Cathay Century Insurance Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay Century Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), as of March 31, 2026, and the restated December 31, 2025, March 31, 2025 and January 1, 2025 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2026, and the restated three months ended March 31, 2025, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and the restated December 31, 2025, March 31, 2025 and January 1, 2025, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and the restated three months ended March 31, 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2026

<u>*Notice to Readers*</u>

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

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2026		December 31, 2025 (Restated)		March 31, 2025 (Restated)		January 1, 2025 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 29)	$ 16,127,855	22	$ 15,285,098	21	$ 10,936,733	18	$ 11,174,184	19
RECEIVABLES (Note 11)	707,389	1	706,512	1	790,381	1	740,400	1
INVESTMENTS								
Financial assets at fair value through profit or loss (Notes 4 and 7)	2,745,978	4	14,680,235	20	13,486,259	22	14,496,026	25
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	13,544,876	18	653,324	1	654,790	1	654,599	1
Financial assets at amortized cost (Notes 4 and 9)	11,732,574	16	11,350,480	16	10,803,788	18	10,039,725	17
Investments accounted for using the equity method, net (Note 14)	2,765,968	4	2,553,784	4	2,482,924	4	2,406,891	4
Loans (Notes 4, 10 and 29)	66,793	-	68,789	-	84,842	-	96,451	-
INSURANCE CONTRACT ASSETS (Notes 4 and 20)	13,509	-	4,906	-	2,234	-	2,084	-
REINSURANCE CONTRACT ASSETS (Notes 4 and 12)	20,288,847	28	21,289,506	29	16,590,636	27	13,607,841	23
PROPERTY AND EQUIPMENT (Note 15)	285,099	-	315,734	1	422,180	1	463,754	1
RIGHT-OF-USE ASSETS (Notes 16 and 29)	273,591	-	299,613	-	160,088	-	197,399	-
INTANGIBLE ASSETS (Note 17)	109,070	-	122,111	-	95,225	-	104,478	-
DEFERRED TAX ASSETS (Note 4)	4,544,977	6	4,504,900	6	4,534,417	7	4,533,770	8
OTHER ASSETS (Notes 18, 29 and 31)	539,386	1	536,294	1	580,877	1	602,829	1
TOTAL	$ 73,745,912	100	$ 72,371,286	100	$ 61,625,374	100	$ 59,120,431	100
LIABILITIES AND EQUITY								
PAYABLES (Notes 19 and 29)	$ 1,503,863	2	$ 2,023,420	3	$ 1,240,197	2	$ 1,781,196	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 29)	344,698	-	213,942	-	230,110	-	224,162	-
LEASE LIABILITIES (Notes 16 and 29)	275,620	-	300,801	1	160,707	-	197,630	-
INSURANCE CONTRACT LIABILITIES (Notes 4, 5 and 20)	43,458,904	59	43,673,777	60	35,880,242	58	32,417,294	55
REINSURANCE CONTRACT LIABILITIES (Notes 4 and 12)	31	-	2,754	-	16,743	-	6,258	-
OTHER LIABILITIES (Notes 4 and 21)	5,606,627	8	3,473,513	5	3,241,722	5	3,758,342	6
PROVISIONS (Notes 4 and 22)	285,896	-	292,047	-	298,535	1	349,882	1
DEFERRED TAX LIABILITIES (Note 4)	402,778	1	793,566	1	866,256	2	869,906	2
Total liabilities	51,878,417	70	50,773,820	70	41,934,512	68	39,604,670	67
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)								
Share capital								
Ordinary shares	2,000,000	3	2,000,000	3	2,000,000	3	2,000,000	4
Capital surplus	7,861,133	11	7,861,133	11	7,861,133	13	7,861,133	13
Retained earnings								
Legal reserve	776,426	1	776,426	1	249,102	-	249,102	-
Special reserve	6,025,832	8	6,025,832	8	5,326,764	9	5,326,764	9
Unappropriated earnings	4,406,432	6	5,353,303	8	4,598,008	8	4,453,361	8
Total retained earnings	11,208,690	15	12,155,561	17	10,173,874	17	10,029,227	17
Other equity	797,672	1	(419,228)	(1)	(344,145)	(1)	(374,599)	(1)
Total equity attributable to owners of the Company	21,867,495	30	21,597,466	30	19,690,862	32	19,515,761	33
Total equity	21,867,495	30	21,597,466	30	19,690,862	32	19,515,761	33
TOTAL	$ 73,745,912	100	$ 72,371,286	100	$ 61,625,374	100	$ 59,120,431	100

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

(With Deloitte & Touche review report dated May 13, 2026)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
INSURANCE SERVICE RESULT				
Insurance revenue (Notes 4, 20 and 24)	$ 10,109,703	100	$ 9,459,798	100
Insurance service expenses (Notes 4, 20, 24, 25 and 29)	(6,449,809)	(64)	(9,837,451)	(104)
Income or expenses from reinsurance contracts held (Notes 4, 12 and 24)	(2,437,249)	(24)	1,290,075	14
Total insurance service result	1,222,645	12	912,422	10
FINANCIAL RESULT				
Net gain (loss) on investments				
Interest income (Notes 4, 25 and 29)	232,118	2	229,331	2
Loss on financial assets and liabilities at fair value through profit or loss (Note 4)	(165,439)	(2)	(655,935)	(7)
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	9	-	1,277	-
Share of profit of associates accounted for using equity method (Note 14)	109,466	1	45,336	1
Foreign exchange gain	158,341	2	91,735	1
Expected credit impairment loss on investments (Note 4)	(849)	-	(798)	-
Total net gain (loss) on investments	333,646	3	(289,054)	(3)
Insurance finance income or expenses	(67,189)	(1)	(88,406)	(1)
Finance income or expenses from reinsurance contracts held	35,684	1	40,008	-
Total financial result	302,141	3	(337,452)	(4)
OTHER OPERATING RESULT (Notes 25 and 29)				
Other operating income	22,964	1	24,419	-
Other operating costs	19,100	-	(26,412)	-
Other operating expenses	(285,246)	(3)	(273,819)	(3)
Total other operating result	(243,182)	(2)	(275,812)	(3)

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
OPERATING INCOME	$ 1,281,604	13	$ 299,158	3
NON-OPERATING INCOME AND EXPENSES (Note 29)	5,483	-	(821)	-
PROFIT BEFORE INCOME TAX	1,287,087	13	298,337	3
INCOME TAX EXPENSE (Notes 4 and 26)	(229,599)	(3)	(164,578)	(2)
NET PROFIT	1,057,488	10	133,759	1
OTHER COMPREHENSIVE INCOME (Notes 4, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(896)	-	-	-
Share of the other comprehensive income of associates accounted for using the equity method	25,242	-	2,706	-
Income tax related to items that will not be reclassified subsequently	179	-	-	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	707,373	7	-	-
Total items that will not be reclassified subsequently to profit or loss	731,898	7	2,706	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	81,730	1	53,995	1
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,030	-	(17,367)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(20,743)	-	2,008	-
Income tax relating to items that may be reclassified subsequently to profit or loss	5,522	-	-	-
Total items that may be reclassified subsequently to profit or loss	68,539	1	38,636	1
Other comprehensive income, net of income tax	800,437	8	41,342	1
TOTAL COMPREHENSIVE INCOME	$ 1,857,925	18	$ 175,101	2

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2026		2025 (Restated)	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 1,057,488	10	$ 133,759	1
Non-controlling interests	-	-	-	-
	$ 1,057,488	10	$ 133,759	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 1,857,925	18	$ 175,101	2
Non-controlling interests	-	-	-	-
	$ 1,857,925	18	$ 175,101	2
EARNINGS PER SHARE (Note 27)				
Basic	$ 5.29		$ 0.67	

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

(With Deloitte & Touche review report dated May 13, 2026) (Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										
				Retained Earnings			Other Equity				
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Other Comprehensive Income Reclassified Under Overlay Approach	Total Equity
BALANCE ON JANUARY 1, 2025	200,000	$ 2,000,000	$ 7,861,133	$ 249,102	$ 5,326,764	$ 1,984,109	$ (232,465)	$ 32,841	$ (174,975)	$ 900,674	$ 17,947,183
Effects of the retrospective application of IFRS 17	-	-	-	-	-	2,469,252	-	-	-	(900,674)	1,568,578
BALANCE ON JANUARY 1, 2025 AS RESTATED	200,000	2,000,000	7,861,133	249,102	5,326,764	4,453,361	(232,465)	32,841	(174,975)	-	19,515,761
Change from associates accounted for using the equity method	-	-	-	-	-	10,888	-	(10,888)	-	-	-
Net profit for the three months ended March 31, 2025	-	-	-	-	-	133,759	-	-	-	-	133,759
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	-	53,995	(12,653)	-	-	41,342
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	133,759	53,995	(12,653)	-	-	175,101
BALANCE ON MARCH 31, 2025	200,000	$ 2,000,000	$ 7,861,133	$ 249,102	$ 5,326,764	$ 4,598,008	$ (178,470)	$ 9,300	$ (174,975)	$ -	$ 19,690,862
BALANCE ON DECEMBER 31, 2025	200,000	$ 2,000,000	$ 7,861,133	$ 776,426	$ 6,025,832	$ 5,353,303	$ (273,918)	$ 27,033	$ (172,343)	$ -	$ 21,597,466
Effects of the redesignation of financial assets	-	-	-	-	-	(801,412)	-	827,607	-	-	26,195
Provision of special reserve pursuant to Rule No. 11504111391	-	-	-	-	-	(1,614,091)	-	-	-	-	(1,614,091)
BALANCE ON JANUARY 1, 2026	200,000	2,000,000	7,861,133	776,426	6,025,832	2,937,800	(273,918)	854,640	(172,343)	-	20,009,570
Change from associates accounted for using the equity method	-	-	-	-	-	5,878	-	(5,878)	-	-	-
Net profit for the three months ended March 31, 2026	-	-	-	-	-	1,057,488	-	-	-	-	1,057,488
Other comprehensive income (loss) for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	-	81,730	719,424	(717)	-	800,437
Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	-	1,057,488	81,730	719,424	(717)	-	1,857,925
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	405,266	-	(405,266)	-	-	-
BALANCE ON MARCH 31, 2026	200,000	$ 2,000,000	$ 7,861,133	$ 776,426	$ 6,025,832	$ 4,406,432	$ (192,188)	$ 1,162,920	$ (173,060)	$ -	$ 21,867,495

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

(With Deloitte & Touche review report dated May 13, 2026)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	**2025 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,287,087	$ 298,337
Adjustments for:		
Depreciation expense	81,319	83,277
Amortization expense	16,323	16,194
Net loss on financial assets and liabilities at fair value through profit or loss	165,439	655,935
Interest expense	1,888	922
Net gain on derecognition of financial assets measured at amortized cost	(9)	(1,277)
Interest income	(232,118)	(229,331)
Net changes in special reserve for the period	(19,100)	26,412
Expected credit impairment loss on investment	849	798
Share of profit of associates accounted for using the equity method	(109,466)	(45,336)
Loss on disposal of property and equipment	1	2
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	10,909	(222)
Increase in other receivables	(4,147)	(50,749)
(Increase) decrease in financial instruments at fair value through profit or loss	(837,475)	347,515
Decrease in financial assets at fair value through other comprehensive income	520,983	1,815
Increase in financial assets at amortized cost	(382,262)	(763,580)
Increase in insurance contract assets	(8,603)	(150)
Decrease (increase) in reinsurance contract assets	1,000,659	(2,982,795)
(Increase) decrease in other assets	(3,092)	21,952
Decrease in other payables	(732,333)	(662,808)
(Decrease) increase in insurance contract liabilities	(214,873)	3,462,948
(Decrease) increase in reinsurance contract liabilities	(2,723)	10,485
Decrease in provisions	(7,047)	(51,347)
Increase (decrease) in other liabilities	133,501	(543,032)
Cash generated from (used in) operations	665,710	(404,035)
Interest received	224,479	202,049
Dividends received	10,035	4,752
Interest paid	(1,888)	(922)
Income tax paid	(5,202)	(9,439)
Net cash generated from (used in) operating activities	893,134	(207,595)

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CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2026	2025 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (7,699)	$ (1,625)
Acquisition of intangible assets	(3,076)	(5,004)
Decrease in loans	1,995	11,609
Net cash (used in) generated from investing activities	(8,780)	4,980
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(42,117)	(41,400)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	520	6,564
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	842,757	(237,451)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,285,098	11,174,184
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 16,127,855	$ 10,936,733

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

(With Deloitte & Touche review report dated May 13, 2026) (Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 13, 2026.

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

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

Except as noted below, the application of the IFRS Accounting Standards endorsed and made effective by the FSC did not have a material impact on the accounting policies of the Company and entities controlled by the Company (collectively, the "Group").

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

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

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

The Group applies the transition requirements of IFRS 17 in its accounting treatment. In general, the Group applies IFRS 17 using the full retrospective approach. Where the application of the full retrospective approach is impractical, the Group applies 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 fair value approach using reasonable and supportable information, the Group determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025 based on the difference between the fair value of the group of insurance contracts and the fulfillment cash flows measured at that date. Relevant information is set out in Note 4, Summary of Material Accounting Policy Information.

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

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

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2025			
Impact on assets	$ 79,883,535	$ (7,512,249)	$ 72,371,286
Impact on liabilities	59,856,107	(9,082,287)	50,773,820
Impact on equity	$ 20,027,428	$ 1,570,038	$ 21,597,466
March 31, 2025			
Impact on assets	$ 69,310,327	$ (7,684,953)	$ 61,625,374
Impact on liabilities	51,204,771	(9,270,256)	41,934,515
Impact on equity	$ 18,105,556	$ 1,585,306	$ 19,690,862
January 1, 2025			
Impact on assets	$ 65,503,446	$ (6,383,017)	$ 59,120,429
Impact on liabilities	47,556,263	(7,951,593)	39,604,670
Impact on equity	$ 17,947,183	$ 1,568,578	$ 19,515,761

Redesignation of financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (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

(Concluded)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

1) 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.

2) IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the 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.

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.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

d. Basis of consolidation

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

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

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

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

Refer to Note 13 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Other material accounting policies

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

1) Financial instruments

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

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

a) Financial assets

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

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

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends, interest earned and remeasurement gains or losses on such a financial asset. Fair value is determined in the manner described in Note 28.

ii) Financial assets at amortized cost

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

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

iii) Investments in debt instruments at FVTOCI

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

(i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

(ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Pursuant to Jin Guan Bao Tsai No. 1140131712, New Taiwan dollar-denominated foreign bond ETFs are accounted for in accordance with the "Practical Guidance on Classification of Insurance Enterprises' Investments in Taiwan Dollar-Denominated Overseas Bond ETFs as FVTOCI" issued by the Life Insurance Association of the Republic of China.

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

iv) Investments in equity instruments at FVTOCI

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

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

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

ii. Impairment of financial assets

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

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

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

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

i) Internal or external information shows that the debtor is unlikely to pay its creditors.

ii) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

In addition, in accordance with the 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 minimum amounts of allowance for bad debts are based upon each of the following standards:

i) The sum of 0.5% of the First Category loan assets excluding life insurance policy loans, premium loans and loans to government agencies, 2% of the Second Category loan assets, 10% of the Third Category loan assets, as well as 50% and 100% of the Fourth and Fifth Category loan assets.

ii) 1% of the sum of all five categories of loan assets excluding life insurance loans, automatic premium loans and loans to government agencies.

iii) Total unsecured portion of non-performing loans and non-accrual loans.

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

iii. Derecognition of financial assets

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

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

b) Equity instruments

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

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

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

c) Financial liabilities

i. Subsequent measurement

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

<u>Financial liabilities at FVTPL</u>

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any interest paid on the financial liability). Fair value is determined in the manner described in Note 28.

ii. Derecognition of financial liabilities

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

d) Derivative financial instruments

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

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

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

2) Insurance contracts

a) Definition and scope

i. Insurance contracts issued (including reinsurance contracts)

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

ii. Reinsurance contracts held

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

b) Separating components from insurance contracts

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

i. Cash flows related to embedded derivatives that are required to be separated in accordance with IFRS 9;

ii. Cash flows related to distinct investment components;

iii. Any promise to transfer distinct goods or services other than insurance contract services to the policyholder.

The Group has no insurance contracts requiring further separation.

c) Level of aggregation of insurance contracts

i. Insurance contracts

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

i) Groups of contracts that are onerous;

ii) Groups of contracts that have no significant possibility of becoming onerous subsequently; and

iii) Groups of the remaining contracts in the portfolio.

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

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

ii. Reinsurance contracts held

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

i) Groups of contracts with net gain;

ii) Groups of contracts with no significant possibility of turning into a net gain subsequently; and

iii) Groups comprising the remaining contracts in the portfolio.

d) Initial recognition of contracts

i. Insurance contracts

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

i) The commencement date of the coverage period of the groups of contracts;

ii) The date on which the first payment from the policyholder in the group becomes due; and

iii) For groups of onerous contracts, the date on which the group becomes onerous.

ii. Reinsurance contracts held

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

    i) The date on which the coverage period of the group of reinsurance contracts held begins; and

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

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

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

e) Contract modifications and derecognition

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

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

i. When the insurance contract is extinguished, i.e., when the obligations specified in the insurance contract expire, are discharged, or are cancelled;

ii. When any of the following conditions for modification of an insurance contract is met, the Group derecognizes the original contract and recognizes the modified contract as a new contract.

    i) If the modified terms had been included at contract inception, and the Group concludes that the modified contract would have met any of the following conditions:

        (i) The modified contract would have been excluded from the scope of IFRS 17;

        (ii) The modification would separate distinct components from the host insurance contract, resulting in a different insurance contract to which IFRS 17 would have applied;

        (iii) The modified contract would have a substantially different contract boundary; or

        (iv) The modified contract would have been included in a different group of contracts.

    ii) The original contract applies 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: Insurance contracts recognized in accordance with IFRS 17 and the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, which are aggregated at the portfolio level and presented as a debit balance (asset) or a credit balance (liability). These include the liabilities for remaining coverage and the liability for incurred claims.

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

iii. Initial recognition: Groups of contracts applying the general measurement model

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

i) Fulfilment cash flows

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

i.)) Estimates of future cash flows;

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

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

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

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

(ii) Contract boundary

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

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

i.)) The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio;

ii.)) The pricing of premiums up to the date of risk reassessment does not take into account risks relating to periods after the reassessment date.

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

(iii) Insurance acquisition cash flows

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

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

i.)) Allocate insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group; and

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

(iv) Risk adjustment for non-financial risk

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

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

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

ii) Contractual service margin

(i) Insurance contracts

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

i.)) The initial recognition of an amount for the fulfilment cash flows;

ii.)) All cash flows arising from contracts within the group as at that date;

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

(ii) Reinsurance contracts held

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

i.)) Fulfilment cash flows;

ii.)) Any cash flows arising on that date; and

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

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

iv. Subsequent measurement: Groups of contracts applying the general measurement model

i) Groups of insurance contracts: The carrying amount at the end of each reporting period shall be the sum of:

(i) Liability for remaining coverage, comprising:

i.)) The fulfilment cash flows related to future service allocated to the group at that date;

ii.)) The contractual service margin of the group at that date.

(ii) Liability for incurred claims, comprising fulfillment cash flows relating to past service allocated to the group at that date.

ii) Groups of reinsurance contracts held: The carrying amount at the end of each reporting period shall be the sum of:

(i) Asset for remaining coverage, comprising:

i.)) The fulfilment cash flows related to future service allocated to the group at that date; and

ii.)) The contractual service margin of the group at that date.

(ii) Asset for incurred claims, comprising fulfilment cash flows relating to past service allocated to the group at that date.

iii) Changes in fulfilment cash flows

(i) At the end of each reporting period, the Group updates the fulfilment cash flows using current assumptions and discount rates. Changes in fulfilment cash flows are treated as follows:

i.)) Changes related to current or past service are recognized in profit or loss.

ii.)) Changes relating to future service are recognized by adjusting the contractual service margin or the loss component.

(ii) For insurance contracts measured under the general measurement model, changes in fulfilment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:

i.)) Experience adjustments arising from premiums received in the period that relate to future service, together with related cash flows such as insurance acquisition cash flows.

ii.)) Changes in estimates of present value of the future cash flows in the liability for remaining coverage.

iii.)) The difference between any investment 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.

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

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

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

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

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

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

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

iv) Adjustments to the contractual service margin.

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

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

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

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

iv.)) The effect of any foreign exchange differences on the contractual service margin; and

v.)) The amounts recognized as insurance revenue due to the transfer of insurance contract services in the period.

(ii) For groups of reinsurance contracts held, the contractual service margin at the end of the reporting period is measured as the carrying amount determined at the beginning of the reporting period, adjusted for the following items

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

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

iii.)) Income recognized upon the initial recognition of a group of onerous underlying insurance contracts, or upon the addition of onerous underlying insurance contracts to a group resulting in the recognition of a loss. A loss-recovery component of the asset for remaining coverage is established (or adjusted) for the group of reinsurance contracts held in respect of such amount.

iv.)) Reversals of the recognized loss-recovery component, to the extent that such reversals do not constitute changes in the fulfilment cash flows of the group of reinsurance contracts held.

v.)) Changes in fulfilment cash flows relating to future service, unless such changes arise from changes in fulfilment cash flows allocated to a group of underlying insurance contracts that do not adjust the contractual service margin of that group of underlying insurance contracts.

vi.)) Any foreign exchange differences arising from the contractual service margin; and

vii.)) Amounts recognized in profit or loss arising from services received in the period.

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

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

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

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

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

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

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

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

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

(v) Onerous contracts - loss component

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

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

i.)) Estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage because of incurred insurance service expenses;

ii.)) Changes in the risk adjustment for non-financial risk; and.

iii.))Insurance finance income or expenses.

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

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

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

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

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

i) Insurance contracts.

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

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

ii) Reinsurance contracts held:

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

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

iii) As the due dates of contract premiums fall within the coverage period of the contracts, the Group does not reflect the time value of money in the liability for remaining coverage of issued insurance contracts.

iv) If, at any point during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes in profit or loss a loss the excess of fulfilment cash flows measured under the general measurement model over the carrying amount of the liability for remaining coverage, and correspondingly increases the liability for remaining coverage, while establishing a loss component. Subsequently, at each reporting period, the loss component is remeasured by calculating the difference between the fulfilment cash flows for related future service under the general measurement model and the liability for remaining coverage.

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

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

g) Insurance service result: Issued insurance contracts.

i. Insurance revenue.

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

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

i) Amounts arising from changes in the liability for remaining coverage:

(i) Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:

i.)) The amounts allocated to the loss component of the liability for remaining coverage;

ii.)) Amounts related to transaction-based taxes collected on behalf of third parties;

iii.)) Insurance acquisition expenses;

(ii) Changes in the risk adjustment for non-financial risk, excluding:

i.)) Changes included in insurance finance income or expenses;

ii.)) Changes relating to future service;

iii.)) Amounts allocated to the loss component of the liability for remaining coverage.

(iii) The amount of the contractual service margin recognized in profit or loss in the period.

(iv) Other amounts, such as experience adjustments arising from premiums received that do not relate to future service.

ii) Allocation of premiums related to the recovery of insurance acquisition cash flows: Insurance revenue related to the acquisition cash flows is determined by allocating the portion of premiums associated with those cash flows to each reporting period on the basis of the passage of time.

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

iii) Insurance service expenses.

Insurance service expenses include the following items:

(i) Incurred claims and other incurred insurance service expenses;

(ii) Amortization of insurance acquisition cash flows;

(iii) Changes that relate to past service, i.e., changes in fulfilment cash flows associated with liabilities for incurred claims;

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

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

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

h) Insurance service result: Reinsurance contracts held.

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

i. For reinsurance contracts held measured under the general measurement model, the allocation of premiums paid includes amounts arising from changes in the asset for remaining coverage, comprising the following:

i) Claims recovered and other directly attributable expenses incurred in the current period, measured at amounts expected at the beginning of the period, excluding:

(i) Amounts allocated to the loss-recovery component of the asset for remaining coverage;

(ii) Repayment of investment components;

(iii) Amounts related to the risk adjustment for non-financial risk.

ii) Changes in the risk adjustment for non-financial risk, excluding:

(i) Changes included in insurance finance income or expenses of reinsurance contracts held;

(ii) Changes that relate to future service;

(iii) Amounts allocated to the loss-recovery component.

iii) The amount of the contractual service margin recognized in profit or loss for services received during the period.

iv) Experience adjustments arising from premiums paid for reinsurance that are not related to future service.

ii. For reinsurance contracts held measured under the premium allocation approach, the Group recognizes the allocation of premiums paid based on the passage of time over the coverage period of the respective groups of contracts.

iii. Amounts recoverable from reinsurers:

i) Reinsurance recoveries of incurred claims and benefits (excluding investment components and net of allocations of the loss-recovery component);

ii) Other incurred reinsurance-related expenses.

iii) Changes that relate to past service, i.e., changes in fulfilment cash flows associated with assets for incurred claims;

iv) Amounts related to the recovery and reversal of losses on onerous underlying contracts.

iv. Changes in the reinsurer's non-performance risk.

i) Insurance finance income or expenses

i. Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance contracts arising from the following:

i) The effect of the time value of money and changes in the time value of money;

ii) The effect of financial risk and changes in financial risk.

ii. For contracts measured under the general measurement model, insurance finance income or expenses mainly comprise the following items:

i) Interest accreted on fulfilment cash flows and the contractual service margin;

ii) The effects of changes in interest rates and other financial assumptions.

iii. For contracts measured under the premium allocation approach, insurance finance income or expenses mainly comprise the following items:

i) Interest accreted on liabilities for incurred claims;

ii) The effects of changes in interest rates and other financial assumptions.

iv. The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

v. For the measurement of insurance contracts, the Group has elected to present insurance finance income or expenses for the period in profit or loss.

vi. For groups of insurance contracts that give rise to foreign currency cash flows, the Group accounts for the group of contracts, including the contractual service margin, as a monetary item.

j) Interim financial reporting.

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

k) Transition.

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

i. Contracts measured using the full retrospective approach.

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

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

ii. Contracts measured using the fair value approach.

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

<u>Level of aggregation</u>

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.

<u>Measurement at the transition date</u>

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

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

<u>Discount rate</u>

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

Insurance acquisition cash flows

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

(i) Insurance acquisition cash flows recoverable from premiums relating to insurance contracts written before the transition date but not yet recognized at the transition date;

(ii) Future insurance contracts obtained after the transition date, for which no additional payment is required in respect of costs already incurred;

(iii) Renewals of insurance contracts recognized at the transition date.

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

Reinsurance contracts held

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

3) Special reserve

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

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

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

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

a) Special reserves for catastrophic event

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

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Retirement benefits

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

5) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Material Accounting Judgments

<u>Assessment of insurance contracts.</u>

As of March 31, 2026, the Group's liabilities for insurance contracts issued amounted to $43,458,904 thousand, comprising the following components:

1) Liability for remaining coverage

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

2) Liability for incurred claims

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

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

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	$ 27,590	$ 25,130	$ 35,717
Checking accounts and demand deposits	3,957,975	4,696,452	2,460,439
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,761,782	4,805,834	4,841,764
Commercial paper	7,380,508	5,757,682	3,598,813
	$ 16,127,855	$ 15,285,098	$ 10,936,733

7. FINANCIAL INSTRUMENTS AT FVTPL

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Currency swap contracts	$ 346	$ 37,087	$ -
Non-derivative financial assets			
Listed shares	543,320	10,065,542	7,011,526
Beneficiary certificates	1,936,515	4,300,969	6,221,376
Financial bonds	265,797	276,637	253,357
	$ 2,745,978	$ 14,680,235	$ 13,486,259
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Currency swap contracts	$ 344,698	$ 213,942	$ 230,110

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

	Currency	Maturity Date	Notional Amount (In Thousands)
March 31, 2026			
Currency swap contracts	USD/NTD	2026.04.10-2027.03.29	USD 226,900
December 31, 2025			
Currency swap contracts	USD/NTD	2026.01.13-2026.12.18	USD 219,900
March 31, 2025			
Currency swap contracts	USD/NTD	2025.04.10-2026.03.26	USD 194,600

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

b. The financial assets at FVTPL were not pledged.

8. FINANCIAL ASSETS AT FVTOCI

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in equity instruments at FVTOCI			
Domestic listed shares	$ 9,561,106	$ -	$ -
Foreign listed shares	271,695	-	-
	$ 9,832,801	$ -	$ -
Investments in debt instruments at FVTOCI			
Beneficiary certificates	$ 3,063,702	$ -	$ -
Government bonds	648,373	653,324	654,790
	$ 3,712,075	$ 653,324	$ 654,790

a. Refer to Note 28 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

b. The financial assets at FVTOCI were not pledged as collateral.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Corporate bonds	$ 1,699,969	$ 1,699,988	$ 1,599,969
Government bonds	900,212	900,144	949,975
Financial bonds	200,000	200,000	200,000
Foreign bonds	9,247,012	8,864,386	8,368,584
	12,047,193	11,664,518	11,118,528
Less: Deposits in the Central Bank	(299,934)	(299,897)	(299,785)
Less: Loss allowance	(14,685)	(14,141)	(14,955)
	$ 11,732,574	$ 11,350,480	$ 10,803,788

a. The Group’s gains on redemption of bonds at maturity for the three months ended March 31, 2026 and 2025 were $9 thousand and $1,277 thousand, respectively.

b. Refer to Note 28 for information relating to the credit risk management and impairment.

c. The financial assets at amortized cost were not pledged.

10. LOANS

	March 31, 2026	December 31, 2025	March 31, 2025
Secured loans	$ 67,752	$ 69,776	$ 86,066
Less: Loss allowance	(959)	(987)	(1,224)
	$ 66,793	$ 68,789	$ 84,842

Secured loans are collateralized by property and equipment. The Group applies IFRS 9 and assesses impairment in accordance with the "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". Refer to Note 28 for information relating to the credit risk management and impairment for the three months ended March 31, 2026 and 2025.

11. RECEIVABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	$ 170,000	$ 181,126	$ 192,306
Other receivables	577,624	565,592	638,044
	747,624	746,718	830,350
Less: Loss allowance	(40,235)	(40,206)	(39,969)
	$ 707,389	$ 706,512	$ 790,381

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

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 40,206	$ 39,794
Impairment losses recognized	29	175
Ending balance	$ 40,235	$ 39,969

12. REINSURANCE CONTRACT ASSETS

a. Reconciliation of assets and liabilities of reinsurance contracts held

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

<u>For the three months ended March 31, 2026</u>

	Assets for Remaining Coverage			Assets for Incurred Claims of Contracts Measured under the General Measurement Model	Assets for Incurred Claims Measured under the Premium Allocation Approach			
	Excluding Loss Recovery Component	Loss Recovery Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of reinsurance contract assets	$ 2,196,428	$ 730	$ 2,197,158	$ 7,729,919	$ 9,497,270	$ 1,865,159	$ 11,362,429	$ 21,289,506
Beginning balance of reinsurance contract liabilities	(4,458)	1	(4,457)	-	1,273	430	1,703	(2,754)
Net balance on January 1, 2026	2,191,970	731	2,192,701	7,729,919	9,498,543	1,865,589	11,364,132	21,286,752
Allocation of premiums paid	(2,916,699)	-	(2,916,699)	-	-	-	-	(2,916,699)
Amounts recovered from reinsurers								
Incurred claims and payments recovered	-	-	-	836,883	2,592,167	308,922	2,901,089	3,737,972
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	(66)	(66)	-	-	-	-	(66)
Changes related to past service - adjustments to assets for incurred claims	-	-	-	(705,936)	(1,968,974)	(583,892)	(2,552,866)	(3,258,802)
Subtotal of amounts recovered from reinsurers	-	(66)	(66)	130,947	623,193	(274,970)	348,223	479,104
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	124	-	124	123	99	-	99	346
Income or expenses from reinsurance contracts held	(2,916,575)	(66)	(2,916,641)	131,070	623,292	(274,970)	348,322	(2,437,249)
Finance income or expenses from reinsurance contracts held								
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest related	(253)	298	45	13,957	21,682	-	21,682	35,684
Exchange differences on translation of the financial statements of foreign operations	1,015	2	1,017	-	1,671	21,134	22,805	23,822
Total amount recognized in the statement of comprehensive income	(2,915,813)	234	(2,915,579)	145,027	646,645	(253,836)	392,809	(2,377,743)
Investment components	(116,331)	-	(116,331)	56,464	59,867	-	59,867	-
Cash flows during the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(224,108)	(1,369,874)	-	(1,369,874)	(1,593,982)
Premiums paid for reinsurance contracts held	2,973,789	-	2,973,789	-	-	-	-	2,973,789
Subtotal of cash flows during the period	2,973,789	-	2,973,789	(224,108)	(1,369,874)	-	(1,369,874)	1,379,807
Ending balance of reinsurance contract assets	2,133,661	964	2,134,625	7,707,302	8,835,168	1,611,752	10,446,920	20,288,847
Ending balance of reinsurance contract liabilities	(46)	1	(45)	-	13	1	14	(31)
Net balance on March 31, 2026	$ 2,133,615	$ 965	$ 2,134,580	$ 7,707,302	$ 8,835,181	$ 1,611,753	$ 10,446,934	$ 20,288,816

For the three months ended March 31, 2025

	Assets for Remaining Coverage			Assets for Incurred Claims of Contracts Measured under the General Measurement Model	Assets for Incurred Claims Measured under the Premium Allocation Approach			
	Excluding Loss Recovery Component	**Loss Recovery Component**	**Total**		**Estimates of the Present Value of Future Cash Flows**	**Risk Adjustment for Non-Financial Risk**	**Total**	**Total**
Beginning balance of reinsurance contract assets	$ 2,571,099	$ 522	$ 2,571,621	$ 2,714,687	$ 7,491,377	$ 830,156	$ 8,321,533	$ 13,607,841
Beginning balance of reinsurance contract liabilities	(12,590)	1	(12,589)	-	5,341	990	6,331	(6,258)
Net balance on January 1, 2025	2,558,509	523	2,559,032	2,714,687	7,496,718	831,146	8,327,864	13,601,583
Allocation of premiums paid	(2,584,533)	-	(2,584,533)	-	-	-	-	(2,584,533)
Amounts recovered from reinsurers								
Incurred claims and payments recovered	-	-	-	978,466	4,781,488	417,423	5,198,911	6,177,377
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	585	585	-	-	-	-	585
Changes related to past service - adjustments to assets for incurred claims	-	-	-	(172,759)	(1,916,414)	(213,734)	(2,130,148)	(2,302,907)
Subtotal of amounts recovered from reinsurers	-	585	585	805,707	2,865,074	203,689	3,068,763	3,875,055
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	9	-	9	(255)	(201)	-	(201)	(447)
Income or expenses from reinsurance contracts held	(2,584,524)	585	(2,583,939)	805,452	2,864,873	203,689	3,068,562	1,290,075
Finance income or expenses from reinsurance contracts held								
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest related	2,866	52	2,918	8,789	28,301	-	28,301	40,008
Exchange differences on translation of the financial statements of foreign operations	2,435	1	2,436	-	3,078	(920)	2,158	4,594
Total amount recognized in the statement of comprehensive income	(2,579,223)	638	(2,578,585)	814,241	2,896,252	202,769	3,099,021	1,334,677
Investment components	(125,252)	-	(125,252)	67,389	57,863	-	57,863	-
Cash flows during the period								
Claims or expenses recovered from reinsurance contracts held	-	-	-	(162,625)	(896,003)	-	(896,003)	(1,058,628)
Premiums paid for reinsurance contracts held	2,696,261	-	2,696,261	-	-	-	-	2,696,261
Subtotal of cash flows during the period	2,696,261	-	2,696,261	(162,625)	(896,003)	-	(896,003)	1,637,633
Ending balance of reinsurance contract assets	2,571,545	1,161	2,572,706	3,433,692	9,550,943	1,033,295	10,584,238	16,590,636
Ending balance of reinsurance contract liabilities	(21,250)	-	(21,250)	-	3,887	620	4,507	(16,743)
Net balance on March 31, 2025	$ 2,550,295	$ 1,161	$ 2,551,456	$ 3,433,692	$ 9,554,830	$ 1,033,915	$ 10,588,745	$ 16,573,893

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

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

For the three months ended March 31, 2026

			Contractual Service Margin				
	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contracts Under the Modified Retrospective Approach	Contracts Under the Fair Value Approach	All Other Contracts	Total	Total
Beginning balance of reinsurance contract assets	$ 7,077,526	$ 1,586,767	$ -	$ 29,868	$ 420,590	$ 450,458	$ 9,114,751
Beginning balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on January 1, 2026	$ 7,077,526	$ 1,586,767	$ -	$ 29,868	$ 420,590	$ 450,458	$ 9,114,751
Changes related to future service							
Changes in estimates adjusting the contractual service margin	$ (871,099)	$ (196,090)	$ -	$ 165,900	$ 901,289	$ 1,067,189	$ -
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	-	-	-	(3)	(3)	(3)
Effect of contracts initially recognized during the period	(522,611)	365,053	-	-	157,558	157,558	-
Subtotal of changes related to future service	(1,393,710)	168,963	-	165,900	1,058,844	1,224,744	(3)
Changes related to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(29,025)	(406,330)	(435,355)	(435,355)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(217,540)	-	-	-	-	(217,540)
Experience adjustments	279,500	-	-	-	-	-	279,500
Subtotal of changes related to current service	279,500	(217,540)	-	(29,025)	(406,330)	(435,355)	(373,395)
Changes related to past service							
Adjustments related to assets for incurred claims	(593,674)	47,233	-	-	-	-	(546,441)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	344	-	-	(96)	-	(96)	248
Income or expenses from reinsurance contracts held	(1,707,540)	(1,344)	-	136,779	652,514	789,293	(919,591)
Finance income or expenses from reinsurance contracts held							
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest-related	11,823	-	-	109	1,771	1,880	13,703
Total amount recognized in the statement of comprehensive income	(1,695,717)	(1,344)	-	136,888	654,285	791,173	(905,888)
Cash flows during the period							
Claims or expenses recovered from reinsurance contracts held	(224,108)	-	-	-	-	-	(224,108)
Premiums paid for reinsurance contracts held	914,932	-	-	-	-	-	914,932
Subtotal of cash flows during the period	690,824	-	-	-	-	-	690,824
Ending balance of reinsurance contract assets	6,072,633	1,585,423	-	166,756	1,074,875	1,241,631	8,899,687
Ending balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on March 31, 2026	$ 6,072,633	$ 1,585,423	$ -	$ 166,756	$ 1,074,875	$ 1,241,631	$ 8,899,687

For the three months ended March 31, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin: Contracts Under the Modified Retrospective Approach	Contractual Service Margin: Contracts Under the Fair Value Approach	Contractual Service Margin: All Other Contracts	Contractual Service Margin: Total	Total
Beginning balance of reinsurance contract assets	$ 2,738,430	$ 532,598	$ -	$ 45,975	$ 611,423	$ 657,398	$ 3,928,426
Beginning balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on January 1, 2025	$ 2,738,430	$ 532,598	$ -	$ 45,975	$ 611,423	$ 657,398	$ 3,928,426
Changes related to future service							
Changes in estimates adjusting the contractual service margin	$ (280,830)	$ 88,047	$ -	$ 27,105	$ 165,678	$ 192,783	$ -
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	-	-	-	-	-	-
Effect of contracts initially recognized during the period	(720,578)	91,004	-	-	629,574	629,574	-
Subtotal of changes related to future service	(1,001,408)	179,051	-	27,105	795,252	822,357	-
Changes related to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(22,693)	(358,489)	(381,182)	(381,182)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	2,639	-	-	-	-	2,639
Experience adjustments	621,485	-	-	-	-	-	621,485
Subtotal of changes related to current service	621,485	2,639	-	(22,693)	(358,489)	(381,182)	242,942
Changes related to past service							
Adjustments related to assets for incurred claims	(154,115)	13,719	-	-	-	-	(140,396)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	(159)	-	-	(86)	-	(86)	(245)
Income or expenses from reinsurance contracts held	(534,197)	195,409	-	4,326	436,763	441,089	102,301
Finance income or expenses from reinsurance contracts held							
Finance income or expenses from reinsurance contracts held recognized in profit or loss - interest-related	7,687	-	-	163	3,804	3,967	11,654
Total amount recognized in the statement of comprehensive income	(526,510)	195,409	-	4,489	440,567	445,056	113,955
Cash flows during the period							
Claims or expenses recovered from reinsurance contracts held	(162,625)	-	-	-	-	-	(162,625)
Premiums paid for reinsurance contracts held	916,449	-	-	-	-	-	916,449
Subtotal of cash flows during the period	753,824	-	-	-	-	-	753,824
Ending balance of reinsurance contract assets	2,965,744	728,007	-	50,464	1,051,990	1,102,454	4,796,205
Ending balance of reinsurance contract liabilities	-	-	-	-	-	-	-
Net balance on March 31, 2025	$ 2,965,744	$ 728,007	$ -	$ 50,464	$ 1,051,990	$ 1,102,454	$ 4,796,205

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

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

	For the Three Months Ended March 31	
	2026	2025
Estimates of the present value of cash outflows	$ (1,530,243)	$ (1,057,279)
Estimates of the present value of cash inflows	1,007,632	336,701
Risk adjustment for non-financial risk	365,053	91,004
Contractual service margin	157,558	629,574
Effect of contracts initially recognized during the period	$ -	$ -

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2026	December 31, 2025	March 31, 2025
Investments in associates	$ 2,765,968	$ 2,553,784	$ 2,482,924

Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2026	2025
The Group’s share of:		
Profit from continuing operations	$ 109,466	$ 45,336
Other comprehensive income	102,719	30,698
Total comprehensive income for the period	$ 212,185	$ 76,034

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

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

15. PROPERTY AND EQUIPMENT

	Computer Equipment	Other Equipment	Prepayments for Equipment	Total
Cost				
Balance on January 1, 2025	$ 848,521	$ 295,146	$ 61,065	$ 1,204,732
Additions	697	20	908	1,625
Disposals	(158)	(462)	-	(620)
Reclassification	-	-	(1,730)	(1,730)
Foreign exchange	-	781	-	781
Balance on March 31, 2025	$ 849,060	$ 295,485	$ 60,243	$ 1,204,788
Accumulated depreciation and impairment				
Balance on January 1, 2025	$ 568,509	$ 172,469	$ -	$ 740,978
Depreciation expense	32,289	9,202	-	41,491
Disposals	(158)	(460)	-	(618)
Foreign exchange	-	757	-	757
Balance on March 31, 2025	$ 600,640	$ 181,968	$ -	$ 782,608
Carrying amounts on March 31, 2025	$ 248,420	$ 113,517	$ 60,243	$ 422,180
Cost				
Balance on January 1, 2026	$ 896,427	$ 303,988	$ 1,614	$ 1,202,029
Additions	4,289	2,576	834	7,699
Disposals	(235)	(25)	-	(260)
Foreign exchange	-	1,154	-	1,154
Balance on March 31, 2026	$ 900,481	$ 307,693	$ 2,448	$ 1,210,622
Accumulated depreciation and impairment				
Balance on January 1, 2026	$ 696,780	$ 189,515	$ -	$ 886,295
Depreciation expense	27,928	10,437	-	38,365
Disposals	(235)	(24)	-	(259)
Foreign exchange	-	1,122	-	1,122
Balance on March 31, 2026	$ 724,473	$ 201,050	$ -	$ 925,523
Carrying amounts on December 31, 2025 and January 1, 2026	$ 199,647	$ 114,473	$ 1,614	$ 315,734
Carrying amounts on March 31, 2026	$ 176,008	$ 106,643	$ 2,448	$ 285,099

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amounts			
Buildings	$ 263,838	$ 289,017	$ 151,355
Transportation equipment	9,753	10,596	8,733
	$ 273,591	$ 299,613	$ 160,088

	For the Three Months Ended March 31	
	2026	2025
Additions to right-of-use assets	$ 16,706	$ 4,254
Depreciation charge for right-of-use assets		
Buildings	$ 42,111	$ 41,101
Transportation equipment	843	685
	$ 42,954	$ 41,786

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amounts	$ 275,620	$ 300,801	$ 160,707

Range of discount rates for lease liabilities was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Buildings	1.17%-8.57%	1.13%-8.57%	1.13%-8.57%
Transportation equipment	1.96%-2.76%	1.96%-2.76%	2.15%-2.76%

c. Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses relating to short-term leases	$ 6,188	$ 7,114
Total cash outflow for leases	$ 43,788	$ 49,409

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

17. INTANGIBLE ASSETS

	Computer Software	Other	Total
Cost			
Balance on January 1, 2025	$ 595,320	$ 500	$ 595,820
Additions	5,004	-	5,004
Reclassification	1,730	-	1,730
Foreign exchange	1,069	-	1,069
Balance on March 31, 2025	$ 603,123	$ 500	$ 603,623
Accumulated amortization			
Balance on January 1, 2025	$ 491,342	$ -	$ 491,342
Amortization expense	16,194	-	16,194
Foreign exchange	862	-	862
Balance on March 31, 2025	$ 508,398	$ -	$ 508,398
Carrying amounts on March 31, 2025	$ 94,725	$ 500	$ 95,225
Cost			
Balance on January 1, 2026	$ 668,016	$ 500	$ 668,516
Additions	3,076	-	3,076
Foreign exchange	1,603	-	1,603
Balance on March 31, 2026	$ 672,695	$ 500	$ 673,195
Accumulated amortization			
Balance on January 1, 2026	$ 546,405	$ -	$ 546,405
Amortization expense	16,323	-	16,323
Foreign exchange	1,397	-	1,397
Balance on March 31, 2026	$ 564,125	$ -	$ 564,125
Carrying amounts on December 31, 2025 and January 1, 2026	$ 121,611	$ 500	$ 122,111
Carrying amounts on March 31, 2026	$ 108,570	$ 500	$ 109,070

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

Computer software	3 years

18. OTHER ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Deposits in the Central Bank	$ 299,934	$ 299,897	$ 299,785
Statutory deposits	27,587	27,471	28,059
Other deposits	175,755	177,664	207,964
Prepayments	6,035	6,022	2,710
Others	30,075	25,240	42,359
	$ 539,386	$ 536,294	$ 580,877

Refer to Note 31 for the information of the assets, including government bonds and time deposits, pledged as guarantee deposits of the Group.

19. PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Integrated income tax payable	$ 888,570	$ 675,794	$ 636,977
Other payables	615,293	1,347,626	603,220
	$ 1,503,863	$ 2,023,420	$ 1,240,197

20. INSURANCE CONTRACT LIABILITIES

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

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

For the three months ended March 31, 2026

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of insurance contract assets	$ (5,148)	$ 105	$ (5,043)	$ -	$ 120	$ 17	$ 137	$ (4,906)
Beginning balance of insurance contract liabilities	14,652,803	31,884	14,684,687	10,702,844	16,136,420	2,149,826	18,286,246	43,673,777
Net balance on January 1, 2026	14,647,655	31,989	14,679,644	10,702,844	16,136,540	2,149,843	18,286,383	43,668,871
Insurance revenue								
Contracts under the fair value approach	(128,260)	-	(128,260)	-	-	-	-	(128,260)
Other contracts	(9,981,443)	-	(9,981,443)	-	-	-	-	(9,981,443)
Subtotal of insurance revenue	(10,109,703)	-	(10,109,703)	-	-	-	-	(10,109,703)
Insurance service expenses								
Claims incurred and other insurance service expenses incurred	-	-	-	343,680	5,237,007	399,427	5,636,434	5,980,114
Changes related to past service - changes in fulfilment cash flows related to liabilities for incurred claims	-	-	-	368,753	(1,219,543)	(598,854)	(1,818,397)	(1,449,644)
Changes related to future service - losses and reversals of losses on groups of onerous insurance contracts	-	(7,859)	(7,859)	-	-	-	-	(7,859)
Amortization of insurance acquisition cash flows	1,927,198	-	1,927,198	-	-	-	-	1,927,198
Subtotal of insurance service expenses	1,927,198	(7,859)	1,919,339	712,433	4,017,464	(199,427)	3,818,037	6,449,809
Insurance service result	(8,182,505)	(7,859)	(8,190,364)	712,433	4,017,464	(199,427)	3,818,037	(3,659,894)
Insurance finance income or expenses								
Insurance finance income or expenses recognized in profit or loss - interest related	6,252	1,291	7,543	19,282	40,364	-	40,364	67,189
Foreign exchange gains or losses	(104)	25	(79)	633	14,481	1,359	15,840	16,394
Exchange differences on translation of the financial statements of foreign operations	3,117	35	3,152	-	11,001	22,432	33,433	36,585
Total amount recognized in the statement of comprehensive income	(8,173,240)	(6,508)	(8,179,748)	732,348	4,083,310	(175,636)	3,907,674	(3,539,726)
Cash flows during the period								
Premiums received from insurance contracts issued	10,329,247	-	10,329,247	-	-	-	-	10,329,247
Incurred claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(541,042)	(4,456,061)	-	(4,456,061)	(4,997,103)
Insurance acquisition cash flows	(2,015,894)	-	(2,015,894)	-	-	-	-	(2,015,894)
Subtotal of cash flows during the period	8,313,353	-	8,313,353	(541,042)	(4,456,061)	-	(4,456,061)	3,316,250
Ending balance of insurance contract assets	(16,779)	71	(16,708)	-	3,044	155	3,199	(13,509)
Ending balance of insurance contract liabilities	14,804,547	25,410	14,829,957	10,894,150	15,760,745	1,974,052	17,734,797	43,458,904
Net balance on March 31, 2026	$ 14,787,768	$ 25,481	$ 14,813,249	$ 10,894,150	$ 15,763,789	$ 1,974,207	$ 17,737,996	$ 43,445,395

For the three months ended March 31, 2025

	Liabilities for Remaining Coverage			Liabilities for Incurred Claims Measured Under the General Measurement Model	Liabilities for Incurred Claims Measured Under the Premium Allocation Approach			
	Excluding Any Loss Component	Any Loss Component	Total		Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Total
Beginning balance of insurance contract assets	$ (2,026)	$ 40	$ (1,986)	$ -	$ (86)	$ (12)	$ (98)	$ (2,084)
Beginning balance of insurance contract liabilities	13,421,583	25,310	13,446,893	4,490,270	13,326,474	1,153,657	14,480,131	32,417,294
Net balance on January 1, 2025	13,419,557	25,350	13,444,907	4,490,270	13,326,388	1,153,645	14,480,033	32,415,210
Insurance revenue								
Contracts under the fair value approach	(1,378,294)	-	(1,378,294)	-	-	-	-	(1,378,294)
Other contracts	(8,081,504)	-	(8,081,504)	-	-	-	-	(8,081,504)
Subtotal of insurance revenue	(9,459,798)	-	(9,459,798)	-	-	-	-	(9,459,798)
Insurance service expenses								
Claims incurred and other insurance service expenses incurred	-	-	-	1,469,229	6,438,797	395,193	6,833,990	8,303,219
Changes related to past service - changes in fulfilment cash flows related to liabilities for incurred claims	-	-	-	(158,580)	92,428	(238,379)	(145,951)	(304,531)
Changes related to future service - losses and reversals of losses on groups of onerous insurance contracts	-	(12,202)	(12,202)	-	-	-	-	(12,202)
Amortization of insurance acquisition cash flows	1,850,965	-	1,850,965	-	-	-	-	1,850,965
Subtotal of insurance service expenses	1,850,965	(12,202)	1,838,763	1,310,649	6,531,225	156,814	6,688,039	9,837,451
Insurance service result	(7,608,833)	(12,202)	(7,621,035)	1,310,649	6,531,225	156,814	6,688,039	377,653
Insurance finance income or expenses								
Insurance finance income or expenses recognized in profit or loss - interest related	9,802	10,375	20,177	14,775	53,454	-	53,454	88,406
Foreign exchange gains or losses	75	2	77	607	9,848	1,124	10,972	11,656
Exchange differences on translation of the financial statements of foreign operations	3,847	46	3,893	-	3,960	(818)	3,142	7,035
Total amount recognized in the statement of comprehensive income	(7,595,109)	(1,779)	(7,596,888)	1,326,031	6,598,487	157,120	6,755,607	484,750
Cash flows during the period								
Premiums received from insurance contracts issued	10,362,875	-	10,362,875	-	-	-	-	10,362,875
Incurred claims and other insurance service expenses paid for insurance contracts issued	-	-	-	(365,348)	(5,007,588)	-	(5,007,588)	(5,372,936)
Insurance acquisition cash flows	(2,011,891)	-	(2,011,891)	-	-	-	-	(2,011,891)
Subtotal of cash flows during the period	8,350,984	-	8,350,984	(365,348)	(5,007,588)	-	(5,007,588)	2,978,048
Ending balance of insurance contract assets	(2,360)	-	(2,360)	-	115	11	126	(2,234)
Ending balance of insurance contract liabilities	14,177,792	23,571	14,201,363	5,450,953	14,917,172	1,310,754	16,227,926	35,880,242
Net balance on March 31, 2025	$ 14,175,432	$ 23,571	$ 14,199,003	$ 5,450,953	$ 14,917,287	$ 1,310,765	$ 16,228,052	$ 35,878,008

b. Reconciliation of components of insurance contract assets and liabilities

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

For the three months ended March 31, 2026

			Contractual Service Margin				
	Estimates of the Present Value of Future Cash Flows	**Risk Adjustment for Non-Financial Risk**	**Contracts Under the Modified Retrospective Approach**	**Contracts Under the Fair Value Approach**	**All Other Contracts**	**Subtotal**	**Total**
Beginning balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Beginning balance of insurance contract liabilities	10,382,530	2,163,448	-	352,125	679,253	1,031,378	13,577,356
Net balance on January 1, 2026	10,382,530	2,163,448	-	352,125	679,253	1,031,378	13,577,356
Changes related to future service							
Changes in estimates adjusting the contractual service margin	39,862	16,128	-	29,536	(85,526)	(55,990)	-
Losses and reversals of losses on groups of onerous contracts	1	-	-	210	59	269	270
Effect of contracts initially recognized during the period	(666,335)	258,012	-	-	408,325	408,325	2
Subtotal of changes related to future service	(626,472)	274,140	-	29,746	322,858	352,604	272
Changes related to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(66,741)	(300,748)	(367,489)	(367,489)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	(29,357)	-	-	-	-	(29,357)
Experience adjustments	521,970	-	-	-	-	-	521,970
Subtotal of changes related to current service	521,970	(29,357)	-	(66,741)	(300,748)	(367,489)	125,124
Changes related to past service							
Changes in fulfilment cash flows related to incurred claims	(667,463)	(147,563)	-	-	-	-	(815,026)
Insurance service result	(771,965)	97,220	-	(36,995)	22,110	(14,885)	(689,630)
Insurance finance income or expenses							
Insurance finance income or expenses recognized in profit or loss - interest related	20,954	-	-	1,288	3,304	4,592	25,546
Foreign exchange gains or losses	560	72	-	1	-	1	633
Total amount recognized in the statement of comprehensive income	(750,451)	97,292	-	(35,706)	25,414	(10,292)	(663,451)
Cash flows during the period							
Premiums received from insurance contracts issued	1,821,979	-	-	-	-	-	1,821,979
Incurred claims and other insurance service expenses paid for insurance contracts issued	(541,042)	-	-	-	-	-	(541,042)
Insurance acquisition cash flows	(272,289)	-	-	-	-	-	(272,289)
Total cash flows during the period	1,008,648	-	-	-	-	-	1,008,648
Ending balance of insurance contract assets	(72)	4	-	-	1	1	(67)
Ending balance of insurance contract liabilities	10,640,799	2,260,736	-	316,419	704,666	1,021,085	13,922,620
Net Ending balance on March 31, 2026	$ 10,640,727	$ 2,260,740	$ -	$ 316,419	$ 704,667	$ 1,021,086	$ 13,922,553

For the three months ended March 31, 2025

	Estimates of the Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Contractual Service Margin: Contracts Under the Modified Retrospective Approach	Contractual Service Margin: Contracts Under the Fair Value Approach	Contractual Service Margin: All Other Contracts	Contractual Service Margin: Subtotal	Total
Beginning balance of insurance contract assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Beginning balance of insurance contract liabilities	4,823,024	833,438	-	378,291	684,963	1,063,254	6,719,716
Net balance on January 1, 2025	4,823,024	833,438	-	378,291	684,963	1,063,254	6,719,716
Changes related to future service							
Changes in estimates adjusting the contractual service margin	(168,804)	7,936	-	164,127	(3,259)	160,868	-
Losses and reversals of losses on groups of onerous contracts	-	-	-	6,007	4	6,011	6,011
Effect of contracts initially recognized during the period	(646,690)	166,619	-	-	480,071	480,071	-
Subtotal of changes related to future service	(815,494)	174,555	-	170,134	476,816	646,950	6,011
Changes related to current service							
Contractual service margin recognized in profit or loss to reflect the transfer of services	-	-	-	(109,529)	(347,667)	(457,196)	(457,196)
Changes in the risk adjustment for non-financial risk not related to future or past service	-	109,719	-	-	-	-	109,719
Experience adjustments	1,076,231	-	-	-	-	-	1,076,231
Subtotal of changes related to current service	1,076,231	109,719	-	(109,529)	(347,667)	(457,196)	728,754
Changes related to past service							
Changes in fulfilment cash flows related to incurred claims	(491,752)	(96,724)	-	-	-	-	(588,476)
Insurance service result	(231,015)	187,550	-	60,605	129,149	189,754	146,289
Insurance finance income or expenses							
Insurance finance income or expenses recognized in profit or loss - interest related	20,163	-	-	1,345	3,082	4,427	24,590
Foreign exchange gains or losses	529	75	-	1	2	3	607
Total amount recognized in the statement of comprehensive income	(210,323)	187,625	-	61,951	132,233	194,184	171,486
Cash flows during the period							
Premiums received from insurance contracts issued	1,762,281	-	-	-	-	-	1,762,281
Incurred claims and other insurance service expenses paid for insurance contracts issued	(365,351)	-	-	-	-	-	(365,351)
Insurance acquisition cash flows	(260,241)	-	-	-	-	-	(260,241)
Total cash flows during the period	1,136,689	-	-	-	-	-	1,136,689
Ending balance of insurance contract assets	-	-	-	-	-	-	-
Ending balance of insurance contract liabilities	5,749,390	1,021,063	-	440,242	817,196	1,257,438	8,027,891
Net Ending balance on March 31, 2025	$ 5,749,390	$ 1,021,063	$ -	$ 440,242	$ 817,196	$ 1,257,438	$ 8,027,891

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

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

For the three months ended March 31, 2026

	Insurance Contracts Issued		
	Non-Onerous Contracts	**Onerous Contracts**	**Total**
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	$ (257,055)	$ 1	$ (257,054)
Claims and other directly attributable expenses	(947,925)	4	(947,921)
Total	(1,204,980)	5	(1,204,975)
Estimates of present value of future cash inflows	1,871,318	(8)	1,871,310
Risk adjustment for non-financial risk	(258,013)	1	(258,012)
Contractual service margin	(408,325)	-	(408,325)
Effect of contracts initially recognized during the period	$ -	$ (2)	$ (2)

For the three months ended March 31, 2025

	Insurance Contracts Issued		
	Non-Onerous Contracts	**Onerous Contracts**	**Total**
Estimates of present value of future cash outflows			
Insurance acquisition cash flows	$ (268,666)	$ -	$ (268,666)
Claims and other directly attributable expenses	(715,966)	-	(715,966)
Total	(984,632)	-	(984,632)
Estimates of present value of future cash inflows	1,631,322	-	1,631,322
Risk adjustment for non-financial risk	(166,619)	-	(166,619)
Contractual service margin	(480,071)	-	(480,071)
Effect of contracts initially recognized during the period	$ -	$ -	$ -

21. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Special reserve-compulsory automobile liability insurance	$ 1,549,463	$ 1,568,563	$ 1,431,087
Special reserve-all insurances other than compulsory automobile liability insurance	2,327,211	308,499	403,161
Other liability - others	1,729,953	1,596,451	1,407,474
	$ 5,606,627	$ 3,473,513	$ 3,241,722

a. Special reserve for compulsory automobile liability insurance

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 1,568,563	$ 1,404,675
Provision	13,566	31,162
Recovery	(32,666)	(4,750)
Ending balance	$ 1,549,463	$ 1,431,087

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, from January 1 to March 31, 2026 and 2025, NT$15 and NT$15 per insurance contract will be set aside as this reserve, respectively, and recognized as expenses in its own compulsory automobile liability insurance business. In the case of a deficit in the annual net insurance premium in the business run by a property insurance company in the future, the deficit shall be compensated with the special reserve first; if there is still any shortage, it shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

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

	For the Three Months Ended March 31, 2026		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	$ -	$ 308,499	$ 308,499
Provision of special reserve pursuant to Rule No. 11504111391	858,400	1,160,312	2,018,712
Adjusted beginning balance	858,400	1,468,811	2,327,211
Provision	-	-	-
Recovery	-	-	-
Ending balance	$ 858,400	$1,468,811	$2,327,211

	For the Three Months Ended March 31, 2025		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	$ 94,662	$ 308,499	$ 403,161
Provision	-	-	-
Recovery	-	-	-
Ending balance	$ 94,662	$ 308,499	$ 403,161

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

22. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended March 31	
	2026	2025
Insurance acquisition cash flows	$ 2,683	$ 3,415
Other directly attributable expenses	1,578	2,009
Other operating expenses	993	1,255
	$ 5,254	$ 6,679

23. EQUITY

a. Share capital

	March 31, 2026	December 31, 2025	March 31, 2025
Shares authorized (in thousands of shares)	200,000	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000	$ 2,000,000
Shares issued and fully paid (in thousands of shares)	200,000	200,000	200,000
Shares issued	$ 2,000,000	$ 2,000,000	$ 2,000,000

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of ordinary shares	$ 7,806,316	$ 7,806,316	$ 7,806,316
May only be used to offset a deficit			
Recognition of employee share options by the parent company	54,817	54,817	54,817
	$ 7,861,133	$ 7,861,133	$ 7,861,133

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 25.

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

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

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

	For the Year Ended December 31	
	2025	**2024**
Legal reserve	$ 751,449	$ 527,324
Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises)	678,667	634,193
Special reserve (FinTech development)	(567)	(707)
Special reserve (according to Rule No. 10904939031)	21,108	18,320
Cash dividends	2,306,589	1,457,492
Cash dividends per share (NT$)	11.53	7.29

d. Special reserve

	For the Three Months Ended March 31, 2026				
	Special Reserve				
	Catastrophic Event	**Fluctuation of Risk**	**Others**	**Others**	**Total**
Beginning balance	$ 1,343,220	$ 4,595,274	$ -	$ 87,338	$ 6,025,832
Provision	-	-	-	-	-
Recovery/reversal	-	-	-	-	-
Ending balance	$ 1,343,220	$ 4,595,274	$ -	$ 87,338	$ 6,025,832

	For the Three Months Ended March 31, 2025				
	Special Reserve				
	Catastrophic Event	**Fluctuation of Risk**	**Others**	**Others**	**Total**
Beginning balance	$ 1,046,427	$ 4,213,400	$ -	$ 66,937	$ 5,326,764
Provision	-	-	-	-	-
Recovery/reversal	-	-	-	-	-
Ending balance	$ 1,046,427	$ 4,213,400	$ -	$ 66,937	$ 5,326,764

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

e. Other equity items

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

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ (273,918)	$ (232,465)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	6,283	8,636
Share from associates accounted for using the equity method	75,447	45,359
Other comprehensive income recognized for the period	81,730	53,995
Ending balance	$ (192,188)	$ (178,470)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2026	2025
Beginning balance	$ 27,033	$ 32,841
The quantified impact of the re-designation of financial assets	827,607	-
Beginning balance of the re-designation of financial assets	854,640	32,841
Recognized for the period		
Unrealized gain (loss) - debt instruments		
Equity instruments	707,373	-
Debt instruments	(20,744)	2,005
Adjustments of loss allowance in debt instruments	1	3
Share from associates accounted for using the equity method	27,272	(14,661)
Tax effects	5,522	-
Other comprehensive income (loss) recognized for the period	719,424	(12,653)
Transfer of cumulative loss on disposal of equity instruments to retained earnings	(405,266)	-
Changes from investments in associates accounted for using equity method	(5,878)	(10,888)
Ending balance	$ 1,162,920	$ 9,300

3) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2026	**2025**
Beginning balance	$ (172,343)	$ (174,975)
Remeasurement of defined benefit plans	(896)	-
Tax effects	179	-
Other comprehensive income recognized for the period	(717)	-
Ending balance	$ (173,060)	$ (174,975)

24. INSURANCE SERVICE RESULT

a. Insurance revenue

For the three months ended March 31, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	$ 824,711	$ 6,351	$ 831,062	$ -	$ -	$ -	$ 824,711	$ 6,351	$ 831,062
Contractual service margin recognized for services provided	363,880	3,609	367,489	-	-	-	363,880	3,609	367,489
Release of the risk adjustment for non-financial risk	200,945	1,971	202,916	-	-	-	200,945	1,971	202,916
Allocation of premiums related to the recovery of insurance acquisition cash flows	238,426	233	238,659	-	-	-	238,426	233	238,659
Total insurance revenue measured under the general measurement model	1,627,962	12,164	1,640,126	-	-	-	1,627,962	12,164	1,640,126
Insurance revenue measured under the premium allocation approach	-	-	-	8,227,749	241,828	8,469,577	8,227,749	241,828	8,469,577
Total insurance revenue	$ 1,627,962	$ 12,164	$ 1,640,126	$ 8,227,749	$ 241,828	$ 8,469,577	$ 9,855,711	$ 253,992	$ 10,109,703

For the three months ended March 31, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Revenue		
	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total	Direct Underwriting Business	Reinsurance Inward Business	Total
Contracts measured under the general measurement model									
Amounts relating to changes in the liabilities for remaining coverage									
Expected claims and related expenses	$ 580,927	$ 6,274	$ 587,201	$ -	$ -	$ -	$ 580,927	$ 6,274	$ 587,201
Contractual service margin recognized for services provided	453,961	3,235	457,196	-	-	-	453,961	3,235	457,196
Release of the risk adjustment for non-financial risk	118,461	1,488	119,949	-	-	-	118,461	1,488	119,949
Allocation of premiums related to the recovery of insurance acquisition cash flows	213,796	151	213,947	-	-	-	213,796	151	213,947
Total insurance revenue measured under the general measurement model	1,367,145	11,148	1,378,293	-	-	-	1,367,145	11,148	1,378,293
Insurance revenue measured under the premium allocation approach	-	-	-	7,840,202	241,303	8,081,505	7,840,202	241,303	8,081,505
Total insurance revenue	$ 1,367,145	$ 11,148	$ 1,378,293	$ 7,840,202	$ 241,303	$ 8,081,505	$ 9,207,347	$ 252,451	$ 9,459,798

b. Insurance service expenses

For the three months ended March 31, 2026

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	$ (1,173,250)	$ (28,908)	$ (1,202,158)	$ (4,283,173)	$ (149,497)	$ (4,432,670)	$ (5,456,423)	$ (178,405)	$ (5,634,828)
Incurred other insurance service expenses	(40,766)	-	(40,766)	(304,520)	-	(304,520)	(345,286)	-	(345,286)
Changes related to past service - adjustments to liabilities for incurred claims	512,803	17,687	530,490	938,848	(19,694)	919,154	1,451,651	(2,007)	1,449,644
Changes related to future service - losses and reversals of losses on groups of onerous contracts	738	(141)	597	(1,674)	8,936	7,262	(936)	8,795	7,859
Amortization of insurance acquisition cash flows	(238,426)	(233)	(238,659)	(1,688,255)	(284)	(1,688,539)	(1,926,681)	(517)	(1,927,198)
Insurance service expenses	$ (938,901)	$ (11,595)	$ (950,496)	$ (5,338,774)	$ (160,539)	$ (5,499,313)	$ (6,277,675)	$ (172,134)	$ (6,449,809)

For the three months ended March 31, 2025

	Amounts Measured under the General Measurement Model			Amounts Measured under the Premium Allocation Approach			Total Insurance Service Expenses		
	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total	Direct Underwriting Business	Inward Reinsurance	Total
Incurred claims	$ (1,769,838)	$ (21,054)	$ (1,790,892)	$ (6,098,356)	$ (62,960)	$ (6,161,316)	$ (7,868,194)	$ (84,014)	$ (7,952,208)
Incurred other insurance service expenses	(33,432)	-	(33,432)	(317,579)	-	(317,579)	(351,011)	-	(351,011)
Changes related to past service - adjustments to liabilities for incurred claims	468,414	45,260	513,674	(78,482)	(130,661)	(209,143)	389,932	(85,401)	304,531
Changes related to future service - losses and reversals of losses on groups of onerous contracts	13	-	13	(6,364)	18,553	12,189	(6,351)	18,553	12,202
Amortization of insurance acquisition cash flows	(213,796)	(151)	(213,947)	(1,636,097)	(921)	(1,637,018)	(1,849,893)	(1,072)	(1,850,965)
Insurance service expenses	$ (1,548,639)	$ 24,055	$ (1,524,584)	$ (8,136,878)	$ (175,989)	$ (8,312,867)	$ (9,685,517)	$ (151,934)	$ (9,837,451)

c. Expected contractual service margin recognized in profit or loss

The following table presents the expected timing to recognize the remaining contractual service margin in profit or loss for contracts measured under the general measurement model:

March 31, 2026

	Within 1 Year	1 to 3 Years	More Than 3 Years	Total
Insurance contracts issued	$ 713,861	$ 251,939	$ 55,286	$ 1,021,086
Reinsurance contracts held	876,807	284,194	80,630	1,241,631
	$ 1,590,668	$ 536,133	$ 135,916	$ 2,262,717

March 31, 2025

	Within 1 Year	1 to 3 Years	More Than 3 Years	Total
Insurance contracts issued	$ 846,201	$ 311,288	$ 99,949	$ 1,257,438
Reinsurance contracts held	910,997	155,137	36,320	1,102,454
	$ 1,757,198	$ 466,425	$ 136,269	$ 2,359,892

d. Income or expenses from reinsurance contracts held

For the three months ended March 31, 2026

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes related to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	$ (447,977)	$ -	$ (447,977)
Changes in the risk adjustment for non-financial risk	(167,450)	-	(167,450)
Contractual service margin recognized in profit or loss for services received	(435,355)	-	(435,355)
Contracts measured under the premium allocation approach	-	(1,865,917)	(1,865,917)
Total	(1,050,782)	(1,865,917)	(2,916,699)
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	677,387	3,060,585	3,737,972
Changes related to past service - adjustments to assets for incurred claims	(546,440)	(2,712,362)	(3,258,802)

(Continued)

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	$ (3)	$ (63)	$ (66)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	247	99	346
Total	131,191	348,259	479,450
Net expenses from reinsurance contracts held	$ (919,591)	$ (1,517,658)	$ (2,437,249)

(Concluded)

For the three months ended March 31, 2025

	Amounts Measured under the General Measurement Model	Amounts Measured under the Premium Allocation Approach	Total
Allocation of reinsurance premiums paid			
Contracts measured under the general measurement model			
Changes related to remaining coverage			
Amounts recoverable for incurred claims and other incurred insurance service expenses	$ (244,432)	$ -	$ (244,432)
Changes in the risk adjustment for non-financial risk	(77,547)	-	(77,547)
Contractual service margin recognized in profit or loss for services rendered	(381,181)	-	(381,181)
Contracts measured under the premium allocation approach	-	(1,881,373)	(1,881,373)
Total	(703,160)	(1,881,373)	(2,584,533)
Amounts recovered from reinsurers			
Incurred claims and expenses recovered	944,895	5,232,482	6,177,377
Changes that relate to past services - adjustments to assets for incurred claims	(139,188)	(2,163,719)	(2,302,907)
Loss recoveries and reversals of loss recoveries on onerous underlying contracts	-	585	585
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	(246)	201	(447)
Total	805,461	3,069,147	3,874,608
Net income from reinsurance contracts held	$ 102,301	$ 1,187,774	$ 1,290,075

25. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended March 31	
	2026	2025
Bank deposits	$ 24,759	$ 25,401
Financial instruments at FVTPL	10,245	67,999
Financial instruments at FVTOCI	39,780	2,839
Financial assets at amortized cost	129,455	113,157
Others	30,494	19,935
	$ 232,118	$ 229,331

b. Insurance finance income or expenses and net gain (loss) on investments

	For the Three Months Ended March 31	
	2026	2025
Net gain (loss) on investments		
Interest income	$ 232,118	$ 229,331
Foreign exchange gain (loss)	158,341	(655,935)
(Loss) gain on financial assets and liabilities at fair value through profit or loss	(165,439)	1,277
Net gain on derecognition of financial assets at amortized cost	9	45,336
Share of profit of associates accounted for using the equity method	109,466	91,735
Expected credit impairment loss on investments	(849)	(798)
Net gain (loss) on investments recognized in profit or loss	$ 333,646	$ (289,054)
Net gain (loss) on investments recognized in other comprehensive income	$ 713,902	$ (12,653)
Insurance finance income or expenses recognized in profit or loss		
Interest accreted	$ (4,592)	$ (4,428)
Effect of changes in interest rates and other financial assumptions	(62,597)	(83,978)
	$ (67,189)	$ (88,406)
Finance income or expenses for reinsurance contracts held recognized in profit or loss		
Interest accreted	$ 35,684	$ 40,008
The net effect of insurance finance income or expenses and net gain (loss) on investments		
The amounts recognized in profit or loss	$ 302,141	$ (337,452)
The amounts recognized in other comprehensive income	713,902	(12,653)
	$ 1,016,043	$ (350,105)

c. Employee benefits expense

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits		
Salaries and wages	$ 901,457	$ 893,946
Labor and health insurance	89,079	97,874
Post-employment benefits		
Defined contribution plans	30,730	30,347
Defined benefit plans (Note 22)	5,254	6,679
Remuneration of directors	9,727	7,610
Other employee benefits	16,534	16,983
	$ 1,052,781	$ 1,053,439
An analysis of employee benefits expense by function		
Insurance acquisition cash flows	$ 624,854	$ 633,259
Other directly attributable expenses	268,995	264,272
Other operating expenses	158,932	155,908
	$ 1,052,781	$ 1,053,439

d. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The estimated compensation of employees and the remuneration of directors and supervisors for the three months ended March 31, 2026 and 2025 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2026	2025
Compensation of employees	0.10%	0.10%
Remuneration of directors and supervisors	-	-

Amount

	For the Three Months Ended March 31	
	2026	2025
Compensation of employees	$ 1,288	$ 1,232
Remuneration of directors and supervisors	$ -	$ -

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

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

Amount

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

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

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 March 31	
	2026	2025
Right-of-use assets	$ 42,954	$ 41,786
Property and equipment	38,365	41,491
Intangible assets	16,323	16,194
	$ 97,642	$ 99,471
An analysis of depreciation by function		
Insurance acquisition cash flows	$ 41,863	$ 42,974
Other directly attributable expenses	27,171	27,567
Other operating expenses	12,285	12,736
	$ 81,319	$ 83,277
An analysis of amortization by function		
Insurance acquisition cash flows	$ 7,607	$ 7,304
Other directly attributable expenses	4,936	4,685
Operating expenses	3,780	4,205
	$ 16,323	$ 16,194

26. INCOME TAX

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

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current period	$ 227,242	$ 142,384
Deferred tax		
In respect of the current period	2,357	22,194
Income tax expense recognized in profit or loss	$ 229,599	$ 164,578

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2026	2025
Deferred tax		
In respect of the current period:		
Unrealized gain on financial assets at fair value through other comprehensive income	$ 5,522	$ -
Remeasurement of defined benefit plans	179	-
Total income tax recognized in other comprehensive income	$ 5,701	$ -

c. Income tax assessments

Income tax returns through 2019 of the Company have been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended March 31	
	2026	2025
Profit for the period attributable to owners of the Company	$ 1,057,488	$ 133,759

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

	For the Three Months Ended March 31	
	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings per share	200,000	200,000

28. FINANCIAL INSTRUMENTS

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

March 31, 2026

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 11,732,574	$ -	$ 11,091,299	$ -	$ 11,091,299
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 299,934	$ -	$ 298,999	$ -	$ 298,999

December 31, 2025

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

March 31, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 10,803,788	$ -	$ 10,325,829	$ -	$ 10,325,829
Other assets					
Domestic government bonds (deposits in the Central Bank)	$ 299,785	$ -	$ 295,779	$ -	$ 295,779

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

1) Fair value hierarchy

March 31, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 346	$ -	$ 346
Listed shares	543,320	-	-	543,320
Beneficiary certificates	1,936,515	-	-	1,936,515
Domestic financial bonds	-	265,797	-	265,797
	$ 2,479,835	$ 266,143	$ -	$ 2,745,978
Financial assets at FVTOCI				
Listed shares	$ 9,832,801	$ -	$ -	$ 9,832,801
Domestic government bonds	-	648,373	-	648,373
Beneficiary certificates	3,063,702	-	-	3,063,702
	$ 12,896,503	$ 648,373	$ -	$ 13,544,876
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 344,698	$ -	$ 344,698

December 31, 2025

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

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 7,011,526	$ -	$ -	$ 7,011,526
Beneficiary certificates	6,221,376	-	-	6,221,376
Domestic financial bonds	-	253,357	-	253,357
	$ 13,232,902	$ 253,357	$ -	$ 13,486,259
Financial assets at FVTOCI				
Domestic government bonds	$ -	$ 654,790	$ -	$ 654,790
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 230,110	$ -	$ 230,110

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2026 and 2025.

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

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

c. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
FVTPL	$ 2,745,978	$ 14,680,235	$ 13,486,259
Financial assets at FVTOCI			
Investments in equity instruments	9,832,801	-	-
Investments in debt instruments	3,712,075	653,324	654,790
Financial assets at amortized cost (1)	29,073,586	30,643,300	25,742,925
Financial liabilities			
FVTPL			
Held for trading	344,698	213,942	230,110
Amortized cost (2)	1,503,863	2,023,420	1,240,197

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Value at Risk

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

b) Stress testing

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

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

i. Simple sensitivity test

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

ii. Scenario analysis

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

i) Historical scenario

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

ii) Hypothetical scenario

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

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

Table of Stress Testing

Risk Factors	**Changes (+/-)**	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
Equity price risk (index)	-10%	$ (1,438,367)	$ (1,386,476)	$ (1,292,594)
Interest rate risk (yield curve)	+20bps	(198,621)	(192,023)	(168,726)
Foreign currency risk (exchange rate)	NTD depreciates by NT$1 against USD	(186,924)	(196,354)	(136,070)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

i) Foreign currency risk

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

ii) Price risk

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

iii) Sensitivity analysis

	For the Three Months Ended March 31, 2026		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 49,688	$ 1,120
	CNY appreciates 1%	802	-
	HKD appreciates 1%	983	238
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	6,890
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(7,372)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(8)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,294)	(268)
Equity securities price sensitivity	Increases 1% in equity price	16,904	126,933

	For the Three Months Ended March 31, 2025		
Risk Factors	**Variation (+/-)**	**Effect on Profit and Loss**	**Effect on Equity**
Foreign currency risk sensitivity	USD appreciates 1%	$ 41,609	$ -
	CNY appreciates 1%	767	-
	HKD appreciates 1%	274	-
	EUR appreciates 1%	8	-
	VND appreciates 1%	-	7,452
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(6,210)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(15)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,926)	-
Equity securities price sensitivity	Increases 1% in equity price	129,259	-

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

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

2) Credit risk

a) The Group's credit risk exposure of financial transactions includes issuer credit risk, counterparty credit risk and credit risk of underlying assets.

i. Issuer credit risk is the risk that the Group may suffer financial losses on debt instruments or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations in accordance with agreed conditions due to default, bankruptcy or liquidation.

ii. Counterparty credit risk is the risk that the Group may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.

iii. Credit risk of underlying assets is the risk that the Group may suffer losses due to deterioration of the credit quality, increase in credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Credit concentration risk analysis

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

March 31, 2026

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 15,851,151	$ -	$ -	$ -	$ 249,114	$ 16,100,265
Financial assets at FVTPL	266,143	-	-	-	-	266,143
Financial assets at FVTOCI	$ 648,373	$ -	$ -	$ -	$ -	$ 648,373
Financial assets at amortized cost	3,101,709	417,767	899,208	6,365,221	1,248,603	12,032,508
Total	$ 19,867,376	$ 417,767	$ 899,208	$ 6,365,221	$ 1,497,717	$ 29,047,289
Proportion	68.40%	1.44%	3.09%	21.91%	5.16%	100.00%

December 31, 2025

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

March 31, 2025

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	$ 10,578,362	$ -	$ -	$ -	$ 322,654	$ 10,901,016
Financial assets at FVTPL	253,357	-	-	-	-	253,357
Financial assets at FVTOCI	654,790	-	-	-	-	654,790
Financial assets at amortized cost	3,056,692	197,371	935,226	5,575,926	1,338,358	11,103,573
Total	$ 14,543,201	$ 197,371	$ 935,226	$ 5,575,926	$ 1,661,012	$ 22,912,736
Proportion	63.47%	0.86%	4.08%	24.34%	7.25%	100.00%

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

i. The Group assesses at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, the Group considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.

ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

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

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

ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:

i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.

ii) The borrowers fail to make interest or principal payments based on original terms and conditions.

iii) The collaterals of the borrowers are seized provisionally or enforced.

iv) The borrowers claim for a change of credit conditions due to financial difficulties.

iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment models.

e) Measurement of expected credit losses

i. Methods and assumptions adopted

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

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

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

ii. Consideration of forward-looking information

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

f) Gross carrying amount of maximum credit risk exposure and category of credit quality

i. Financial assets of the Group

	March 31, 2026					
			Stage 3			
	Stage 1	Stage 2				
Investment grade	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Debt instruments at FVTOCI	$ 648,373	$ -	$ -	$ -	$ -	$ 648,373
Financial assets measured at amortized cost	12,047,193	-	-	-	(14,685)	12,032,508

	December 31, 2025					
			Stage 3			
	Stage 1	Stage 2				
Investment grade	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Debt instruments at FVTOCI	$ 653,324	$ -	$ -	$ -	$ -	$ 653,324
Financial assets measured at amortized cost	11,664,518	-	-	-	(14,141)	11,650,377

	March 31, 2025					
			Stage 3			
	Stage 1	Stage 2				
Investment grade	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Debt instruments at FVTOCI	$ 654,790	$ -	$ -	$ -	$ -	$ 654,790
Financial assets measured at amortized cost	11,118,528	-	-	-	(14,955)	11,103,573

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

ii. Secured loans of the Group

	March 31, 2026					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 67,752	$ -	$ -	$ -	$ (959)	$ 66,793

	December 31, 2025					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 69,776	$ -	$ -	$ -	$ (987)	$ 68,789

	March 31, 2025					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Secured loans	$ 86,066	$ -	$ -	$ -	$ (1,224)	$ 84,842

g) Reconciliation for loss allowance is summarized below:

i. Debt instrument at FVTOCI

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2026	$ 56	$ -	$ -	$ -	$ 56
Changes in models/risk parameters	1	-	-	-	1
March 31, 2026	$ 57	$ -	$ -	$ -	$ 57
January 1, 2025	$ 51	$ -	$ -	$ -	$ 51
Changes in models/risk parameters	3	-	-	-	3
March 31, 2025	$ 54	$ -	$ -	$ -	$ 54

ii. Financial assets at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2026	$ 14,141	$ -	$ -	$ -	$ 14,141
Changes in models/risk parameters	544	-	-	-	544
March 31, 2026	$ 14,685	$ -	$ -	$ -	$ 14,685
January 1, 2025	$ 14,054	$ -	$ -	$ -	$ 14,054
Changes in models/risk parameters	901	-	-	-	901
March 31, 2025	$ 14,955	$ -	$ -	$ -	$ 14,955

iii. Secured loans

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2026	$ 7	$ -	$ -	$ -	$ 7	$ 980	$ 987
Changes in models/ risk parameters	(5)	-	-	-	(5)	-	(5)
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(23)	(23)
March 31, 2026	$ 2	$ -	$ -	$ -	$ 2	$ 957	$ 959
January 1, 2025	$ 10	$ -	$ -	$ -	$ 10	$ 1,389	$ 1,399
Changes in models/ risk parameters	1	-	-	-	1	-	1
Difference from impairment charged in accordance with guidelines for handling assessment of assets	-	-	-	-	-	(176)	(176)
March 31, 2025	$ 11	$ -	$ -	$ -	$ 11	$ 1,213	$ 1,224

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

h) Exposure to credit risk and loss allowance of receivables

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

March 31, 2026	Not Overdue	Overdue	Total
Carrying amount	$ 169,730	$ 270	$ 170,000
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	$ 1,697	$ 270	$ 1,967

December 31, 2025	Not Overdue	Overdue	Total
Carrying amount	$ 180,749	$ 377	$ 181,126
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	$ 1,808	$ 377	$ 2,185

March 31, 2025	Not Overdue	Overdue	Total
Carrying amount	$ 192,180	$ 126	$ 192,306
Expected loss rate	1.00%	100.00%	
Lifetime expected credit losses	$ 1,922	$ 126	$ 2,048

3) Liquidity risk

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

March 31, 2026

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 85,184	$ 79,961	$ 77,183	$ 22,778	$ 14,194
Derivative financial liabilities					
Currency swap contracts	3,515,496	3,328,601	-	-	-

December 31, 2025

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

March 31, 2025

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 74,172	$ 18,443	$ 22,196	$ 34,927	$ 16,065
Derivative financial liabilities					
Currency swap contracts	2,781,160	2,606,292	-	-	-

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Operating transactions

Nature of Transaction	Related Party Category/Name	For the Three Months Ended March 31 2026	2025
Premiums	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	$ 131,576	$ 144,904
	Cathay United Bank Co., Ltd.	77,592	57,487
	Other related parties		
	Cathay Hospitality Consulting Co., Ltd.	6,159	6,533
	San Ching Engineering Co., Ltd.	4,864	596
	Ally Logistic Property Co., Ltd.	4,140	7,871
	Cathay Hospitality Management Co., Ltd.	3,948	5,149
		$ 228,279	$ 222,540
Insurance service expenses and other operating expenses			
Marketing costs	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	$ 228,297	$ 210,185
	Cathay United Bank Co., Ltd.	29,839	29,747
	Cathay Life Insurance Co., Ltd. (Vietnam)	3,256	2,928
Processing fees	Fellow subsidiary		
	Cathay United Bank Co., Ltd.	43,289	40,083
Group insurance expenses	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	5,905	8,800
Other equipment expenses	Fellow subsidiary		
	Cathay Life Insurance Co., Ltd.	7,266	-
Management fee expenses	Fellow subsidiary		
	Cathay Securities Investment Trust Co., Ltd.	3,725	1,407
Other expenses	The Company's parent		
	Cathay Financial Holding Co., Ltd	3,770	-
	Other related party		
	Symphox Information Co., Ltd.	9,558	10,224
		$ 334,905	$ 303,374

c. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Other payables	The Company's parent			
	Cathay Financial Holdings Co., Ltd. (Note)	$ 892,470	$ 679,694	$ 640,877
	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	7,266	-	-
	Cathay Securities Investment Trust Co., Ltd.	3,725	591	-
	Other related party			
	Symphox Information Co., Ltd.	5,621	1,992	3,374
		$ 909,082	$ 682,277	$ 644,251

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

d. Cash in bank

Line Item	Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Checking accounts and demand deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	$ 2,867,840	$ 3,233,602	$ 1,840,338
	Indovina Bank Limited	32,393	45,354	10,157
Time deposits	Fellow subsidiary and its subsidiary			
	Cathay United Bank Co., Ltd.	20,158	20,158	20,110
	Indovina Bank Limited	191,957	200,903	270,347
		$ 3,112,348	$ 3,500,017	$ 2,140,952

As of March 31, 2026, December 31, 2025 and March 31, 2025, time deposits pledged recognized in guarantee deposits were $27,587 thousand, $27,471 thousand and $28,059 thousand, respectively.

e. Interest income

Related Party Category/Name	For the Three Months Ended March 31	
	2026	2025
Fellow subsidiary and its subsidiary		
Cathay United Bank Co., Ltd.	$ 3,214	$ 3,608
Indovina Bank Limited	2,483	3,760
	$ 5,697	$ 7,368

f. Guarantee deposits

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary and its subsidiary			
Cathay Life Insurance Co., Ltd.	$ 38,541	$ 38,733	$ 38,040
Cathay United Bank Co., Ltd.	22,007	22,007	22,183
Cathay Futures Co., Ltd.	59,087	59,055	58,738
Indovina Bank Limited	7,429	7,313	7,949
	$ 127,064	$ 127,108	$ 126,910

g. Secured loans

For the three months ended March 31, 2026

Category	Number of Households or Names of Related Parties	Highest Balance During the Current Period	Ending Balance	Loan Classification		Collaterals	Whether the Transaction Terms Differ from Those with Non-related Parties
				Normal Loans	Nonperforming Loans		
Owner-occupied residential mortgage loans	1 Unit	$ 1,318	$ 1,286	V	-	Real estate	None

For the three months ended March 31, 2025

Category	Number of Households or Names of Related Parties	Highest Balance During the Current Period	Ending Balance	Loan Classification		Collaterals	Whether the Transaction Terms Differ from Those with Non-related Parties
				Normal Loans	Nonperforming Loans		
Owner-occupied residential mortgage loans	1 Unit	$ 11,442	$ 11,411	V	-	Real estate	None

h. Lease arrangements

Line Item	Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Lease liabilities	Fellow subsidiary			
	Cathay Life Insurance Co., Ltd.	$ 243,450	$ 261,769	$ 108,435
	Cathay United Bank Co., Ltd.	335	2,202	8,681
	Other related party			
	Cathay Real Estate Development Co., Ltd.	3,272	3,549	4,370
		$ 247,057	$ 267,520	$ 121,486

i. Currency swap contracts

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

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Fellow subsidiary			
Cathay United Bank Co., Ltd.	US$ 71,000	US$ 71,000	US$ 75,900

j. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 24,750	$ 21,459
Post-employment benefits	1,176	1,581
	$ 25,926	$ 23,040

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

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

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. The Company

Item of Assets	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits - government bonds	$ 299,934	$ 299,897	$ 299,785
Guarantee deposits - time deposits	20,158	20,158	20,110
	$ 320,092	$ 320,055	$ 319,895

The pledged assets are stated at book value. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company provided government bonds amounting to $299,951 thousand, $299,914 thousand and $299,801 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to $17 thousand, $17 thousand and $16 thousand, respectively, which are in the scope of the impairment requirements under IFRS 9.

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

Item of Assets	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits - time deposits	$ 7,429	$ 7,313	$ 7,949

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

32. OTHER ITEMS

a. Capital management

1) Management objectives

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

2) Management policies

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

3) Management procedures

a) Periodical calculation

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

b) Aperiodic calculation

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

4) Current status of RBC ratio

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

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

Items	March 31, 2026 Recovery/ Settlement within 12 Months	March 31, 2026 Recovery/ Settlement Over 12 Months	March 31, 2026 Total
Cash and cash equivalents	$ 16,127,855	$ -	$ 16,127,855
Receivables	707,389	-	707,389
Investments			
Financial assets at FVTPL	2,745,978	-	2,745,978
Financial assets at FVTOCI	12,896,503	648,373	13,544,876
Financial assets at amortized cost	1,190,701	10,541,873	11,732,574
Investments accounted for using the equity method	-	2,765,968	2,765,968
Loans	809	65,984	66,793
Total investments	16,833,991	14,022,198	30,856,189
Insurance contract assets	-	13,509	13,509
Reinsurance contract assets	14,202,193	6,086,654	20,288,847
Property and equipment	-	285,099	285,099
Right-of-use assets	-	273,591	273,591
Intangible assets	-	109,070	109,070
Deferred tax assets	-	4,544,977	4,544,977
Other assets	-	539,386	539,386
Total assets	$ 47,871,428	$ 25,874,484	$ 73,745,912
Payables	$ 1,503,863	$ -	$ 1,503,863
Financial liabilities at FVTPL	344,698	-	344,698
Insurance contract liabilities	30,421,233	13,037,671	43,458,904
Reinsurance contract liabilities	-	31	31
Provisions	-	285,896	285,896
Lease liabilities	160,192	115,428	275,620
Deferred tax liabilities	-	402,778	402,778
Other liabilities	5,606,627	-	5,606,627
Total liabilities	$ 38,036,613	$ 13,841,804	$ 51,878,417

Items	December 31, 2025 Recovery/ Settlement within 12 Months	December 31, 2025 Recovery/ Settlement Over 12 Months	December 31, 2025 Total
Cash and cash equivalents	$ 15,285,098	$ -	$ 15,285,098
Receivables	706,512	-	706,512
Investments			
Financial assets at FVTPL	14,680,235	-	14,680,235
Financial assets at FVTOCI	-	653,324	653,324
Financial assets at amortized cost	1,187,487	10,162,993	11,350,480
Investments accounted for using the equity method	-	2,553,784	2,553,784
Loans	183	68,606	68,789
Total investments	15,867,905	13,438,707	29,306,612

(Continued)

Items	December 31, 2025		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Insurance contract assets	$ -	$ 4,906	$ 4,906
Reinsurance contract assets	14,263,969	7,025,537	21,289,506
Property and equipment	-	315,734	315,734
Right-of-use assets	-	299,613	299,613
Intangible assets	-	122,111	122,111
Deferred tax assets	-	4,504,900	4,504,900
Other assets	25,239	511,055	536,294
Total assets	$ 46,148,723	$ 26,222,563	$ 72,371,286
Payables	$ 2,023,420	$ -	$ 2,023,420
Financial liabilities at FVTPL	213,942	-	213,942
Insurance contract liabilities	29,261,431	14,412,346	43,673,777
Reinsurance contract liabilities	-	2,754	2,754
Provisions	-	292,047	292,047
Lease liabilities	155,157	145,644	300,801
Deferred tax liabilities	-	793,566	793,566
Other liabilities	3,473,513	-	3,473,513
Total liabilities	$ 35,127,463	$ 15,646,357	$ 50,773,820

(Concluded)

Items	March 31, 2025		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 10,936,733	$ -	$ 10,936,733
Receivables	790,381	-	790,381
Investments			
Financial assets at FVTPL	13,333,084	153,175	13,486,259
Financial assets at FVTOCI	-	654,790	654,790
Financial assets at amortized cost	566,011	10,237,777	10,803,788
Investments accounted for using the equity method	-	2,482,924	2,482,924
Loans	267	84,575	84,842
Total investments	13,899,362	13,613,241	27,512,603
Insurance contract assets	-	2,234	2,234
Reinsurance contract assets	11,115,726	5,474,910	16,590,636
Property and equipment	-	422,180	422,180
Right-of-use assets	-	160,088	160,088
Intangible assets	-	95,225	95,225
Deferred tax assets	-	4,534,417	4,534,417
Other assets	42,359	538,518	580,877
Total assets	$ 36,784,561	$ 24,840,813	$ 61,625,374

(Continued)

Items	March 31, 2025		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Payables	$ 1,240,197	$ -	$ 1,240,197
Financial liabilities at FVTPL	230,110	-	230,110
Insurance contract liabilities	24,039,762	11,840,480	35,880,242
Reinsurance contract liabilities	-	16,743	16,743
Provisions	-	298,535	298,535
Lease liabilities	89,922	70,785	160,707
Deferred tax liabilities	-	866,256	866,256
Other liabilities	3,241,722	-	3,241,722
Total liabilities	$ 28,841,713	$ 13,092,799	$ 41,934,512

(Concluded)

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2026

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 315,024	31.980 (USD:NTD)	$ 10,348,812
CNY	15,796	4.631 (CNY:NTD)	70,681
Non-monetary items			
USD	47,498	31.980 (USD:NTD)	1,518,977
Investments accounted for using the equity method			
CNY	597,311	4.631 (CNY:NTD)	2,765,968
Derivative instruments (Note)			
USD	17,000	31.980 (USD:NTD)	346
Financial liabilities			
Non-monetary items			
Derivative instruments (Note)			
USD	209,900	31.980 (USD:NTD)	213,942

December 31, 2025

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

March 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 255,681	33.182 (USD:NTD)	$ 8,481,849
CNY	11,858	4.576 (CNY:NTD)	53,635
Non-monetary items			
USD	46,691	33.182 (USD:NTD)	1,549,295
SGD	4,829	24.747 (SGD:NTD)	119,497
Investments accounted for using the equity method			
CNY	542,621	4.576 (CNY:NTD)	2,482,925
Financial liabilities			
Non-monetary items			
Derivative instruments (Note)			
USD	194,600	33.182 (USD:NTD)	230,110

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

For the three months ended March 31, 2026 and 2025 (realized and unrealized) net foreign exchange gains were $158,341 thousand and $91,735 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. investees:

1) Acquisition of individual real estate at costs of at least NT$100 million or 20% of the paid-in capital: None

2) Disposal of individual real estate at prices of at least NT$100 million or 20% of the paid-in capital: None

3) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 3)

4) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: (None)

5) Trading in derivative instruments (Note 7)

6) Intercompany relationships and significant intercompany transactions (None)

7) Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

   a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.

   b) The amount of property transactions and the amount of the resultant gains or losses.

   c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

   d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

   e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.

35. SEGMENT INFORMATION

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

36. DISCLOSURE OF INSURANCE CONTRACT

a. Gross retained earned premiums for compulsory insurance

For the three months ended March 31, 2026

Insurance Type	Insurance Revenue from Direct Underwriting Business (1)	Insurance Revenue from Reinsurance Inward Business (2)	Allocated Reinsurance Premiums Paid for Reinsurance Ceded (3)	Insurance Finance Income or Expenses from Direct Underwriting Business - Excluding Any Loss Component (4)	Insurance Finance Income or Expenses from Reinsurance Inward Business - Excluding Any Loss Component (5)	Insurance Finance Income or Expenses from Reinsurance Contracts Held - Excluding Loss Recovery Component (6)	Gross Retained Earned Premiums (7) = (1) + (2) - (3) - (4) - (5) - (6)
Compulsory automobile liability insurance	$ 761,938	$ 197,903	$ 323,280	$ -	$ -	$ -	$ 636,561

For the three months ended March 31, 2025

Insurance Type	Insurance Revenue from Direct Underwriting Business (1)	Insurance Revenue from Reinsurance Inward Business (2)	Allocated Reinsurance Premiums Paid for Reinsurance Ceded (3)	Insurance Finance Income or Expenses from Direct Underwriting Business - Excluding Any Loss Component (4)	Insurance Finance Income or Expenses from Reinsurance Inward Business - Excluding Any Loss Component (5)	Insurance Finance Income or Expenses from Reinsurance Contracts Held - Excluding Loss Recovery Component (6)	Gross Retained Earned Premiums (7) = (1) + (2) - (3) - (4) - (5) - (6)
Compulsory automobile liability insurance	$ 747,502	$ 194,705	$ 318,078	$ -	$ -	$ -	$ 624,129

b. Retained claims payments for compulsory insurance

For the three months ended March 31, 2026

Insurance Type	Payments for Incurred Claims and Other Insurance Service Expenses - Direct Underwriting Business (1)	Payments for Incurred Claims and Other Insurance Service Expenses - Reinsurance Inward Business (2)	Amounts Received from Ceded Reinsurance - (Claims or expenses recovered from reinsurance contracts held) (3)	Opening Balance of Retained Liabilities for Incurred Claims (4)	Ending Balance of Retained Liability for Incurred Claims (5)	Retained Claims (6) = (1) + (2) - (3) - (4) + (5)
Compulsory automobile liability insurance	$ 497,989	$ 186,878	$ 298,659	$ 1,045,881	$ 1,070,749	$ 411,076

For the three months ended March 31, 2025

Insurance Type	Payments for Incurred Claims and Other Insurance Service Expenses - Direct Underwriting Business (1)	Payments for Incurred Claims and Other Insurance Service Expenses - Reinsurance Inward Business (2)	Amounts Received from Ceded Reinsurance - (Claims or expenses recovered from reinsurance contracts held) (3)	Opening Balance of Retained Liabilities for Incurred Claims (4)	Ending Balance of Retained Liability for Incurred Claims (5)	Retained Claims (6) = (1) + (2) - (3) - (4) + (5)
Compulsory automobile liability insurance	$ 476,708	$ 181,914	$ 294,297	$ 1,014,185	$ 1,043,101	$ 393,241

c. Reserve required for specific assets

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

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

1) Government bonds, not including exchangeable government bonds.

2) Financial bonds, negotiable certificates of deposit, banker’s acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

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

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

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for the special reserve mentioned above, held by an insurer for CAL Insurance (various reserve, payables and temporary receivable) should be deposited in a financial institution as special reserve in the form of demand deposits and time deposits.

1) Treasury bills.

2) Negotiable certificates of deposit, banker’s acceptances, and commercial paper guaranteed by a financial institution.

3) Government bonds under repurchase agreements.

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

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

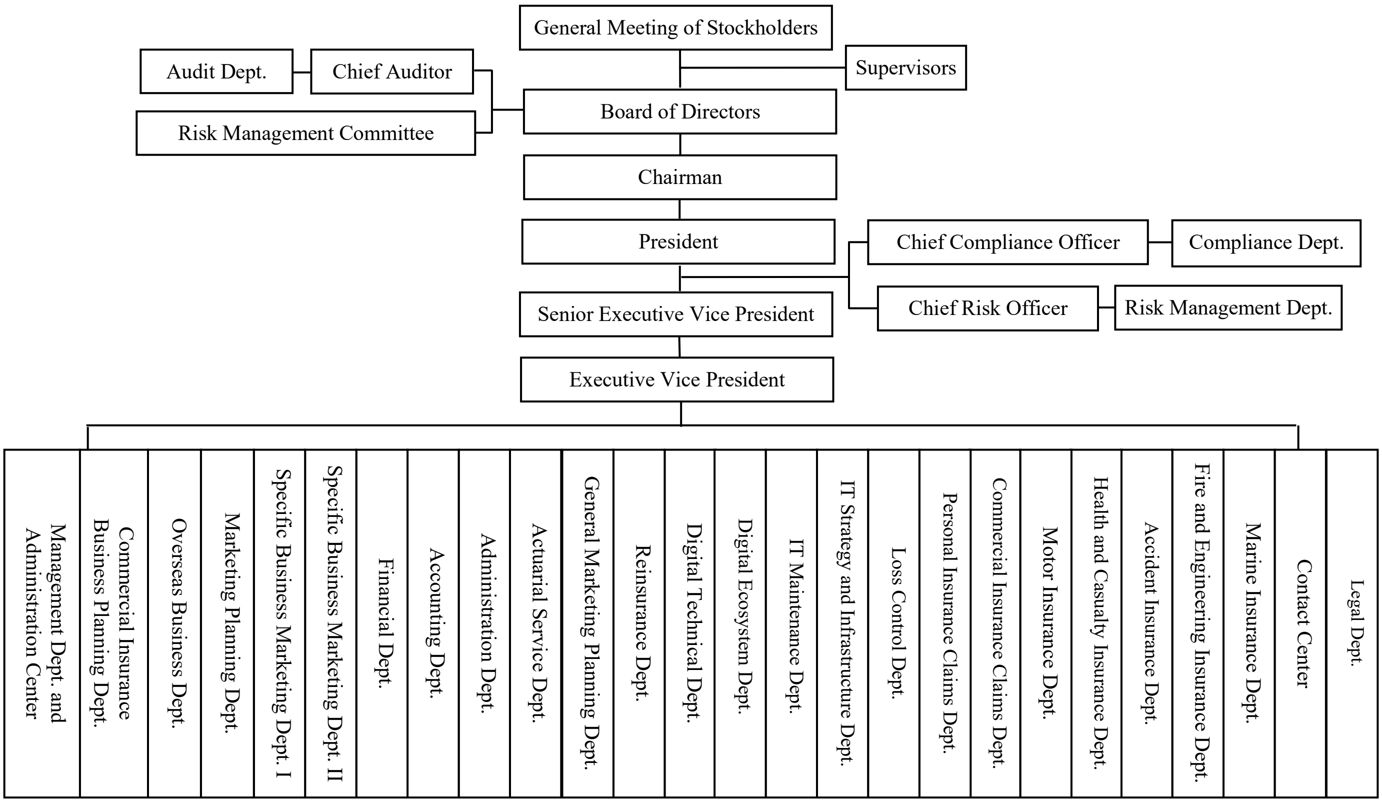
If the total amount of unearned premium reserve and loss reserve of the Group for CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by the Group through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

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

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

d. Organization chart and responsibilities of risk management

1) Organization chart of risk management



2) Responsibility of each department:

<u>Board of directors</u>

a) 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.

b) The board of directors should establish an appropriate risk management system and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.

c) The board of directors should consider the effect of the aggregated risks from the Company's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

<u>Risk management department</u>

a) Risk management committee

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

    ii. The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of the overall management mechanisms regularly.

    iii. The committee should assist and monitor the risk management activities performed by each department.

    iv. The committee should assist in deliberating related procedures for formulating risk limits.

    v. The committee should arrange the risk category, risk limit allocation and risk-taking method according to changes in the environment.

    vi. The committee should enhance cross-department interaction and communication.

b) Chief risk officer

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

    i. The chief risk officer should be in charge of the overall risk management.

    ii. The chief risk officer should participate in the important decision-making process and provide appropriate suggestions from a risk management perspective.

    iii. The chief risk officer should be a member of the risk management committee.

c) Risk management department

   i. The Group established a risk management department, which is responsible for monitoring, measuring and evaluating major risks. The department is independent from the business units.

   ii. Responsibilities of the risk management department are as follows:

      i) Propose and execute the risk management policies set by the board of directors.

      ii) Propose the risk limits based on risk appetite.

      iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.

      iv) Regularly present risk management reports.

      v) Regularly review the risk limits and their use by each business unit.

      vi) Assist to execute stress testing and back testing if necessary.

      vii) Other risk management-related issues.

<u>Business units</u>

a) The risk management duties of the manager of a business unit are as follows:

   i. Manage and report the daily risk of the business unit and take necessary responsive actions.

   ii. Supervise regular submission of risk management information to the risk management department.

b) The risk management duties of a business unit are as follows:

   i. Identify and measure risks and promptly report the status of risk exposures and impacts.

   ii. Regularly review the risks and their limits to ensure the effective execution of risk limits within business unit.

   iii. Monitor risk exposures and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions of the business units.

   iv. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.

   v. Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.

   vi. Assist to collect data related to operational risk.

<u>Audit department</u>

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

e. Risk reporting and range and nature of risk assessment for the property insurance business

1) Risks management reporting

   a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.

   b) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limits, submits a monthly risk management report to the chairman, and submits quarterly reports to the risk management committee and the board of directors.

2) The scope and nature of risk assessment

   The risk management departments of the Group and its parent company, Cathay Financial Holdings, collaborated in building the market risk management system. The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system. The front-end of the investment department has acquired the information system related to the investment market. The risk management system focuses on risk quantification, which is needed by the middle-end department, and would only be accessible to authorized risk management personnel.

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

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

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

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

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

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

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

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

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

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

i. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

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

2) Asset-liability coordinated with risk response

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

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

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

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

k. Sensitivity to insurance risk

For the three months ended March 31, 2026

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	$ (1,417,170)	$ (522,988)	$ (1,133,736)	$ (418,391)
Unpaid Claims Decreased by 5%	1,417,170	522,988	1,133,736	418,391

For the three months ended March 31, 2025

Risk Factor	Impact on Profit or Loss		Impact on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Unpaid Claims Increased by 5%	$ (1,067,596)	$ (378,203)	$ (854,077)	$ (302,563)
Unpaid Claims Decreased by 5%	1,067,596	378,203	854,077	302,563

Note:1 Expected loss rate is calculated based on the simple average loss rate of the past five years, among the health insurance excludes the impact of epidemic prevention insurance.

Note:2 Data of subsidiaries were not disclosed as the Company assessed that there would be no material impact should the disclosures for the subsidiaries be included.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of the Company, profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

l. Risk concentration

1) The Company

a) Situations that may cause concentration of insurance risk

i. Single insurance contract or several related contracts

As of March 31, 2026, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the insurance risk management guidelines by the underwriting department, reinsurance department and risk management department or in a project meeting.

ii. Exposure to unanticipated change in trend

As of March 31, 2026, the solar photovoltaic business covered under the Company’s engineering insurance was significantly affected by Typhoon Danas, and no unexpected changes have occurred in other insurance exposures.

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

Each unit of the Company has appointed a staff for compliance matters. In addition, before executing any external contracts, each unit is required to submit a "Legal Consultation Form" with specific legal questions to the Legal Department for legal advice first to minimize possible legal risk. As of March 31, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

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

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

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

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

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

vi. Concentration of geographic regions and operating segments

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

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

The following table summarizes Cathay Century's concentration of risk before and after for the three months ended March 31, 2026 and 2025 reinsurance by insurance type:

Insurance Type	For the Three Months Ended March 31, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	$ 1,312,176	$ 875,728	$ 436,448
Marine insurance	347,982	236,238	111,744
Land and air insurance	4,051,459	177,551	3,873,908
Liability insurance	795,807	193,623	602,184
Guarantee insurance	28,593	17,464	11,129
Other property insurance	899,968	876,440	23,528
Accident insurance	1,256,325	32,285	1,224,040
Health insurance	165,604	9,855	155,749
Policy-oriented residential earthquake insurance	141,525	112,552	28,973
Compulsory automobile liability insurance	959,841	323,280	636,561
Total	$ 9,959,280	$ 2,855,017	$ 7,104,263

Insurance Type	For the Three Months Ended March 31, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Fire insurance	$ 1,324,737	$ 908,957	$ 415,780
Marine insurance	354,136	184,804	169,332
Land and air insurance	3,793,508	209,594	3,583,914
Liability insurance	774,894	230,890	544,004
Guarantee insurance	32,449	17,825	14,624
Other property insurance	669,862	494,308	175,554
Accident insurance	1,129,469	34,875	1,094,594
Health insurance	108,597	-	108,597
Policy-oriented residential earthquake insurance	138,227	109,341	28,886
Compulsory automobile liability insurance	942,207	318,078	624,129
Total	$ 9,268,084	$ 2,508,672	$ 6,759,412

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

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

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

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

a) Situations that may cause concentration of insurance risk:

i. Single insurance contract or several related contracts

As of March 31, 2026, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

ii. Exposure to unanticipated change in trend

As of March 31, 2026, due to the small premium base of engineering insurance and the impact of a large claim incurred in August 2025, the loss ratio of engineering insurance became significantly high. As Cathay Insurance Co., Ltd. (Vietnam) has performed well in risk diversification, there has been no impact on business risk at present, and Cathay Insurance Co., Ltd. (Vietnam) will continue monitoring the changes in risk exposure.

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

"The Procedure for Subrogation" and "The Proceedings of the Court" are set up to safeguard the rights of Cathay Insurance Co., Ltd. (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of March 31, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance Co., Ltd. (Vietnam) established the Points for Handling Major Events of Cathay Insurance Co., Ltd. (Vietnam), under which an emergency team is set up in response to the event and executes emergency actions such as resource coordination and fund procurement to protect the rights of the insured and Cathay Insurance Co., Ltd. (Vietnam) and to maintain financial stability. As of March 31, 2026, there is no interaction among risks resulting from a catastrophe.

v. Concentration of geographic regions and operating segments

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

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

The following table summarizes Cathay Insurance Co., Ltd. (Vietnam)'s concentration of risk before and after reinsurance for the three months ended March 31, 2026 and 2025 insurance types:

Insurance Type	For the Three Months Ended March 31, 2026		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	$ 60,228	$ 23	$ 60,205
Flood insurance	4,208	7,179	(2,971)
Fire insurance and engineering insurance	79,081	61,251	17,830
Accident insurance	13,044	9	13,035
Other insurance	1,261	620	641
Total	$ 157,822	$ 69,082	$ 88,740

Insurance Type	For the Three Months Ended March 31, 2025		
	Insurance Revenue	Allocation of Reinsurance Premiums Paid	Net Insurance Revenue
Automobile insurance	$ 71,895	$ 14	$ 71,881
Flood insurance	3,249	1,507	1,742
Fire insurance and engineering insurance	100,883	73,138	27,745
Accident insurance	13,999	-	13,999
Other insurance	804	319	485
Total	$ 190,830	$ 74,978	$ 115,852

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

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

m. Development trend of claims

1) The Company

   March 31, 2026

Accident Year	≦2019	2020	2021	2022	2023	2024	2025	2026	Total
Accumulated estimated claim payments									
End of the underwriting year	$ -	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 14,539,239	$ 18,967,938	$ 25,028,818	$ 5,306,259	
After the first year	-	11,023,615	10,637,168	44,819,446	14,066,286	16,341,741	22,619,014	-	
After the second year	-	11,009,236	10,420,320	44,403,185	13,500,045	16,900,132	-	-	
After the third year	-	10,856,229	10,393,667	44,262,816	13,549,137	-	-	-	
After the fourth year	-	10,941,749	10,288,458	44,284,222	-	-	-	-	
After the fifth year	-	10,942,175	10,267,282	-	-	-	-	-	
After the sixth year	-	10,942,545	-	-	-	-	-	-	
Final estimated claim payments	-	10,942,545	10,267,282	44,284,222	13,549,137	16,900,132	22,619,014	5,306,259	
Accumulated claim disbursed	-	10,842,421	10,034,376	43,895,433	12,773,336	13,390,541	10,945,945	350,235	
	296,685	100,124	232,906	388,789	775,801	3,509,591	11,673,069	4,956,024	$ 21,932,989
Adjustment	38,397	11,038	31,536	68,958	130,541	663,182	2,146,516	602,681	3,692,849
Amount recognized in balance sheet	$ 335,082	$ 111,162	$ 264,442	$ 457,747	$ 906,342	$ 4,172,773	$ 13,819,585	$ 5,558,705	$ 25,625,838

December 31, 2025

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

March 31, 2025

Accident Year	≦2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	$ -	$ 10,190,448	$ 9,508,911	$ 10,259,775	$ 43,545,821	$ 14,539,239	$ 18,967,938	$ 7,097,369	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	17,273,228	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,812,929	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,420,181	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,377,333	-	-	-	-	
After the fifth year	-	10,188,477	10,937,142	-	-	-	-	-	
After the sixth year	-	10,188,529	-	-	-	-	-	-	
Final estimated claim payments	-	10,188,529	10,937,142	10,377,333	44,420,181	13,812,929	17,273,228	7,097,369	
Accumulated claim disbursed	-	10,149,782	10,820,435	9,863,495	43,481,843	12,420,570	10,749,269	361,249	
	277,370	38,747	116,707	513,838	938,338	1,392,359	6,523,959	6,736,120	$ 16,537,438
Adjustment	40,422	4,670	13,159	52,893	171,387	170,238	719,318	647,138	1,819,225
Amount recognized in balance sheet	$ 317,792	$ 43,417	$ 129,866	$ 566,731	$ 1,109,725	$ 1,562,597	$ 7,243,277	$ 7,383,258	$ 18,356,663

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

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

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

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

n. Credit risk of insurance contract

The main source of the credit risk of an insurance contract is the reinsurance business. The Group arranges its reinsurance business under the Regulations Governing Insurance Enterprises, and it is engaged in operating reinsurance and other risk-diversification mechanisms. Most of the designated ceded reinsurers have a certain level of credit rating and are qualified for the reinsurance business. The Group regularly monitors the net changes in the credit rating of these ceded reinsurers.

1) As of March 31, 2026, December 31, 2025, and March 31, 2025, the amounts of maximum exposure to risk for insurance contracts issued were $2,889,793 thousand, $2,751,246 thousand, and $2,701,933 thousand, respectively.

2) As of March 31, 2026, December 31, 2025, and March 31, 2025, the amounts of maximum exposure to risk for reinsurance contracts held were $3,267,664 thousand, $3,706,110 thousand, and $4,489,968 thousand, respectively.

3) The Group discloses its transactions with unqualified ceded reinsurers as follows, based on Regulations for the Management of the Reserve for Unqualified Reinsurance.

a) Summary of reinsurance contracts and related ceding reinsurers.

March 31, 2026

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

December 31, 2025

Name	Type
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance

March 31, 2025

Name	Type
Trust International Insurance and Reinsurance Company B.S.C.	Treaty reinsurance of marine insurance
Asia Capital Reinsurance Group Pte Ltd	Facultative reinsurance of marine insurance

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

For the three months ended March 31, 2026

	Assets for Remaining Coverage	Assets for Incurred Claims	Total
Beginning balance of reinsurance contract assets	$ -	$ 58	$ 58
Beginning balance of reinsurance contract liabilities	-	-	-
Net balance on January 1, 2026	-	58	58
Amounts recovered from reinsurers			
Changes related to past services - adjustments to assets for incurred claims	-	(32)	(32)
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-	(4)	(4)
Income or expenses from reinsurance contracts held	-	(36)	(36)

(Continued)

	Assets for Remaining Coverage	Assets for Incurred Claims	Total
Total amount recognized in the statement of comprehensive income	$ -	$ (36)	$ (36)
Ending balance of reinsurance contract assets	-	22	22
Ending balance of reinsurance contract liabilities	-	-	-
Net balance on March 31, 2026	$ -	$ 22	$ 22

(Concluded)

For the three months ended March 31, 2025

	Assets for Remaining Coverage	Assets for Incurred Claims	Total
Beginning balance of reinsurance contract assets	$ -	$ 237	$ 237
Beginning balance of reinsurance contract liabilities	-	-	-
Net balance on January 1, 2025	-	237	237
Amounts recovered from reinsurers			
Changes that relate to past services - adjustments to assets for incurred claims	-	19	19
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-	(43)	(43)
Income or expenses from reinsurance contracts held	-	(24)	(24)
Total amount recognized in the statement of comprehensive income	-	(24)	(24)
Ending balance of reinsurance contract assets	-	213	213
Ending balance of reinsurance contract liabilities	-	-	-
Net balance on March 31, 2025	$ -	$ 213	$ 213

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

As of March 31, 2026 and March 31, 2025, the estimated future cash flows for groups of non-qualifying reinsurance contracts held amounted to $22 thousand and $233 thousand, respectively, and the assumptions reflecting the reinsurer’s non-performance risk embedded in those estimates were 18.82% and 18.82%, respectively.

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

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

o. Liquidity risk of insurance contracts

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

March 31, 2026

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 21,094,338	$ 6,168,142	$ 1,721,022	$ 653,000	$ 237,811	$ 135,177	$ 30,009,490

December 31, 2025

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 20,917,530	$ 6,417,280	$ 1,715,645	$ 659,330	$ 246,077	$ 145,093	$ 30,100,955

March 31, 2025

Cash Outflow	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
Insurance contract liabilities	$ 15,977,791	$ 5,416,082	$ 1,760,476	$ 527,851	$ 156,414	$ 109,558	$ 23,948,172

p. Market risk of insurance contracts

For the three months ended March 31, 2026

Risk Factor	Variation (+/−)	Effect on Profit or Loss	Effect on Equity
Interest Rate Risk Sensitivity	Yield curve: Upward parallel shift by 1%	$ 117,811	$ 94,249

For the three months ended March 31, 2025

Risk Factor	Variation (+/−)	Effect on Profit or Loss	Effect on Equity
Interest Rate Risk Sensitivity	Yield curve: Upward parallel shift by 1%	$ 86,750	$ 69,400

37. INFORMATION OF DISCRETIONARY INVESTMENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Domestic stocks and beneficiary certificates	$ 3,856,792	$ 3,397,091	$ 2,031,800
Bank deposit	506,349	493,461	776,564
Future margins	38,867	38,867	38,646
	$ 4,402,008	$ 3,929,419	$ 2,847,010

The fair values of the financial assets operated discretionarily by securities investment trust enterprises are equal to their carrying amounts.

As of March 31, 2026, December 31, 2025 and March 31, 2025 the discretionary investment limits were both $1,200,000 thousand.

38. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

a. Unconsolidated structured entities

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

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

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

	March 31, 2026	December 31, 2025	March 31, 2025
Securitization vehicle			
Financial assets at FVTPL	$ 189,489	$ 190,615	$ 327,178
Financial assets at amortized cost	277,864	274,240	293,021
	$ 467,353	$ 464,855	$ 620,199

TABLE 1

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE
(In Thousands of New Taiwan Dollars)

Items	Amount			Items	Amount		
Assets	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**	**Liabilities**	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
Cash and bank deposits	$ 3,154,830	$ 3,135,057	$ 2,962,194	Insurance contract liabilities	$ 4,028,663	$ 3,963,214	$ 3,881,348
Notes receivable				Reinsurance contract liabilities			
Insurance contract assets				Other liabilities			
Reinsurance contract assets	1,769,575	1,742,600	1,692,409	Temporary receipts and suspense accounts			
Other receivables				Special reserves	1,549,463	1,568,563	1,431,087
Financial assets at FVTOCI	648,373	653,324	654,790				
Other assets							
Temporary payments and suspense accounts	5,348	796	3,042				
Total assets	$ 5,578,126	$ 5,531,777	$ 5,312,435	Total liabilities	$ 5,578,126	$ 5,531,777	$ 5,312,435

TABLE 2

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY
(In Thousands of New Taiwan Dollars)

Item	For the Three Months Ended March 31	
	2026	2025
Insurance service result		
Insurance revenue	$ 734,057	$ 718,946
Insurance service expenses	(755,202)	(678,537)
Income or expenses from reinsurance contracts held	(13,861)	(26,366)
	(35,006)	14,043
Financial result		
Insurance finance income or expenses	(6,047)	(9,964)
Finance income or expenses from reinsurance contracts held	3,097	4,287
	(2,950)	(5,677)
Other operating result		
Other operating costs - interest income	6,666	6,114
Other operating costs - net change in special reserve	19,100	(26,412)
	$ 25,766	$ (20,298)

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11304922071, the Company is required to make reserve (recognized as expenses) in relation to this particular service at NT$15 per insurance policy on a monthly basis starting from October 1, 2024.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

The Company Involving Main Business Items	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cathay Century Insurance Co., Ltd.	Cathay Life Insurance Co., Ltd.	Fellow subsidiary	Premiums	$ 131,576	-	Based on agreement	$ -	-	$ -	-	
	Cathay United Bank Co., Ltd.	Fellow subsidiary	Premiums	77,592	-	Based on agreement	-	-	-	-	

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

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

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

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	Number of Shares	%	Carrying Amount			
Cathay Century Insurance Co., Ltd.	Cathay Insurance Co., Ltd. (Vietnam)	Vietnam	Property insurance businesses	$ 845,585	$ 845,585	-	100	$ 689,001	$ 10,312	$ 10,312	Note 1

Note: Share of profit or loss and other comprehensive income are recognized on the basis of the reviewed financial statements.

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2026	Accumulated Repatriation of Investment Income as of March 31, 2026
					Outward	Inward						
Cathay Insurance Co., Ltd. (China)	Property insurance businesses	$ 12,196,844 (CNY 2,632,653)	(1)	$ 2,964,730	$ -	$ -	$ 2,964,730	$ 446,800	24.5	$ 109,466	$ 2,765,968	$ -

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2026	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
$2,964,730 (CNY 645,000 thousand)	$2,964,730 (CNY 645,000 thousand)	$13,120,497

Note 1: The investment amount is calculated based on historical exchange rate, and other columns are disclosed based on the exchange rate on March 31, 2026.

Note 2: Investment type is as follows:

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

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

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

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

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

a. The location: Shanghai, China.

b. Status of capital operation and related income: As of March 31, 2026, the assets for investments of Cathay Insurance Co., Ltd. (China) were $15,853,841 thousand, and the net investment gain was $95,258 thousand.

(Continued)

c. Insurance contract assets and liabilities, and reinsurance contract assets and liabilities: As of March 31, 2026, the insurance contract assets of Cathay Insurance Co., Ltd. (China) amounted to $31,494 thousand, insurance contract liabilities amounted to $10,297,705 thousand, reinsurance contract assets amounted to $931,715 thousand, and reinsurance contract liabilities amounted to $3,622 thousand.

d. Percentage of the insurance revenue: For the three months ended March 31, 2026, the insurance revenue of Cathay Insurance Company Limited (China) amounted to $6,803,955 thousand, and the percentage of the Company’s insurance revenue is 68.32%.

e. Percentage of the insurance service expenses: For the three months ended March 31, 2026, the insurance service expenses of Cathay Insurance Company Limited (China) amounted to $6,440,996 thousand, and the percentage of the Company’s insurance service expenses is 100.19%.

(Concluded)