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|| Credit Ratings

Cathay FHC secured BBB+ and Baa1 credit ratings from international credit rating agencies, S&P Global Ratings and Moody's Ratings, respectively. Both also rated Cathay FHC's outlook as "Stable," indicating that Cathay FHC delivers great financial results and performs well in risk management.

Credit Rating Agency	Credit Rating (Long-/short-term)	Outlook	Last Rating Date
Taiwan Ratings	TwAA / TwA-1+	Stable	2024 / 10 / 22
S&P Global Ratings	BBB+ / A-2	Stable	2024 / 10 / 22
Moody's Ratings	Baa1	Stable	2024 / 06 / 11

|| Tax Management

Cathay FHC's Tax Governance Policy establishes the Board of Directors as the highest-level decision-maker for managing tax risks. The accounting department of the Finance Division is in charge of tax affairs and regularly reports to the Risk Management Division. The Risk Management Division then gives an annual report on tax governance to the board to ensure effective operation of the tax management mechanisms. Cathay FHC's policy on tax governance is predicated on the principles of integrity and good faith, and we abide by the following:



Regulatory Compliance

Pledge compliance with the tax laws and regulations of each jurisdiction in which we operate and, in accordance with international tax standards, accurately calculate and file tax returns prior to legal deadlines to fulfill our tax obligations.



Risk Management

Built a sound framework and corporate culture to manage tax risks. Carefully evaluate tax risks and response measures whilst considering the optimal overall tax burden, as well as the impact on our reputation, risk management, and sustainability values under globalized operations.



Substantive Finances

We do not manipulate tax structures, transfer profits to areas with lower taxes or use tax havens with the intent of avoiding taxes. Transactions between related parties must abide by the arm's length principles and comply with the transfer pricing rules of the jurisdiction of operation – fulfilling our tax obligations within the jurisdiction where value is created.



Information Transparency

Publicly disclose tax information to stakeholders on a regular basis to uphold information transparency.



Honest Communication

Forge mutual trust and open communication with the tax authorities of the jurisdiction of operation by providing practical and professional input from the industry and helping them improve the overall tax environment and system.



Talent Cultivation

Cultivate talent by providing both domestic and overseas training to elevate employee competency in tax governance. Manage tax affairs with good faith and integrity and control tax risks to ensure corporate sustainability, maintain shareholder equity, and fulfill corporate social responsibility.

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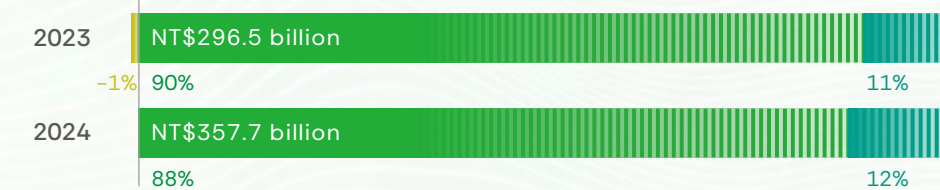
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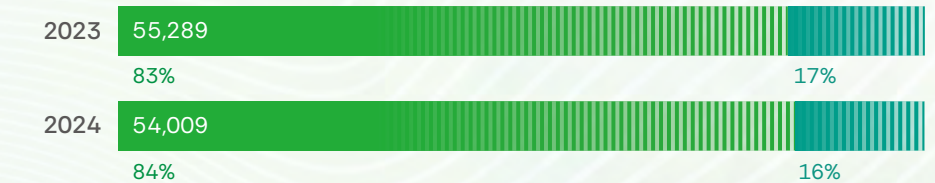
• Tax Information by Country

Cathay FHC pledges to comply with the tax laws and regulations of the jurisdiction of operation and to accurately calculate and file tax returns. Cathay FHC's global profit from operations for 2024 was NT\$357.7 billion, with profit before income tax from continuing operations totaling NT\$126.8 billion. The global average number of employees was 54,009 and our operations covered insurance, investment, and interest income. In 2024, Cathay FHC paid NT\$14.3 billion in taxes, including corporate income tax, undistributed profits tax, business tax, and house and land taxes. As Taiwan is our main area of operations, it accounted for 88% of global Profit from operations, 96% of global profit before income tax from continuing operations, 84% of the global workforce, and 87% of taxes paid worldwide..

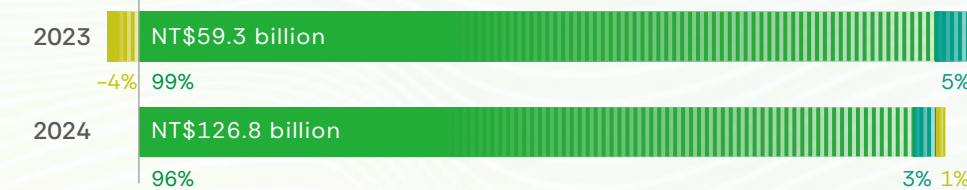
■ Net Revenue



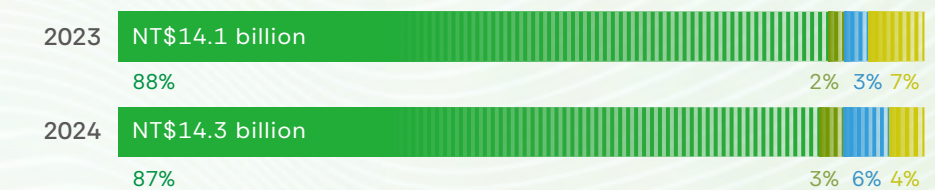
■ Average Number of Employees (Excluding discontinued operations)



■ Profit Before Tax of Continuing Operations



■ Taxes Paid



■ Taiwan ■ Asia Region ■ Other Regions ■ China ■ Vietnam

Note: The scope of "average number of employees" is consistent with that used in the consolidated financial statements.

Unit: NT\$billion, %

• Income Tax Information

Cathay FHC's effective tax rate in 2024 was 13.11%. The increase compared to the previous period was mainly due to additional tax payments related to the Income Basic Tax in 2024. When adjusting for factors such as tax-exempt income, the effective tax rate for 2024 was 21.03%, resulting in an average effective tax rate of 23.89% over the two periods.

Year		2023	2024	Two-year average
Profit before income tax (A)		59.31	126.84	93.08
Income Tax Expense (B)		6.74	16.63	11.69
Effective tax rate (B)/(A)		11.36%	13.11%	12.55%
Tax Impact Amount of Adjustment Items (D)	Total Amount of Tax-Exempt Income Tax	11.08	17.60	14.34
	Additional Tax Amount Required to Income Basic Tax	(0.02)	(7.56)	(3.79)
Adjusted Tax Income Expense (E)=(B)+(D)		17.80	26.67	22.24
Adjusted Effective Tax Rate (E)/(A)		30.01%	21.03%	23.89%
Income Tax Paid (F)		6.89	0.0	3.45
Cash Effective Tax Rate (F)/(A)		11.62%	0.00%	3.70%