities	531,003	443,183	463,593	484,863	478,770	31,603,110	34,004,522
	<u>\$ 177,736,384</u>	<u>\$ 103,852,953</u>	<u>\$ 122,981,895</u>	<u>\$ 148,774,894</u>	<u>\$ 194,491,497</u>	<u>\$ 19,246,592,773</u>	<u>\$ 19,994,430,396</u>

June 30, 2025

Cash Outflows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Insurance contract liabilities	\$ 123,484,239	\$ 111,342,283	\$ 120,073,337	\$ 144,011,278	\$ 171,901,534	\$ 18,800,271,401	\$ 19,471,084,072
Reinsurance contract held liabilities	652,515	443,830	446,564	465,629	483,789	28,154,130	30,646,457
	<u>\$ 124,136,754</u>	<u>\$ 111,786,113</u>	<u>\$ 120,519,901</u>	<u>\$ 144,476,907</u>	<u>\$ 172,385,323</u>	<u>\$ 18,828,425,531</u>	<u>\$ 19,501,730,529</u>

Note: The effects of including the subsidiaries in the consolidated disclosures are considered immaterial; therefore, the relevant information of the subsidiaries is not separately disclosed.

The table below illustrates the relationship between the amount payable on demand and the carrying amount of the groups of insurance contracts.

	June 30, 2026		December 31, 2025		June 30, 2025	
	The Amount Payable on Demand	Carrying Amount	The Amount Payable on Demand	Carrying Amount	The Amount Payable on Demand	Carrying Amount
Groups of insurance contracts issued that are liabilities	<u>\$ 5,473,232,010</u>	<u>\$ 7,041,769,723</u>	<u>\$ 5,363,036,024</u>	<u>\$ 7,156,319,706</u>	<u>\$ 5,196,265,223</u>	<u>\$ 6,890,231,825</u>

Note: The effects of including the subsidiaries in the consolidated disclosures are considered immaterial; therefore, the relevant information of the subsidiaries is not separately disclosed.

The amount payable on demand represents the contract surrender value associated with insurance contracts that are liabilities and investment contracts with discretionary participation features.

3) Market risk

Through its operating activities, the Group is primarily exposed to financial risks arising from fluctuations in foreign exchange rates, interest rates, and equity prices. Such fluctuations may affect the fulfillment cash flows of insurance contracts and reinsurance contracts.

a) The table below presents a summary of the sensitivity analysis of changes in foreign exchange rates and interest rates.

June 30, 2026									
Risk Factor	Variable (+/-)	Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currency/NTD by 1%	<u>\$ (14,151,849)</u>	<u>\$ 1,716</u>	<u>\$ 13,297,143</u>	<u>\$ (852,990)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,127,704</u>	<u>\$ 9,127,704</u>
Interest rate risk	Upward parallel shift of all currency yield curves by 1 bp	<u>\$ (114,585)</u>	<u>\$ (88)</u>	<u>\$ (170,599)</u>	<u>\$ (285,272)</u>	<u>\$ 6,817,430</u>	<u>\$ (13,030)</u>	<u>\$ (2,830,472)</u>	<u>\$ 3,973,928</u>

December 31, 2025									
Risk Factor	Variable (+/-)	Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currency/NTD by 1%	<u>\$ (13,686,129)</u>	<u>\$ 1,653</u>	<u>\$ 36,027,439</u>	<u>\$ 22,342,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,377,075</u>	<u>\$ 10,377,075</u>
Interest rate risk	Upward parallel shift of all currency yield curves by 1 bp	<u>\$ (95,571)</u>	<u>\$ (170)</u>	<u>\$ -</u>	<u>\$ (95,741)</u>	<u>\$ 6,976,991</u>	<u>\$ (16,003)</u>	<u>\$ (1,803,625)</u>	<u>\$ 5,157,363</u>

June 30, 2025									
Risk Factor	Variable (+/-)	Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Contracts Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currency/NTD by 1%	<u>\$ (12,597,823)</u>	<u>\$ 1,416</u>	<u>\$ 31,826,519</u>	<u>\$ 19,230,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,142,254</u>	<u>\$ 9,142,254</u>
Interest rate risk	Upward parallel shift of all currency yield curves by 1 bp	<u>\$ (84,337)</u>	<u>\$ (91)</u>	<u>\$ -</u>	<u>\$ (84,428)</u>	<u>\$ 6,941,273</u>	<u>\$ (17,580)</u>	<u>\$ (1,337,727)</u>	<u>\$ 5,585,966</u>

Note 1: The effects of changes in credit spreads and income tax are not taken into consideration.

Note 2: The effects of hedging and hedge accounting have been taken into account.

Note 3: The effects of provision for or reversal of foreign exchange reserve were not considered in valuation of the change in profit or loss from foreign currency risk. Starting from May 2025, the Company adopted the new foreign exchange valuation reserve mechanism, with both provision and reversal rate set at 100%. At present, the balance of the foreign exchange reserve is sufficient; therefore, exchange rate fluctuations have no impact on profit or loss.

Note 4: Effective January 1, 2026, the impact on profit or loss from exchange rate risk sensitivity takes into account debt instruments measured at amortized cost for which the foreign currency risk component has not been designated in a hedging relationship. The resulting exchange differences are amortized on a straight-line basis over the expected remaining holding period of each individual debt instrument and recognized in foreign exchange gains or losses. However, the actual amortization amount may vary depending on exchange rate movements.

Note 5: Changes in equity were not included in the impact on the changes in profit or loss.

Note 6: Data of subsidiaries was not disclosed, as the Company assessed that there would be no material impact should the disclosures for the subsidiaries be included.

b) Equity price risk

The Group's equity instrument price exposure arising from insurance contracts issued mainly relates to insurance contracts with direct participation features in which benefits are linked to the fair value of underlying items. However, as the majority of these exposures are attributable to segregated accounts, equity price risk does not have a material financial impact on the Group.

The table below discloses only the sensitivity analysis of the equity price of equity instruments held by the Group.

Equity Instrument Price Sensitivity Analysis

June 30, 2026		
Variable (+/-)	Change in Profit or Loss	Change in Equity
Equity instrument prices had been 1% higher	\$ <u>1,021,979</u>	\$ <u>9,749,974</u>
December 31, 2025		
Variable (+/-)	Change in Profit or Loss	Change in Equity
Equity instrument prices had been 1% higher	\$ <u>35,768</u>	\$ <u>7,206,824</u>
June 30, 2025		
Variable (+/-)	Change in Profit or Loss	Change in Equity
Equity instrument prices had been 1% higher	\$ <u>(45,976)</u>	\$ <u>6,600,565</u>

Note 1: The effects of changes in equity that are not recognised in profit or loss are excluded.

Note 2: The effects of including the subsidiaries in the consolidated disclosures are considered immaterial; therefore, the relevant information of the subsidiaries is not separately disclosed.

43. SEGMENT INFORMATION

The Group's life insurance business is operated in accordance with the Insurance Act. In accordance with IFRS 8, since the Group only provides insurance policy products and the business decision makers allocate the resources to the Group as a whole, the Group is considered as a single operating segment.

44. CAPITAL MANAGEMENT

a. Management objectives

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

b. Management policies

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

In accordance with Regulations Governing Capital Adequacy of Insurance Companies and Explanation of the calculation methodology for eligible capital and risk-based capital of Insurance Companies (hereinafter referred to as the “Calculation Methodology”), the components of owned capital and risk-based capital are as follows:

1) Owned capital

Owned capital is divided into Tier 1 unlimited capital, Tier 1 limited capital and Tier 2 capital, which includes:

- a) Items covered by Article 2 of Regulations Governing Capital Adequacy of Insurance Companies. The amount shall be deducted in accordance with the statutory adjustment items specified in the Calculation Methodology.
- b) The limits on the inclusion of Tier 1 restricted capital net amount and Tier 2 capital net amount in eligible capital, the eligibility requirements for capital instruments of each capital category, and the deduction items shall be handled in accordance with the provisions of the Calculation Methodology.

2) Risk-based capital

Risk-based capital refers to the adverse change in eligible capital calculated based on unexpected changes in specific risks, events, or other factors affecting insurance enterprises. The scope of its calculation includes insurance risk, market risk, credit risk, operational risk, and other risks.

Calculation of risk-based capital referred to in the preceding paragraph shall be conducted in accordance with the provisions of the Calculation Methodology.

c. Management procedures

1) Periodical calculation

To implement management of RBC, the Company regularly reviews its capital adequacy ratio and equity ratio, and, in coordination with the risk management unit, conducts Own Risk and Solvency Assessment (ORSA). During the transitional period, the Company also periodically reports to the Board of Directors the actual implementation status of the transitional insurance product strategy plan, earnings retention plan, and capital strengthening measures plan approved by the competent authority.

2) Aperiodic calculation

Conduct simulation analyses on significant fund utilization, changes in the financial environment, and amendments to applicable laws and regulations, to assess their impact on capital adequacy, as reflected in capital adequacy ratio and net worth ratio.

d. Current status of capital adequacy ratio

The Company's RBC ratio and net worth ratio, calculated in accordance with the Regulations Governing Capital Adequacy of Insurance Companies and the Guidelines for the Optional Transitional Measures for Own Capital and Risk-Based Capital of Insurance Companies, were both in compliance with the regulatory requirements.

45. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 26, 2025, the Group acquired an additional 27% equity interest of CM Energy, increasing the percentage of ownership from 70% to 97%. On May 5, 2026, the Group acquired an additional 3% equity interest of CM Energy, increasing the percentage of ownership to 100%.

	<u>May 5, 2026</u>	<u>June 26, 2025</u>
Consideration paid	\$ (36,724)	\$ (386,100)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>32,813</u>	<u>310,237</u>
Differences recognized from equity transactions	<u>\$ (3,911)</u>	<u>\$ (75,863)</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ -	\$ (8,320)
Unappropriated earnings	<u>(3,911)</u>	<u>(67,543)</u>
Differences recognized from equity transactions	<u>\$ (3,911)</u>	<u>\$ (75,863)</u>

46. OTHERS

a. Significant assets and liabilities denominated in foreign currencies

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

	<u>June 30, 2026</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 159,791,069	31.837000	\$ 5,087,268,271
AUD	6,973,592	21.894305	152,681,951
Non-monetary items			
USD	8,498,648	31.837000	270,571,454
Investments accounted for using the equity method			
CNY	2,164,535	4.692100	10,156,213
PHP	36,632,756	0.518900	19,008,738
EUR	669,419	36.289400	24,292,827

(Continued)

June 30, 2026			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,852,220	31.837000	\$ 58,969,138 (Concluded)

December 31, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 158,550,678	31.438000	\$ 4,984,516,211
AUD	6,248,272	21.027306	131,384,325
Non-monetary items			
USD	8,428,784	31.438000	264,984,116
Investments accounted for using the equity method			
CNY	2,139,524	4.498200	9,624,009
PHP	36,459,808	0.533500	19,451,308
EUR	680,792	36.898800	25,120,391

<u>Financial liabilities</u>			
Monetary items			
USD	1,898,059	31.438000	59,671,181

June 30, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 154,837,172	29.902000	\$ 4,629,941,106
AUD	5,905,946	19.536472	115,381,356
Non-monetary items			
USD	8,125,099	29.902000	242,956,698
Investments accounted for using the equity method			
CNY	473,131	4.173000	1,974,377
PHP	36,014,978	0.530900	19,120,352
EUR	675,389	35.061600	23,680,208

<u>Financial liabilities</u>			
Monetary items			
USD	2,845,417	29.902000	85,083,672

Note: Impacts of foreign currencies other than functional currencies of subsidiaries are immaterial; therefore, information of subsidiaries is not disclosed.

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

Items	June 30, 2026		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 272,157,771	\$ -	\$ 272,157,771
Receivables	122,336,391	16,262	122,352,653
Current tax assets	225,396	-	225,396
Investments			
Financial assets at FVTPL	20,415,649	455,309,136	475,724,785
Financial assets at FVTOCI	72,193,553	3,482,972,676	3,555,166,229
Financial assets measured at amortized cost	2,334,069	2,668,184,279	2,670,518,348
Financial assets for hedging	-	26,415	26,415
Investments accounted for using the equity method	-	77,952,757	77,952,757
Other financial assets	-	5,998,311	5,998,311
Investment property	-	574,994,894	574,994,894
Investment property under construction	-	21,007,226	21,007,226
Prepayments for buildings and land - investments	-	1,053,124	1,053,124
Loans	<u>2,580,091</u>	<u>283,621,749</u>	<u>286,201,840</u>
Total investments	<u>97,523,362</u>	<u>7,571,120,567</u>	<u>7,668,643,929</u>
Insurance contract assets	290,216	317,048	607,264
Reinsurance contract held assets	783,729	30,573,436	31,357,165
Property and equipment	-	41,380,253	41,380,253
Right-of-use assets	-	1,225,576	1,225,576
Intangible assets	-	20,095,916	20,095,916
Deferred tax assets	-	119,817,226	119,817,226
Other assets	15,217,295	52,948,336	68,165,631
Separate account insurance product assets	<u>16,350,953</u>	<u>973,501,506</u>	<u>989,852,459</u>
Total assets	<u>\$ 524,885,113</u>	<u>\$ 8,810,996,126</u>	<u>\$ 9,335,881,239</u>
Payables	\$ 50,050,367	\$ -	\$ 50,050,367
Current tax liabilities	483,621	-	483,621
Short-term debt	1,443,777	-	1,443,777
Financial liabilities at FVTPL	53,905,833	619,345,717	673,251,550
Financial liabilities for hedging	936,763	1,299,192	2,235,955
Bonds payable	35,000,000	174,883,844	209,883,844
Other financial liabilities	3,685,354	39,627,241	43,312,595
Lease liabilities	765,582	14,982,236	15,747,818
Insurance contract liabilities	147,882,576	6,900,792,045	7,048,674,621
Reinsurance contract held liabilities	596,023	8,142,737	8,738,760
Deferred tax liabilities	-	48,143,977	48,143,977
Other liabilities	<u>3,367</u>	<u>273,942,297</u>	<u>273,945,664</u>
Total liabilities	<u>\$ 294,753,263</u>	<u>\$ 8,081,159,286</u>	<u>\$ 8,375,912,549</u>

December 31, 2025			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 280,967,668	\$ -	\$ 280,967,668
Receivables	100,556,117	5,324,629	105,880,746
Current tax assets	137,040	-	137,040
Investments			
Financial assets at FVTPL	59,956,275	1,526,693,852	1,586,650,127
Financial assets at FVTOCI	13,103,880	876,236,269	889,340,149
Financial assets measured at amortized cost	52,145,029	4,027,354,548	4,079,499,577
Financial assets for hedging	-	36,010	36,010
Investments accounted for using the equity method	-	78,671,438	78,671,438
Other financial assets	-	1,499,643	1,499,643
Investment property	-	563,226,573	563,226,573
Investment property under construction	-	20,899,061	20,899,061
Prepayments for buildings and land - investments	-	977,717	977,717
Loans	2,527,876	255,743,065	258,270,941
Total investments	127,733,060	7,351,338,176	7,479,071,236
Insurance contract assets	327,158	770,842	1,098,000
Reinsurance contract held assets	771,912	31,630,023	32,401,935
Property and equipment	-	41,078,154	41,078,154
Right-of-use assets	-	1,159,815	1,159,815
Intangible assets	-	20,976,738	20,976,738
Deferred tax assets	-	119,121,249	119,121,249
Other assets	35,323,804	38,335,599	73,659,403
Separate account insurance product assets	9,671,455	828,885,964	838,557,419
Total assets	<u>\$ 555,488,214</u>	<u>\$ 8,438,621,189</u>	<u>\$ 8,994,109,403</u>
Payables	\$ 17,268,062	\$ -	\$ 17,268,062
Current tax liabilities	411,720	-	411,720
Short-term debt	1,484,601	-	1,484,601
Financial liabilities at FVTPL	54,493,682	530,336,149	584,829,831
Financial liabilities for hedging	63,637	856,234	919,871
Bonds payable	35,000,000	158,603,582	193,603,582
Other financial liabilities	2,283,289	36,926,471	39,209,760
Insurance contract liabilities	175,596,705	6,987,434,099	7,163,030,804
Reinsurance contract held liabilities	528,878	8,655,852	9,184,730
Provisions	-	56,245	56,245
Lease liabilities	827,507	14,930,715	15,758,222
Deferred tax liabilities	-	79,277,025	79,277,025
Other liabilities	50	199,053,108	199,053,158
Total liabilities	<u>\$ 287,958,131</u>	<u>\$ 8,016,129,480</u>	<u>\$ 8,304,087,611</u>

June 30, 2025			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 464,064,276	\$ -	\$ 464,064,276
Receivables	100,321,112	4,408,894	104,730,006
Current tax assets	4,392	-	4,392
Investments			
Financial assets at FVTPL	155,035,551	1,389,765,199	1,544,800,750
Financial assets at FVTOCI	17,235,608	727,516,962	744,752,570
Financial assets measured at amortized cost	64,406,969	3,872,177,110	3,936,584,079
Financial assets for hedging	-	5,771,006	5,771,006
Investments accounted for using the equity method	-	58,794,911	58,794,911
Investment property	-	552,188,073	552,188,073
Investment property under construction	-	19,561,517	19,561,517
Prepayments for buildings and land - investments	-	794,896	794,896
Loans	<u>1,928,885</u>	<u>241,765,057</u>	<u>243,693,942</u>
Total investments	<u>238,607,013</u>	<u>6,868,334,731</u>	<u>7,106,941,744</u>
Insurance contract assets	458,241	981,466	1,439,707
Reinsurance contract held assets	780,269	31,033,610	31,813,879
Property and equipment	-	41,251,561	41,251,561
Right-of-use assets	-	1,489,935	1,489,935
Intangible assets	-	21,935,727	21,935,727
Deferred tax assets	-	132,044,143	132,044,143
Other assets	34,420,765	35,233,381	69,654,146
Separate account insurance product assets	<u>4,054,702</u>	<u>736,904,305</u>	<u>740,959,007</u>
Total assets	<u>\$ 842,710,770</u>	<u>\$ 7,873,617,753</u>	<u>\$ 8,716,328,523</u>
Payables	\$ 32,069,799	\$ -	\$ 32,069,799
Current tax liabilities	384,851	-	384,851
Short-term debt	1,414,335	-	1,414,335
Financial liabilities at FVTPL	10,539,618	472,853,248	483,392,866
Financial liabilities for hedging	649,848	981,975	1,631,823
Bonds payable	-	191,692,184	191,692,184
Other financial liabilities	24,061,157	30,609,686	54,670,843
Lease liabilities	807,640	15,208,454	16,016,094
Insurance contract liabilities	120,326,395	6,923,123,136	7,043,449,531
Reinsurance contract held liabilities	383,962	8,506,668	8,890,630
Provisions	-	56,245	56,245
Deferred tax liabilities	-	90,063,676	90,063,676
Other liabilities	<u>4,852</u>	<u>188,385,578</u>	<u>188,390,430</u>
Total liabilities	<u>\$ 190,642,457</u>	<u>\$ 7,921,480,850</u>	<u>\$ 8,112,123,307</u>

c. Information on discretionary investments

- 1) As of June 30, 2026, December 31, 2025 and June 30, 2025, the Company entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

Items	June 30, 2026	December 31, 2025	June 30, 2025
Domestic stocks	\$ 610,139,127	\$ 182,504,720	\$ 139,691,408
Overseas stocks	161,017,035	21,736,781	41,560,093
Cash in banks	70,600,156	84,660,038	75,498,275
Corporate bonds	30,286,737	27,660,213	25,089,610
Notes and bonds purchased under resale agreements	8,316,300	1,010,000	700,000
Beneficiary certificates	2,716,847	2,409,944	2,075,529
Futures and options	-	48	46
	<u>\$ 883,076,202</u>	<u>\$ 319,981,744</u>	<u>\$ 284,614,961</u>

The carrying amounts of the financial assets operated discretionarily by securities investment trust enterprises are equal to their fair values.

- 2) As of June 30, 2026, December 31, 2025 and June 30, 2025, the discretionary investment limits are as follows (in thousands of each currency):

	June 30, 2026	December 31, 2025	June 30, 2025
Monetary items			
NTD	\$ 439,350,000	\$ 81,498,000	\$ 101,448,000
USD	5,209,749	1,255,500	1,255,500

d. Structured entities

- 1) Consolidated structured entities

The consolidated structured entities in the Group's consolidated financial statements are the real estate investment and management organizations. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group provided loans amounting to GBP31,300 thousand, GBP331,300 thousand and GBP331,300 thousand, respectively as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

- a) The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

Types of Structured Entity	Nature and Purpose	Interests Owned
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Securitization vehicle	Investment in securitization vehicle to receive returns	Investment in asset-backed securities issued by the entities

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

	June 30, 2026	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 200,823,482	\$ 3,994,590
Financial assets at FVTOCI	-	164,204,799
Financial assets measured at amortized cost	-	<u>112,899,232</u>
	<u>\$ 200,823,482</u>	<u>\$ 281,098,621</u>
	December 31, 2025	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 193,515,737	\$ 15,210,617
Financial assets at FVTOCI	-	95,328,888
Financial assets measured at amortized cost	-	<u>165,782,348</u>
	<u>\$ 193,515,737</u>	<u>\$ 276,321,853</u>
	June 30, 2025	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 180,099,000	\$ 16,826,470
Financial assets at FVTOCI	-	53,173,799
Financial assets measured at amortized cost	-	<u>159,339,228</u>
	<u>\$ 180,099,000</u>	<u>\$ 229,339,497</u>

47. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On June 26, 2026, the Company's general manager approved the acquisition of common shares of HDEC (Baoshan) Water Treatment Co., Ltd. On July 22, 2026, the Company subscribed for 11,500 thousand shares for \$115,000 thousand, resulting in a 25% ownership interest following the capital increase.
- b. Upon approval under Letter No. 11500048781 issued by the Taipei Exchange, the Company issued its 2026 1st Unsecured Cumulative Subordinated Corporate Bonds on August 18, 2026. The terms and conditions of the issuance are as follows
- 1) Issue amount: \$16,000,000 thousand, which is divided into Note A of \$8,300,000 thousand and Note B of \$7,700,000 thousand.
 - 2) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - 3) Years to maturity Note A is 10 years, and Note B is 15 years.
 - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 5) Terms of interest payments: The interest payments are calculated and paid at a coupon rate every year from the issue date.
 - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

48. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:

No.	Description	Explanation
1	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
2	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
3	Engage in core business transactions with related parties amounting over \$100 million or 20% of the paid-in capital.	Note 36
4	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 6
5	Trading in derivative instruments.	Notes 8, 11 and 41

b. Information of investees

No.	Description	Explanation
1	Information on investee, including name, location, etc.	Table 1
2	Financing provided to others.	N/A
3	Endorsements/guarantees provided.	Table 2
4	Marketable securities held.	Table 3
5	Marketable securities acquired or disposed of at accumulated amounts over \$100 million or 20% of the paid-in capital.	N/A
6	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
7	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
8	Engage in core business transactions with related parties and transaction amounting over \$100 million or 20% of the paid-in capital.	Note 36
9	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 6
10	Trading in derivative instruments.	N/A

c. Information on investments in mainland China

No.	Description	Explanation
1	Name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in mainland China. If the investee belongs to the insurance industry, the location, status of capital funds and related income, provision methodology and balances of insurance policy reserves, percentage of insurance income and percentage of insurance benefits and claims should also be revealed.	Table 4
2	Significant transactions, with investees in mainland China, either directly or indirectly through a third region including transaction prices, payment conditions, and unrealized gains or losses.	N/A
3	Mutual transactions in core business areas, such as the underwriting of insurance policy contracts where the policyholder is the investee, the amount of such transactions and their percentages, and the end-of-period balances of the related payables and receivables and their percentages.	N/A
4	The amount of property transactions and the amount of the resulting gains or losses.	N/A
5	The highest balance, the end-of-period balance, the interest rate range, and total interest in the current period with respect to the financing of funds.	N/A
6	Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.	N/A

d. The important intercompany transactions among the Group are disclosed in Table 5 following the notes to the consolidated financial statements.

TABLE 1

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2026

(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2026	December 31, 2025	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Life Insurance Co., Ltd.	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	\$ 20,370,930	\$ 20,370,930	-	100.00	\$ 36,169,586	\$ 1,160,106	\$ 1,160,106	Subsidiary (Note 2)
	Cathay Woolgate Exchange Holding 1 Limited	Jersey Island	Real estate investment and operation management	22,258,333	22,258,333	468,636	100.00	23,336,285	179,704	179,704	Subsidiary (Note 1)
	Cathay Woolgate Exchange Holding 2 Limited	Jersey Island	Real estate investment and operation management	224,832	224,832	4,734	100.00	226,898	1,309	1,309	Subsidiary (Note 1)
	Cathay Walbrook Holding 1 Limited	Jersey Island	Real estate investment and operation management	22,121,600	10,189,090	498,750	100.00	16,483,560	533,683	533,683	Subsidiary (Note 1)
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	1,164,295	536,268	26,250	100.00	851,779	27,273	27,273	Subsidiary (Note 1)
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate services	5,544,000	4,455,000	554,400	99.00	5,203,112	(33,965)	(33,625)	Subsidiary (Note 1)
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	21,096,900	21,096,900	2,109,690	99.00	20,391,057	(94,947)	(93,997)	Subsidiary (Note 2)
	Cathay II Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	9,900	9,900	990	99.00	9,588	(310)	(307)	Subsidiary (Note 2)
	Cathay Power Inc.	Taiwan	Energy technical services	3,222,862	3,222,862	259,264	70.00	3,328,970	173,668	120,328	Subsidiary (Note 2)
	Cathaylife Singapore Pte. Ltd.	Singapore	Holding company	975,840	975,840	30,000	100.00	702,684	(78,356)	(78,356)	Subsidiary (Note 2)
	Cathay Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment consulting services	300,000	300,000	30,000	100.00	619,168	60,730	60,730	Subsidiary (Note 1)
	Symphox Information Co., Ltd.	Taiwan	Wholesale of information software	404,432	404,432	24,511	50.00	485,966	14,942	7,471	Joint venture (Note 2)
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	18.68	19,008,738	2,169,381	405,284	Associate (Note 2)
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	118,067	118,067	11,807	25.00	122,313	(101,090)	(25,272)	Associate (Note 2)
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	339,928	339,928	33,993	21.43	330,727	(37,925)	(8,127)	Associate (Note 2)
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,340,000	2,340,000	234,000	45.00	2,291,979	(8,897)	(4,004)	Associate (Note 2)
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,835,000	2,835,000	283,500	45.00	2,767,259	(11,486)	(5,168)	Associate (Note 2)
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	55,511	27.36	1,007,683	71,017	19,431	Associate (Note 2)
	PSS Co., Ltd.	Taiwan	Parking space management	782,706	782,706	20,188	30.48	1,555,630	294,216	89,687	Associate (Note 2)
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	2,425,613	1,732,623	433,156	Associate (Note 1)
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	75,616	91,828	44,996	Associate (Note 2)
	TaiYang Solar Power Co., Ltd.	Taiwan	Energy technical services	495,000	495,000	49,500	45.00	633,987	32,384	14,572	Associate (Note 2)
	ThrivEnergy Co., Ltd.	Taiwan	Energy technical services	216,000	216,000	21,600	28.80	205,905	(14,471)	(4,168)	Associate (Note 2)
	Generali Investments Holding S.p.A	Italy	Holding company	22,484,807	22,484,807	12,654	16.75	24,292,827	5,796,175	970,860	Associate (Note 2)
Cathay Power Inc.	Sunrise Pv One Co., Ltd.	Taiwan	Energy technical services	1,000,000	1,000,000	100,000	100.00	1,123,318	58,940	Note3	Subsidiary (Note 2)
	Cathy Sunrise Two Co., Ltd.	Taiwan	Energy technical services	20,000	20,000	2,000	100.00	22,667	958	Note3	Subsidiary (Note 2)
	Bai Yang Energy Co., Ltd.	Taiwan	Energy technical services	144,241	144,241	6,500	100.00	145,319	4,405	Note3	Subsidiary (Note 2)
	Cathy Sunrise Electric Power Two Co., Ltd.	Taiwan	Energy technical services	125,000	125,000	12,500	100.00	132,471	4,721	Note3	Subsidiary (Note 2)
	Hong Cheng Sing Tech. Co., Ltd.	Taiwan	Energy technical services	6,000	5,000	600	100.00	624	(297)	Note3	Subsidiary (Note 2)
	Shen Lyu Co., Ltd.	Taiwan	Energy technical services	100	100	10	100.00	(12,662)	(228)	Note3	Subsidiary (Note 2)
	Nan Yang Power Co., Ltd.	Taiwan	Energy technical services	75,645	75,645	7,564	80.00	84,534	7,409	Note3	Subsidiary (Note 2)
	CM Energy Co., Ltd.	Taiwan	Energy technical services	1,179,209	1,140,809	100,000	100.00	1,079,513	39,717	Note3	Subsidiary (Note 2)
	Neo Cathay Power Corp.	Taiwan	Energy technical services	1,601,400	1,601,400	150,000	100.00	1,616,121	64,571	Note3	Subsidiary (Note 2)
	Jian Kun Energy Co., Ltd.	Taiwan	Energy technical services	12,363	12,363	1,236	95.10	11,974	(310)	Note3	Subsidiary (Note 2)
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	213,100	213,100	21,310	1.00	205,970	(94,947)	Note4	Subsidiary (Note 2)
	Cathay II Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	100	100	10	1.00	97	(310)	Note4	Subsidiary (Note 2)
Sunrise Pv One Co., Ltd.	Shu Guang Energy Co., Ltd.	Taiwan	Energy technical services	35,000	35,000	3,500	70.00	36,396	1,593	Note5	Subsidiary (Note 2)
CM Energy Co., Ltd.	Hong Tai Energy Co., Ltd.	Taiwan	Energy technical services	150,000	150,000	15,000	100.00	187,926	15,529	Note6	Subsidiary (Note 2)
	Tian Ji Energy Co., Ltd.	Taiwan	Energy technical services	10,000	10,000	1,000	100.00	13,262	1,163	Note6	Subsidiary (Note 2)
	Tian Ji Power Co., Ltd.	Taiwan	Energy technical services	400,000	400,000	40,000	100.00	434,521	19,933	Note6	Subsidiary (Note 2)
Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	Taiwan	Energy technical services	50,000	50,000	5,000	100.00	58,434	2,650	Note7	Subsidiary (Note 2)
Neo Cathay Power Corp.	Si Yi Co., Ltd.	Taiwan	Energy technical services	707,617	707,617	70,000	100.00	768,738	17,704	Note8	Subsidiary (Note 2)
	Da Li Energy Co., Ltd.	Taiwan	Energy technical services	402,958	402,958	40,000	100.00	435,861	37,602	Note8	Subsidiary (Note 2)
	Yong Han Co., Ltd.	Taiwan	Energy technical services	272,336	272,336	25,000	100.00	282,727	9,477	Note8	Subsidiary (Note 2)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2026	December 31, 2025	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Taiwan	Energy technical services	\$ 15,909,000	\$ 15,909,000	1,590,900	100.00	\$ 15,084,466	\$ (206,204)	Note 9	Subsidiary (Note 2)
Cathay Wind Power Co., Ltd.	Greater Changhua NW Holdings Ltd.	Taiwan	Energy technical services	12,307,977	12,307,977	1	50.00	11,973,133	(619,313)	\$ (230,610)	Joint venture (Note 2)

Note 1: Share of profit or loss is recognized on the basis of the financial statements which have been audited by an independent auditor.

Note 2: Share of profit or loss is recognized on the basis of the financial statements which have not been audited by an independent auditor.

Note 3: The share of profit or loss is recognized with the equity method by Cathay Power Inc.

Note 4: The share of profit or loss is recognized with the equity method by the Company and Cathay Power Inc.

Note 5: The share of profit or loss is recognized with the equity method by Sunrise Pv One Co., Ltd.

Note 6: The share of profit or loss is recognized with the equity method by CM Energy Co., Ltd.

Note 7: The share of profit or loss is recognized with the equity method by Hong Tai Energy Co., Ltd.

Note 8: The share of profit or loss is recognized with the equity method by Neo Cathay Power Corp.

Note 9: The share of profit or loss is recognized with the equity method by Cathay Wind Power Holdings Co., Ltd.

(Concluded)

TABLE 2

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	b	\$ 10,109,638	\$ 2,179,083	\$ 2,179,083	\$ 1,133,276	\$ -	53.89	\$ 10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,109,638	276,012	236,012	185,528	-	5.84	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,109,638	937,600	137,600	123,191	-	3.40	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Da Li Energy Co., Ltd.	b	10,109,638	638,000	638,000	416,964	-	15.78	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
2	Sunrise Pv One Co., Ltd.	Cathay Power Inc.	c	2,866,943	400,000	400,000	-	-	34.88	2,866,943	(Note 2)	(Note 2)	N	(Note 4)
3	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,685,855	18,102	-	-	-	-	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
		Hong Tai Energy Co., Ltd.	b	2,685,855	322,032	-	-	-	-	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
4	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	b	22,988,586	23,030,299	22,772,212	22,772,212	22,988,586	109.73	22,988,586	(Note 2)	(Note 2)	N	(Notes 6 and 7)

Note 1: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

- a. The Company and guarantee party have business deals.
- b. The Company directly and indirectly owned over 50% of the guaranteed party’s voting stocks.
- c. The guaranteed party owned directly and indirectly over 50% of the Company’s voting stocks.
- d. The Company directly and indirectly owned over 90% of the guaranteed party’s voting stocks.
- e. The guarantor and guaranteed party are peers in contract projects or co-builders in accordance with contract provisions that require mutual insurance company.
- f. Owing to the joint venture funded by all shareholders on the endorsement of its holding company.
- g. Peers in performance bond joint security of pre-sale house contract under Consumer Protection Act.

Note 2: Non-listed parent company endorsement of subsidiaries or subsidiaries endorsement of listed parent company.

Note 3: The total amount of endorsement provided by Cathay Power was 250% of Cathay Power’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of Cathay Power’s net value in the end of the previous year.

Note 4: The total amount of endorsement provided by Sunrise Pv One was 250% of Sunrise Pv One’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of Sunrise Pv One’s net value in the end of the previous year.

Note 5: The total amount of endorsement provided by CM Energy was 300% of CM Energy’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of CM Energy’s net value in the end of the previous year.

Note 6: The total amount of endorsements and guarantees, as well as the endorsement limit for a single company by Cathay Wind Power Holdings Co., Ltd., is restricted to the total value of collateral assets provided under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity purchase termination payments for the Greater Changhua NW Holdings Ltd. Project.

Note 7: The collateral assets for endorsement and guarantees provided by Cathay Wind Power Holdings include an account pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which is then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged account). Additionally, it includes the equity stake held by Cathay Wind Power Holdings in Cathay Wind Power, valued at the most recent net asset value (if the net asset value is less than zero, it is considered as zero), and funds injected into Cathay Wind Power by Cathay Wind Power Holdings through other means.

TABLE 3

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2026
(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	June 30, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Symphox Information Co., Ltd.	<u>Stocks</u>							
	Asia Skin Cosmetics Company	N/A	Financial assets at FVTOCI	1,293	\$ 38,774	7.72	\$ 38,774	
	Buyforyou Co., Ltd.	N/A	Financial assets at FVTOCI	117	-	10.00	-	
	Seaward Card Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	3,000	63,694	100.00	63,694	
	Thinkpower Information Co., Ltd.	Associate	Investments accounted for using the equity method	170,145	596,570	29.08	596,570	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	2,688	39,770	100.00	39,770	
	<u>Bonds</u>							
	Bank of America Corporation (BAC)	N/A	Financial assets at FVTOCI	-	41,466	-	41,466	
	Cathay BBB Corporate bond ex China Coupon 4.5% 10Yr+ 20% Sector Capped ETF (00725B)	Associate	Financial assets at FVTPL	-	12,938	-	12,938	
	Cathay U.S. Treasury 20+ Year Bond ETF (00687B)	Associate	Financial assets at FVTPL	-	2,712	-	2,712	
	Cathay US Premium Bond Fund B	Associate	Financial assets at FVTPL	-	12,063	-	12,063	

TABLE 4

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2026	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of June 30, 2026	Accumulated Repatriation of Investment Income as of June 30, 2026
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	a	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ 2,994,850	50.00	\$ 1,497,425 (Note 2, b, 2)	\$ 7,803,680	\$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	a	2,943,663	-	-	2,943,663	409,635	24.50	100,361 (Note 2, b, 3)	2,352,533	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	a	7,223,435	-	-	7,223,435	11,572	100.00	8,407 (Note 2, b, 2)	8,415,460	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2026	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$575,204,792

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through the third-region companies.
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. If it is in preparation, there are no investment gains and losses, it should be noted.
- b. The recognition basis for investment gain (loss) are as follows:
 - 1) Financial statement is audited by an international CPA firms with the cooperation of the ROC CPA firm.
 - 2) Financial statement is audited by the parent company’s CPA firm in Taiwan.
 - 3) Other.

Note 3: Information on investments in mainland China:

On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Company to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand approved by MOEAIC on December 20, 2010. Also, MOEAIC authorized the Company to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized the Company to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. Cathay Life Insurance Co., Ltd. (China), which was established by the Company in Shanghai, obtained its enterprise legal person business license on December 29, 2004 and, following approval by the China Insurance Regulatory Commission on August 12, 2014, changed its name to Cathay Lujiazui Life Insurance Co., Ltd.. The Company remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. The Company injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized the Company to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of June 30, 2026, the Company’s remittances to the subsidiary amounted to a total of approximately CNY900,000 thousand and US\$78,210 thousand. On April 28, 2026, the Company’s Board of Directors approved the proposed participation, in proportion to the Company’s shareholding, in a CNY1,000,000 thousand cash capital increase of Cathay Lujiazui Life. The total capital increase to be contributed by both shareholders will amount to CNY2,000,000 thousand. The transaction is pending approval from the Insurance Bureau of the Financial Supervisory Commission and the Department of Investment Review of the Ministry of Economic Affairs.

(Continued)

On October 17, 2007, MOEAIC authorized the Company to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by National Financial Regulatory Administration on October 8, 2007. On March 6, 2008, MOEAIC authorized the Company to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized the Company to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by the Company and Cathay Century Insurance in Shanghai acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized the Company to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized the Company to remit CNY245,000 thousand on December 6, 2018. On November 26, 2019, MOEAIC authorized the Company to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized the Company to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of June 30, 2026, the Company’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.

On November 1, 2011 and April 11, 2012, MOEAIC authorized the Company to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. The Company’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized the Company to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of June 30, 2026, the Company’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. amounted to approximately CNY1,500,000 thousand.

Note 4: The relevant information regarding Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:

- a. The location: Shanghai, China.
- b. Status of capital funds and related income: As of June 30, 2026, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$213,868,383 thousand and \$16,212,447 thousand, respectively, and net investment income was \$6,641,236 thousand and \$563,422 thousand, respectively.
- c. Insurance contract assets and liabilities, and reinsurance contract assets and liabilities:

As of June 30, 2026, Cathay Lujiazui Life Insurance Co., Ltd. had insurance contract assets of \$0 thousand, insurance contract liabilities of \$219,524,792 thousand, reinsurance contract assets of \$12,453 thousand, and reinsurance contract liabilities of \$20,463 thousand. Cathay Insurance Company Limited (China) had insurance contract assets of \$35,960 thousand, insurance contract liabilities of \$10,526,616 thousand, reinsurance contract assets of \$946,063 thousand, and reinsurance contract liabilities of \$6,543 thousand.
- d. For the six months ended June 30, 2026, the insurance revenue of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$2,902,820 thousand and \$14,538,876 thousand, respectively, representing 3.81% and 19.08%, respectively, of the Company’s insurance revenue.
- e. For the six months ended June 30, 2026, the insurance service expenses of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$1,784,899 thousand and \$14,359,525 thousand, respectively, representing 3.35% and 26.97%, respectively, of the Company’s insurance service expenses.

(Concluded)

TABLE 5

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 4)	% of Total Operating Revenue or Assets (Note 3)
0	Cathay Life Insurance Co., Ltd.	Cathay Walbrook Holding 1 Limited	a	Other loans	\$ 1,252,138	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 1 Limited	a	Other receivables	2,533	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 1 Limited	a	Interest income	434,968	Equivalent to general conditions of transactions	0.57
		Cathay Walbrook Holding 2 Limited	a	Other loans	66,677	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Interest income	23,162	Equivalent to general conditions of transactions	0.03
		Cathay Power Inc.	a	Rental income	1,424	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	a	Administrative expense	8,952	Equivalent to general conditions of transactions	0.01
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	c	Administrative revenue	12,368	Equivalent to general conditions of transactions	0.02
		Si Yi Co., Ltd.	c	Administrative revenue	3,951	Equivalent to general conditions of transactions	0.01
		Tian Ji Power Co., Ltd.	c	Administrative revenue	3,275	Equivalent to general conditions of transactions	-
		Cathay Wind Power Holdings Co., Ltd.	c	Other receivables	200,121	Equivalent to general conditions of transactions	-
		Sunrise Pv One Co., Ltd.	c	Other receivables	140,069	Equivalent to general conditions of transactions	-
		Neo Cathay Power Corp.	c	Other receivables	60,271	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Other receivables	38,018	Equivalent to general conditions of transactions	-
		CM Energy Co., Ltd.	c	Other receivables	34,576	Equivalent to general conditions of transactions	-
		Jian Kun Energy Co., Ltd.	c	Other receivables	32,220	Equivalent to general conditions of transactions	-
		Nan Yang Power Co., Ltd.	c	Other receivables	18,852	Equivalent to general conditions of transactions	-
		Shen Lyu Co., Ltd.	c	Other receivables	12,880	Equivalent to general conditions of transactions	-
		Cathy Sunrise Electric Power Two Co., Ltd.	c	Other receivables	9,236	Equivalent to general conditions of transactions	-
		Bai Yang Energy Co., Ltd.	c	Other receivables	6,729	Equivalent to general conditions of transactions	-
		Cathy Sunrise Two Co., Ltd.	c	Other receivables	4,996	Equivalent to general conditions of transactions	-
2	CM Energy Co., Ltd.	Sunrise Pv One Co., Ltd.	c	Other receivables	202,423	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Other receivables	95,963	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	c	Other receivables	80,705	Equivalent to general conditions of transactions	-
		Tian Ji Energy Co., Ltd.	c	Other receivables	19,251	Equivalent to general conditions of transactions	-
		Shu Guang Energy Co., Ltd.	c	Other receivables	16,019	Equivalent to general conditions of transactions	-
3	Neo Cathay Power Corp.	Si Yi Co., Ltd.	c	Other receivables	28,401	Equivalent to general conditions of transactions	-
		Da Li Energy Co., Ltd.	c	Other receivables	19,743	Equivalent to general conditions of transactions	-
		Yong Han Co., Ltd.	c	Other receivables	12,103	Equivalent to general conditions of transactions	-
4	Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd.	c	Other receivables	202,423	Equivalent to general conditions of transactions	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 4)	% of Total Operating Revenue or Assets (Note 3)
5	Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	c	Other receivables	\$ 5,806	Equivalent to general conditions of transactions	-
6	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	c	Other receivables	5,725,779	Equivalent to general conditions of transactions	0.06
		Cathay Wind Power Co., Ltd.	c	Interest income	144,187	Equivalent to general conditions of transactions	0.19

Note 1: Parent is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.
For income statement accounts: Accumulated transaction amount in current period ÷ Total consolidated operating revenues.

Note 4: Terms and conditions of related party transactions are made on arm’s length basis. There is no difference in terms and conditions between related parties and non-related parties transactions.

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2026
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Cathay Wind Power Co., Ltd.	Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture	\$ 41,084,370 (Note 1)	-	\$ -	-	\$ -	\$ -
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Subsidiary	5,725,779 (Note 1)	-	-	-	-	-
Cathay Power Inc.	Sunrise Pv One Co., Ltd.	Parent and subsidiary	140,069 (Note 1)	-	-	-	6,096	-
	Cathay Wind Power Holdings Co., Ltd.	Fellow subsidiary	200,121 (Note 1)	-	-	-	-	-
CM Energy Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	202,423 (Note 1)	-	-	-	-	-
Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	202,423 (Note 1)	-	-	-	-	-
Cathay Life Insurance (Vietnam) Co., Ltd.	Indovina Bank Limited	Same ultimate parent entity	339,494 (Note 2)	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	Cathay Century Insurance Co., Ltd.	Fellow subsidiary	113,069 (Note 3)	-	-	-	-	-

Note 1: The ending balance mainly comprises loans and interest receivables.

Note 2: The ending balance mainly comprises interest receivables.

Note 3: The ending balance mainly comprises integrated marketing fee receivables.