

**Cathay Financial Holding Co., Ltd. and
Subsidiaries**

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cathay Financial Holding Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Insurance Contract Liabilities

Cathay Life Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. The measurement of its insurance contract liabilities under the General Measurement Model and the Variable Fee Approach involves sophisticated actuarial models, valuation methodologies, and significant assumptions to estimate the present value of future cash flows, the risk adjustment for non-financial risk, and the contractual service margin of groups of insurance contracts.

The assumptions applied in measuring insurance contract liabilities require significant professional judgment and are subject to a high degree of estimation uncertainty. Among these assumptions, mortality and morbidity rates have the most significant impact on the measurement of insurance contract liabilities. The determination and application of these assumptions involve a high degree of subjectivity and rely on historical experience data, recent experience developments, and other observable or unobservable inputs. Accordingly, the assumptions relating to mortality and morbidity rates have been identified as key audit matters. For related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 23 to the accompanying financial statements.

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

1. Evaluated and tested the internal controls implemented by management in determining the mortality and morbidity assumptions, as well as the controls over access to and changes in the assumptions used in the measurement of insurance contract liabilities, to assess their operating effectiveness.
2. Our actuarial specialists performed the following procedures to assess the reasonableness of the mortality and morbidity assumptions, including:
 - a. Evaluated whether the assumptions adopted by management were established in accordance with IFRS 17, Insurance Contracts, and the relevant regulatory requirements;
 - b. Tested the experience studies and other inputs used to determine such assumptions; and
 - c. Analyzed the adjustments made by management based on the results of experience studies and emerging claims experience, and, by reference to industry data and other external benchmarks, assessed the reasonableness of the key assumptions newly established or revised.

Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. The determination of fair value is supported by market evidence and employs various valuation techniques, including the direct capitalization method and discounted cash flow analysis under the income approach, the market comparison approach, the cost approach, and the land development analysis approach, with primary reliance placed on the direct capitalization method, discounted cash flow analysis, and market comparison approach under the income approach. The valuation results are significantly affected by key assumptions, including discount rates, capitalization rates, and the selection of comparable properties. These assumptions involve significant judgment and estimation and, accordingly, have been identified as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 14 to the accompanying consolidated financial statements.

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

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and verified the qualifications of the appraisers.
2. Evaluated and tested the internal controls over the fair value valuation process for investment properties, including assessing the operating effectiveness of controls over management's evaluation of the assumptions adopted by the independent appraisers.
3. We appointed an internal valuation specialist to evaluate the reasonableness of the discount rates, capitalization rates, and selection of comparable properties adopted by the independent appraisers, and performed comparative analyses against relevant market data.

Impairment Assessment on Loans

Cathay United Bank Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its domestic loans were considered material to the consolidated financial statements as a whole. The assessment of impairment of loans involves accounting estimates and management's significant judgment, and since the amount of impairment assessed on loans under the relevant regulations issued by the authorities is substantially larger than those assessed under IFRS 9, we determined the impairment of the loans under the relevant regulations prescribed by the authorities as a key audit matter.

Its management regularly assesses the impairment on its loans. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and the provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 11 to the accompanying consolidated financial statements.

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

1. We obtained an understanding of and tested its internal controls for impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.

3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

Emphasis of Matter

We draw attention to Note 3 to the consolidated financial statements, which discloses that Cathay Financial Holding Co. adopted International Financial Reporting Standard No. 17, Insurance Contracts, effective January 1, 2026. As a result of the retrospective application of the aforesaid standard, the comparative financial statements have been restated accordingly.

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

Our audit opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 20, 2026

Notice to Readers

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025 (Restated)		June 30, 2025 (Restated)		January 1, 2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 32)	\$ 359,453,216	2	\$ 361,911,485	3	\$ 501,950,724	4	\$ 331,924,124	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	357,563,359	2	428,777,214	3	433,311,700	3	304,995,700	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7, 32 and 33)	875,189,118	6	1,997,543,473	14	1,867,469,166	14	1,913,738,219	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8 and 33)	4,044,282,606	27	1,287,714,996	9	1,126,654,563	8	1,124,803,856	8
DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 9 and 33)	3,381,437,285	23	4,777,286,517	33	4,681,950,769	34	4,929,899,472	36
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	26,415	-	36,010	-	5,771,006	-	6,615	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Note 4)	49,762,113	-	42,827,566	-	29,252,387	-	39,225,129	-
RECEIVABLES, NET (Notes 4, 5, 10 and 32)	422,389,716	3	315,519,497	2	274,936,956	2	295,391,872	2
CURRENT TAX ASSETS	1,989,513	-	1,905,715	-	1,822,149	-	1,724,232	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 11 and 32)	3,407,656,975	23	3,145,269,108	22	2,986,637,035	22	2,912,647,719	21
INSURANCE CONTRACT ASSETS AND REINSURANCE CONTRACT ASSETS (Notes 4 and 23)	51,139,459	-	54,794,487	-	48,295,074	-	47,579,753	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 13, 32 and 33)	80,896,770	1	81,623,961	1	61,892,919	-	62,945,904	1
OTHER FINANCIAL ASSETS, NET (Notes 4 and 26)	1,031,186,946	7	859,481,064	6	757,630,097	6	808,672,260	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 14, 32 and 33)	516,610,205	3	504,777,190	4	492,165,847	4	481,132,365	4
PROPERTY AND EQUIPMENT, NET (Notes 4, 15 and 33)	110,430,555	1	110,058,881	1	109,744,268	1	109,547,868	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 32)	6,020,617	-	5,785,403	-	5,155,408	-	5,124,668	-
INTANGIBLE ASSETS, NET (Notes 4 and 17)	30,703,599	-	31,483,314	-	32,314,653	-	33,152,377	-
DEFERRED TAX ASSETS (Notes 4 and 30)	133,230,780	1	132,657,059	1	144,553,702	1	87,918,525	1
OTHER ASSETS, NET (Notes 32 and 33)	<u>106,573,127</u>	<u>1</u>	<u>109,292,619</u>	<u>1</u>	<u>100,989,793</u>	<u>1</u>	<u>123,452,286</u>	<u>1</u>
TOTAL	<u>\$ 14,966,542,374</u>	<u>100</u>	<u>\$ 14,248,745,559</u>	<u>100</u>	<u>\$ 13,662,498,216</u>	<u>100</u>	<u>\$ 13,613,882,944</u>	<u>100</u>
LIABILITIES AND EQUITY								
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 202,978,394	2	\$ 178,790,871	1	\$ 138,398,975	1	\$ 184,682,667	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	795,785,329	5	689,047,562	5	608,167,925	4	706,982,406	5
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	2,235,955	-	919,871	-	1,631,823	-	2,591,575	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	21,244,738	-	14,199,142	-	31,627,574	-	21,953,912	-
COMMERCIAL PAPER PAYABLE, NET (Note 18)	123,848,089	1	85,062,693	1	90,854,335	1	91,876,330	1
PAYABLES (Notes 19 and 32)	194,970,809	1	102,594,760	1	232,826,250	2	88,560,096	1
CURRENT TAX LIABILITIES (Note 4)	41,618,499	-	23,987,999	-	37,782,145	-	6,651,714	-
DEPOSITS AND REMITTANCES (Notes 20 and 32)	4,541,091,785	30	4,331,649,468	30	3,947,093,884	29	3,783,367,486	28
BONDS PAYABLE (Note 21)	301,183,844	2	288,903,582	2	255,592,184	2	248,957,330	2
OTHER BORROWINGS (Note 22)	52,848,943	-	47,378,891	-	65,011,373	-	39,908,290	-
INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT LIABILITIES (Notes 4, 5 and 23)	7,112,420,250	48	7,226,516,779	51	7,095,086,540	52	7,089,413,109	52
PROVISIONS (Notes 4, 24 and 25)	5,839,681	-	5,837,532	-	5,449,959	-	5,296,897	-
OTHER FINANCIAL LIABILITIES (Notes 4 and 26)	77,532,723	1	76,529,366	1	64,914,774	-	64,852,402	1
LEASE LIABILITIES (Notes 4, 16 and 32)	20,735,866	-	20,537,826	-	19,755,515	-	19,654,750	-
DEFERRED TAX LIABILITIES (Notes 4 and 30)	45,220,004	-	76,734,983	1	87,530,724	1	88,312,040	1
OTHER LIABILITIES (Notes 27 and 32)	<u>296,768,037</u>	<u>2</u>	<u>213,429,099</u>	<u>1</u>	<u>227,702,095</u>	<u>2</u>	<u>200,455,652</u>	<u>1</u>
Total liabilities	<u>13,836,322,946</u>	<u>92</u>	<u>13,382,120,424</u>	<u>94</u>	<u>12,909,426,075</u>	<u>94</u>	<u>12,643,516,656</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 28)								
Share capital								
Ordinary shares	146,692,102	1	146,692,102	1	146,692,102	1	146,692,102	1
Preference shares	15,333,000	-	15,333,000	-	15,333,000	-	15,333,000	-
Capital surplus	203,131,012	1	203,119,254	1	203,119,191	2	203,143,822	2
Retained earnings								
Legal reserve	100,401,396	1	89,275,069	1	89,275,069	1	78,018,683	-
Special reserve	423,983,252	3	422,149,878	3	422,149,878	3	230,128,217	2
Unappropriated earnings	310,749,544	2	174,945,637	1	(21,506,906)	-	296,249,683	2
Other equity	<u>(76,382,069)</u>	<u>-</u>	<u>(190,991,387)</u>	<u>(1)</u>	<u>(113,081,187)</u>	<u>(1)</u>	<u>(10,972,869)</u>	<u>-</u>
Total equity attributable to owners of the Company	1,123,908,237	8	860,523,553	6	741,981,147	6	958,592,638	7
NON-CONTROLLING INTERESTS (Notes 4 and 28)	<u>6,311,191</u>	<u>-</u>	<u>6,101,582</u>	<u>-</u>	<u>11,090,994</u>	<u>-</u>	<u>11,773,650</u>	<u>-</u>
Total equity	<u>1,130,219,428</u>	<u>8</u>	<u>866,625,135</u>	<u>6</u>	<u>753,072,141</u>	<u>6</u>	<u>970,366,288</u>	<u>7</u>
TOTAL	<u>\$ 14,966,542,374</u>	<u>100</u>	<u>\$ 14,248,745,559</u>	<u>100</u>	<u>\$ 13,662,498,216</u>	<u>100</u>	<u>\$ 13,613,882,944</u>	<u>100</u>

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 32)	\$ 98,954,041	112	\$ 81,402,301	98	\$ 193,179,546	120	\$ 164,345,834	346
INTEREST EXPENSE (Notes 4 and 32)	<u>(18,601,872)</u>	<u>(21)</u>	<u>(17,356,011)</u>	<u>(21)</u>	<u>(36,411,889)</u>	<u>(23)</u>	<u>(34,315,687)</u>	<u>(72)</u>
NET INTEREST INCOME	<u>80,352,169</u>	<u>91</u>	<u>64,046,290</u>	<u>77</u>	<u>156,767,657</u>	<u>97</u>	<u>130,030,147</u>	<u>274</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME								
Net gain on service fee and commission fee (Notes 4, 26, 29 and 32)	14,815,642	17	7,823,006	9	25,951,683	16	17,808,640	37
Insurance service results (Notes 4, 29 and 32)	12,400,112	14	7,770,980	9	25,595,988	16	17,531,999	37
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	(50,379,508)	(57)	234,750,819	282	(75,560,027)	(47)	174,205,782	366
Gain on investment properties (Notes 4, 14 and 32)	9,579,043	11	10,324,040	12	12,622,337	8	13,559,436	29
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	3,221,485	4	2,373,323	3	8,146,771	5	3,263,038	7
Net (loss) gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	(17,998)	-	1,926,767	2	(550,723)	-	3,654,027	8
Foreign exchange (loss) gain (Note 4)	(3,865,122)	(5)	(350,278,943)	(420)	15,249,246	10	(303,847,985)	(639)
Impairment loss on assets (Notes 4 and 15)	(2,313,421)	(3)	(71,847)	-	(2,526,484)	(2)	(477,615)	(1)
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	1,911,819	2	563,864	1	3,091,923	2	1,536,584	3
Net gain (loss) on separate account assets for unit-linked products (Note 26)	112,922,007	128	(31,917,914)	(38)	127,676,969	79	(36,784,470)	(77)
Insurance finance income or expenses (Note 29)	(92,151,993)	(104)	(33,086,766)	(40)	(143,535,483)	(89)	(72,124,350)	(152)
Financial income or expenses of held reinsurance contracts (Note 29)	91,072	-	119,983	-	203,055	-	228,502	-
Net other non-interest gain (Note 32)	<u>1,769,717</u>	<u>2</u>	<u>2,363,130</u>	<u>3</u>	<u>7,740,165</u>	<u>5</u>	<u>3,875,788</u>	<u>8</u>
PROFIT (LOSS) FROM OPERATIONS	<u>88,335,024</u>	<u>100</u>	<u>(83,293,268)</u>	<u>(100)</u>	<u>160,873,077</u>	<u>100</u>	<u>(47,540,477)</u>	<u>(100)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(1,941,540)</u>	<u>(2)</u>	<u>(1,050,518)</u>	<u>(1)</u>	<u>(4,085,767)</u>	<u>(2)</u>	<u>(2,403,869)</u>	<u>(5)</u>
INSURANCE OTHER OPERATING COSTS	<u>(11,791,773)</u>	<u>(13)</u>	<u>45,772,735</u>	<u>55</u>	<u>(25,158,464)</u>	<u>(16)</u>	<u>33,989,103</u>	<u>71</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING EXPENSES (Notes 29 and 32)								
Employee benefit expenses	\$ (11,535,160)	(13)	\$ (8,164,531)	(10)	\$ (21,018,580)	(13)	\$ (18,384,284)	(39)
Depreciation and amortization expenses	(1,903,111)	(2)	(1,872,172)	(2)	(3,853,799)	(2)	(3,364,808)	(7)
Other general and administrative expenses	(8,530,467)	(10)	(8,704,890)	(11)	(15,731,756)	(10)	(15,514,205)	(32)
Total operating expenses	(21,968,738)	(25)	(18,741,593)	(23)	(40,604,135)	(25)	(37,263,297)	(78)
PROFIT BEFORE INCOME (LOSS) TAX FROM CONTINUING OPERATIONS	52,632,973	60	(57,312,644)	(69)	91,024,711	57	(53,218,540)	(112)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 30)	(7,772,759)	(9)	4,683,430	6	(14,508,565)	(9)	(5,921,174)	(12)
NET INCOME (LOSS)	44,860,214	51	(52,629,214)	(63)	76,516,146	48	(59,139,714)	(124)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 29)								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	-	-	-	-	4,628	-	(585)	-
Gain (loss) on equity instruments at fair value through other comprehensive income	273,451,149	310	(2,175,329)	(3)	315,472,243	196	(6,713,060)	(14)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(241,482)	-	(39,486)	-	114,909	-	371,162	1
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(938,486)	(1)	7,921	-	(1,165,346)	(1)	148,327	-
Insurance finance income or expenses - relating to items that will not be reclassified subsequently to profit or loss	323,891	-	(422,646)	(1)	344,112	-	(435,227)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 30)	(11,561,178)	(13)	492,493	1	(9,992,130)	(6)	652,766	1

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ 28,589	-	\$ (12,190,018)	(15)	\$ 1,826,685	1	\$ (9,634,086)	(20)
Gain (loss) on debt instruments at fair value through other comprehensive income	25,765,010	29	9,416,578	11	(32,544,637)	(20)	15,661,557	33
(Loss) gain on hedging instruments	(164,737)	-	1,423,055	2	(154,836)	-	1,295,088	3
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	(915,471)	(1)	(1,875,671)	(2)	(1,476,854)	(1)	(1,436,103)	(3)
Insurance finance income or expenses - relating to items that will be reclassified subsequently to profit or loss	51,540,904	58	(143,342,161)	(172)	187,751,838	117	(126,695,726)	(267)
Financial income or expenses of held reinsurance contracts	(136,698)	-	403,612	1	(432,271)	-	288,306	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 30)	<u>(13,700,831)</u>	<u>(16)</u>	<u>28,518,706</u>	<u>34</u>	<u>(31,770,859)</u>	<u>(20)</u>	<u>23,762,764</u>	<u>50</u>
Total other comprehensive income (loss) for the period, net of income tax	<u>323,450,660</u>	<u>366</u>	<u>(119,782,946)</u>	<u>(144)</u>	<u>427,977,482</u>	<u>266</u>	<u>(102,734,817)</u>	<u>(216)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 368,310,874</u>	<u>417</u>	<u>\$ (172,412,160)</u>	<u>(207)</u>	<u>\$ 504,493,628</u>	<u>314</u>	<u>\$ (161,874,531)</u>	<u>(340)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 44,676,497	51	\$ (53,146,116)	(64)	\$ 76,270,308	48	\$ (60,443,835)	(127)
Non-controlling interests	<u>183,717</u>	<u>-</u>	<u>516,902</u>	<u>1</u>	<u>245,838</u>	<u>-</u>	<u>1,304,121</u>	<u>3</u>
	<u>\$ 44,860,214</u>	<u>51</u>	<u>\$ (52,629,214)</u>	<u>(63)</u>	<u>\$ 76,516,146</u>	<u>48</u>	<u>\$ (59,139,714)</u>	<u>(124)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 368,174,843	417	\$ (171,705,352)	(206)	\$ 504,226,117	314	\$ (161,581,166)	(340)
Non-controlling interests	<u>136,031</u>	<u>-</u>	<u>(706,808)</u>	<u>(1)</u>	<u>267,511</u>	<u>-</u>	<u>(293,365)</u>	<u>-</u>
	<u>\$ 368,310,874</u>	<u>417</u>	<u>\$ (172,412,160)</u>	<u>(207)</u>	<u>\$ 504,493,628</u>	<u>314</u>	<u>\$ (161,874,531)</u>	<u>(340)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS (LOSS) PER SHARE (Note 31)								
Basic earnings (loss) per share	\$ 2.80		\$ (3.87)		\$ 4.95		\$ (4.37)	

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

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

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Other Equity							Non-controlling Interests	Total Equity
							Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	(Loss) Gain on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive (Loss) Income on Reclassification Using Overlay Income	Insurance Financial Income or Loss Recognized in Other Comprehensive Income	Reinsurance Financial Income or Loss Recognized in Other Comprehensive Income	Total			
																	Share Capital		
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve														
BALANCE ON JANUARY 1, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,143,822	\$ 78,018,683	\$ 230,128,217	\$ 273,370,397	\$ (7,585,169)	\$ (13,142,474)	\$ (354,267)	\$ (420,102)	\$ 1,075,791	\$ 12,609,000	\$ (50,177,479)	\$ -	\$ -	\$ 888,691,521	\$ 17,835,184	\$ 906,526,705	
Effect of the retrospective application of IFRS 17	-	-	-	-	-	22,879,286	-	4,632,438	-	-	-	-	50,177,479	(7,779,490)	(8,596)	69,901,117	(6,061,534)	63,839,583	
BALANCE ON JANUARY 1, 2025 AS RESTATED	146,692,102	15,333,000	203,143,822	78,018,683	230,128,217	296,249,683	(7,585,169)	(8,510,036)	(354,267)	(420,102)	1,075,791	12,609,000	-	(7,779,490)	(8,596)	958,592,638	11,773,650	970,366,288	
Appropriation of 2024 earnings																			
Legal reserve	-	-	-	11,256,386	-	(11,256,386)	-	-	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	192,021,661	(192,021,661)	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	-	(51,342,235)	-	(51,342,235)	
Cash dividends on preferred shares	-	-	-	-	-	(3,595,916)	-	-	-	-	-	-	-	-	-	(3,595,916)	-	(3,595,916)	
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	(16,311)	-	-	980	-	(980)	-	-	-	-	-	-	-	(16,311)	-	(16,311)	
Changes in ownership interests in subsidiaries	-	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	-	(75,863)	(310,237)	(386,100)	
Net income (loss) for the six months ended June 30, 2025	-	-	-	-	-	(60,443,835)	-	-	-	-	-	-	-	-	-	(60,443,835)	1,304,121	(59,139,714)	
Other comprehensive (loss) income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	(9,333,892)	6,722,143	1,038,382	296,929	1,273	-	-	(100,092,837)	230,671	(101,137,331)	(1,597,486)	(102,734,817)	
Total comprehensive (loss) income for the six months ended June 30, 2025	-	-	-	-	-	(60,443,835)	(9,333,892)	6,722,143	1,038,382	296,929	1,273	-	-	(100,092,837)	230,671	(161,581,166)	(293,365)	(161,874,531)	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	969,259	-	(969,259)	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,054)	(79,054)	
Others	-	-	-	-	-	748	-	-	-	-	-	(748)	-	-	-	-	-	-	
BALANCE ON JUNE 30, 2025	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,119,191</u>	<u>\$ 89,275,069</u>	<u>\$ 422,149,878</u>	<u>\$ (21,506,906)</u>	<u>\$ (16,919,061)</u>	<u>\$ (2,758,132)</u>	<u>\$ 684,115</u>	<u>\$ (123,173)</u>	<u>\$ 1,077,064</u>	<u>\$ 12,608,252</u>	<u>\$ -</u>	<u>\$ (107,872,327)</u>	<u>\$ 222,075</u>	<u>\$ 741,981,147</u>	<u>\$ 11,090,994</u>	<u>\$ 753,072,141</u>	
BALANCE ON DECEMBER 31, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,119,254	\$ 89,275,069	\$ 422,149,878	\$ 174,945,637	\$ (10,366,455)	\$ 4,711,577	\$ (1,596,964)	\$ (182,974)	\$ 1,646,315	\$ 12,608,252	\$ -	\$ (198,290,162)	\$ 479,024	\$ 860,523,553	\$ 6,101,582	\$ 866,625,135	
Effect of redesignation of financial assets	-	-	-	-	-	39,770,342	-	(223,879,919)	-	-	-	-	-	(82,000)	-	(184,191,577)	-	(184,191,577)	
Provision of special reserve pursuant to Rule No. 11504111391 from the subsidiary	-	-	-	-	-	(1,614,091)	-	-	-	-	-	-	-	-	-	(1,614,091)	-	(1,614,091)	
BALANCE ON JANUARY 1, 2026	146,692,102	15,333,000	203,119,254	89,275,069	422,149,878	213,101,888	(10,366,455)	(219,168,342)	(1,596,964)	(182,974)	1,646,315	12,608,252	-	(198,372,162)	479,024	674,717,885	6,101,582	680,819,467	
Appropriation of 2025 earnings																			
Legal reserve	-	-	-	11,126,327	-	(11,126,327)	-	-	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	1,833,374	(1,833,374)	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	-	(51,342,235)	-	(51,342,235)	
Cash dividends on preferred shares	-	-	-	-	-	(3,701,376)	-	-	-	-	-	-	-	-	-	(3,701,376)	-	(3,701,376)	
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	11,758	-	-	(4,918)	-	4,918	-	-	-	-	-	-	-	11,758	-	11,758	
Changes in ownership interests in subsidiaries	-	-	-	-	-	(3,912)	-	-	-	-	-	-	-	-	-	(3,912)	(32,812)	(36,724)	
Net income for the six months ended June 30, 2026	-	-	-	-	-	76,270,308	-	-	-	-	-	-	-	-	-	76,270,308	245,838	76,516,146	
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	910,269	277,741,388	(123,925)	91,928	6,624	-	-	149,675,332	(345,807)	427,955,809	21,673	427,977,482	
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	76,270,308	910,269	277,741,388	(123,925)	91,928	6,624	-	-	149,675,332	(345,807)	504,226,117	267,511	504,493,628	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	89,355,047	-	(89,355,047)	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,090)	(25,090)	
Others	-	-	-	-	-	34,443	-	-	-	-	-	(34,443)	-	-	-	-	-	-	
BALANCE ON JUNE 30, 2026	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,131,012</u>	<u>\$ 100,401,396</u>	<u>\$ 423,983,252</u>	<u>\$ 310,749,544</u>	<u>\$ (9,456,186)</u>	<u>\$ (30,777,083)</u>	<u>\$ (1,720,889)</u>	<u>\$ (91,046)</u>	<u>\$ 1,652,939</u>	<u>\$ 12,573,809</u>	<u>\$ -</u>	<u>\$ (48,696,830)</u>	<u>\$ 133,217</u>	<u>\$ 1,123,908,237</u>	<u>\$ 6,311,191</u>	<u>\$ 1,130,219,424</u>	

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 91,024,711	\$ (53,218,540)
Adjustments for:		
Depreciation expense	3,075,140	2,819,048
Amortization expense	1,461,659	1,428,547
Bad debt expense	4,085,767	2,403,869
Loss (gain) on financial assets and liabilities at fair value through profit or loss	70,275,235	(166,075,449)
Interest expense	36,411,889	34,315,687
Net loss (gain) on derecognition of financial assets at amortized cost	550,723	(3,654,027)
Interest income	(193,179,546)	(164,345,834)
Dividend income	(5,984,569)	(9,551,857)
Net changes in insurance special reserve and other special reserve	7,943,364	1,604,356
Net changes of reserve for changes in foreign exchange valuation	17,125,178	14,273,065
Share of profit of associates and joint ventures accounted for using the equity method	(3,091,923)	(1,536,584)
(Gain) loss on disposal and retirement of property and equipment	(47,379)	5,551
Gain on disposal of investment properties	(14,754)	(4,734)
Gain on disposal of investments	(3,749,614)	(2,057,900)
Expected credit loss on financial assets	513,229	477,615
Impairment loss recognized on non-financial assets	2,013,255	-
Gain on sale of non-performing loan	-	(2,220)
Gain on changes in fair value of investment properties	(6,700,634)	(7,134,461)
Other items	(127,676,545)	36,570,185
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(6,763,156)	(9,386,599)
Financial assets at fair value through profit or loss	277,192,967	303,245,507
Financial assets at fair value through other comprehensive income	(270,177,951)	2,640,044
Debt instruments at amortized cost	(118,534,533)	244,574,130
Financial assets for hedging	7,649	(4,331,575)
Receivables	(99,068,627)	18,230,907
Loans	(266,214,787)	(76,285,633)
Insurance contract assets and reinsurance contract assets	3,222,757	(715,321)
Other financial assets	(44,038,934)	14,268,176
Other assets	6,883,768	(30,790,638)
Deposits from the Central Bank and banks	24,187,523	(46,283,692)
Financial liabilities at fair value through profit or loss	(45,982,856)	(195,582,451)
Financial liabilities for hedging	1,163,193	(1,097,480)
Notes and bonds sold under repurchase agreements	6,956,432	10,441,684
Payables	37,963,588	89,316,776
Insurance contract liabilities and reinsurance contract liabilities	73,999,421	(121,169,216)
Deposits and remittances	209,442,317	163,726,398
Provisions for employee benefits	(236,054)	(256,201)

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
Provisions	\$ (27,315)	\$ (8,615)
Other financial liabilities	1,000,071	71,639
Other liabilities	<u>56,260,948</u>	<u>64,329,389</u>
Cash (used in) generated from operations	(258,728,393)	111,253,546
Interest received	190,717,911	168,329,739
Dividends received	6,803,198	10,121,327
Interest paid	(37,209,983)	(36,898,823)
Income tax paid	<u>(23,987,558)</u>	<u>(8,538,058)</u>
Net cash (used in) generated from operating activities	<u>(122,404,825)</u>	<u>244,267,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(15,737,381)	(11,723,631)
Proceeds from disposal of financial assets at fair value through other comprehensive income	19,303,741	10,665,104
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7,962	-
Acquisition of financial assets at fair value through profit or loss	(677,174)	(356,531)
Proceeds from disposal of financial assets at fair value through profit or loss	505,301	232,384
Proceeds from capital reduction of investments accounted for using equity method	-	187,174
Acquisition of property and equipment	(2,722,592)	(2,275,065)
Proceeds from disposal of property and equipment	75,343	31
Acquisition of intangible assets	(267,396)	(258,909)
Acquisition of investment properties	(6,866,955)	(4,683,473)
Proceeds from disposal of investment properties	18,314	102,000
Proceeds from sale of non-performing loan	-	53,142
Dividends received	<u>-</u>	<u>21,866</u>
Net cash used in investing activities	<u>(6,360,837)</u>	<u>(8,035,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	38,969,176	(1,043,219)
Proceeds from issuance of convertible bonds	15,649,826	6,200,000
Repayment of convertible bonds	(4,000,000)	(1,900,000)
Issuing bank debentures	-	5,900,000
Other borrowings	5,188,223	24,652,419
Repayment of the principal portion of lease liabilities	(1,027,586)	(925,631)
Acquisition of ownership interests in subsidiaries	(36,724)	(386,100)
Changes in non-controlling interests	<u>(25,090)</u>	<u>(79,054)</u>
Net cash generated from financing activities	<u>54,717,825</u>	<u>32,418,415</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
EFFECTS OF EXCHANGE RATE AND PURCHASING POWER CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>524,878</u>	\$ <u>10,339,884</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(73,522,959)	278,990,122
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>689,238,875</u>	<u>557,527,266</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 615,715,916</u>	<u>\$ 836,517,388</u>
Reconciliation of cash and cash equivalents:		
	June 30	
	2026	2025 (Restated)
Cash and cash equivalents presented in the consolidated balance sheets	\$ 359,453,216	\$ 501,950,724
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	206,500,587	305,314,277
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>49,762,113</u>	<u>29,252,387</u>
Cash and cash equivalents at the end of the period	<u>\$ 615,715,916</u>	<u>\$ 836,517,388</u>

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

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

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

On December 31, 2001, Cathay Financial Holding Co., Ltd. (the “Company” or “Cathay Financial Holdings”) was incorporated through a share swap with Cathay Life Insurance Co., Ltd. (“Cathay Life”) pursuant to the Financial Holding Company Act, Company Act and related laws and regulations and Cathay Life became a wholly-owned subsidiary of the Company. On the same day, Cathay Life’s shares were delisted and the Company’s shares have been listed on the Taiwan Stock Exchange.

On April 22, 2002, Cathay Century Insurance Co., Ltd. (“Cathay Century”) and Cathay Commercial Bank Co., Ltd. (“Cathay Bank”) became wholly-owned subsidiaries of the Company through share swaps. On December 18, 2002, United World Chinese Commercial Bank Co., Ltd. (“UWCCB”) also became a wholly-owned subsidiary of the Company through a share swap. On October 27, 2003, UWCCB was merged with Cathay Bank in accordance with the Financial Institutions Merger Act and related laws and regulations; UWCCB was the surviving company and was re-named to Cathay United Bank Co., Ltd. (“Cathay United Bank”). The Company acquired all issued shares of Lucky Bank Inc. through a share swap on August 25, 2006. To expand its business scale and improve competitiveness, Cathay United Bank merged with Lucky Bank Inc. on January 1, 2007 and acquired specific assets, liabilities, and business of China United Trust & Investment Corporation on December 29, 2007.

On May 12, 2004, the Company incorporated Cathay Securities Corporation (“Cathay Securities”) as a wholly-owned subsidiary. Cathay Venture Inc. (“Cathay Venture”) was incorporated on April 10, 2003; as resolved by the board of directors on August 10, 2009, Cathay Venture was merged with Cathay VC Inc., Cathay II NC Inc. and Cathay Capital Management Inc., in which Cathay Venture was the surviving company. On June 13, 2011, the Company was approved to acquire Cathay Securities Investment Trust Co., Ltd. (“Cathay Securities Investment Trust”) by the Financial Supervisory Commission (“FSC”) and acquired all issued shares of Cathay Securities Investment Trust by cash on June 24, 2011.

Cathay Life participated in and won the bid for the takeover of the assets, liabilities and operations of Global Life Insurance Co., Ltd. (“Global Life”) and Singfor Life Insurance Co., Ltd. (“Singfor Life”), which was held by the Taiwan Insurance Guaranty Fund. Cathay Life entered into the general assignment and assumption agreement on March 27, 2015. Cathay Life assumed all assets, liabilities and operations of Global Life and Singfor Life, except for their reserved assets and liabilities on July 1, 2015.

Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depositary Shares (GDSs). The Company’s registered office and the main business location is at No. 296, Jen Ai Road, Section 4, Taipei, R.O.C. The Company is mainly engaged in the business of financial holding company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on August 20, 2026.

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

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

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

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

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

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

Under IFRS 4, premium revenue from the direct underwriting business of Cathay Century and its subsidiaries 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 modified retrospective approach, the Group uses reasonable and supportable information to achieve the closest possible outcome to the full retrospective approach. Relevant information is set out in Note 4.

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

In order to mitigate the potential impacts and inconsistencies arising from the earlier effective date of IFRS 9 relative to IFRS 17, the Group elected, prior to the application of IFRS 17, the overlay approach to designated financial assets. The Group has 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 resulting adjustments to assets, liabilities and equity for 2025 are as follows:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
<u>December 31, 2025</u>			
Impact on assets	\$ 14,341,618,353	\$ (92,872,794)	\$ 14,248,745,559
Impact on liabilities	<u>13,407,230,263</u>	<u>(25,109,839)</u>	<u>13,382,120,424</u>
Impact on equity	<u>\$ 934,388,090</u>	<u>\$ (67,762,955)</u>	<u>\$ 866,625,135</u>
<u>June 30, 2025</u>			
Impact on assets	\$ 13,786,756,729	\$ (124,258,513)	\$ 13,662,498,216
Impact on liabilities	<u>13,005,385,073</u>	<u>(95,958,998)</u>	<u>12,909,426,075</u>
Impact on equity	<u>\$ 781,371,656</u>	<u>\$ (28,299,515)</u>	<u>\$ 753,072,141</u>
<u>January 1, 2025</u>			
Impact on assets	\$ 13,767,150,337	\$ (153,267,393)	\$ 13,613,882,944
Impact on liabilities	<u>12,860,623,632</u>	<u>(217,106,976)</u>	<u>12,643,516,656</u>
Impact on equity	<u>\$ 906,526,705</u>	<u>\$ 63,839,583</u>	<u>\$ 970,366,288</u>

Redesignation of financial assets

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

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

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 an increase of \$39,688,342 thousand in retained earnings and a decrease of \$223,879,919 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 FVTPL

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at FVTPL	\$ 1,997,543,473			\$ 1,997,543,473		
Additions:						
From financial assets measured at FVOCI	-	\$ 7,044,406	\$ -	7,044,406	\$ (1,119,262)	\$ 1,119,262
From financial assets at amortized cost	-	84,756,052	(24,377,641)	60,378,411	(19,502,113)	-
Less:						
To financial assets measured at FVOCI	-	(1,020,885,335)	-	(1,020,885,335)	-	-
	<u>\$ 1,997,543,473</u>	<u>\$ (929,084,877)</u>	<u>\$ (24,377,641)</u>	<u>\$ 1,044,080,955</u>	<u>\$ (20,621,375)</u>	<u>\$ 1,119,262</u>

Financial assets at FVOCI

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at FVOCI	\$ 1,299,905,320			\$ 1,299,905,320		
Additions:						
From financial assets at FVTPL	-	\$ 1,020,885,335	\$ -	1,020,885,335	\$ 60,387,342	\$ (60,361,147)
From financial assets measured at amortized cost	-	1,599,525,380	(230,096,112)	1,369,429,268	-	(184,121,891)
Less:						
To financial assets at FVTPL	-	(7,044,406)	-	(7,044,406)	-	-
To financial assets at amortized cost	-	(150,420,733)	-	(150,420,733)	-	-
	<u>1,299,905,320</u>	<u>2,462,945,576</u>	<u>(230,096,112)</u>	<u>3,532,754,784</u>	<u>60,387,342</u>	<u>(244,483,038)</u>
To guarantee deposits paid	<u>(12,190,324)</u>	-	<u>2,210,048</u>	<u>(9,980,276)</u>	-	-
	<u>\$ 1,287,714,996</u>	<u>\$ 2,462,945,576</u>	<u>\$ (227,886,064)</u>	<u>\$ 3,522,774,508</u>	<u>\$ 60,387,342</u>	<u>\$ (244,483,038)</u>

Financial assets at amortized cost

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings (Net of Tax)	Impact on Other Equity (Net of Tax)
Financial assets at amortized cost	\$ 4,818,850,884			\$ 4,818,850,884		
Additions:						
From financial assets measured at FVOCI	-	\$ 150,420,733	\$ 24,334,238	174,754,971	\$ -	\$ 19,483,857
Less:						
To financial assets at FVTPL	-	(84,756,052)	-	(84,756,052)	-	-
To financial assets measured at FVOCI	-	(1,599,525,380)	-	(1,599,525,380)	-	-
	<u>4,818,850,884</u>	<u>(1,533,860,699)</u>	<u>24,334,238</u>	<u>3,309,324,423</u>	<u>-</u>	<u>19,483,857</u>
To guarantee deposits paid	<u>(41,564,367)</u>	-	<u>(5,583,680)</u>	<u>(47,148,047)</u>	<u>-</u>	<u>-</u>
Other	-	-	<u>(77,625)</u>	<u>(77,625)</u>	<u>(77,625)</u>	<u>-</u>
	<u>\$ 4,777,286,517</u>	<u>\$ (1,533,860,699)</u>	<u>\$ 18,672,933</u>	<u>\$ 3,262,098,751</u>	<u>\$ (77,625)</u>	<u>\$ 19,483,857</u>

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

The Cathay Life's circumstances in which its foreign-currency denominated assets correspond to its New Taiwan dollar-denominated liabilities meet the conditions set out in the Insurance Bureau (Financial) Ref. No. 1140495239 dated January 2, 2026. Pursuant to the proviso of Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and as resolved by the Board of Directors on January 22, 2026, effective January 1, 2026, the Cathay Life amortizes exchange differences on a straight-line basis over the expected remaining life of each debt instrument for debt instruments measured at amortized cost that are not designated in a foreign currency risk hedging relationship on an individual basis. The unamortized cumulative unrealized exchange net gain (loss) is recognized under other assets or other liabilities, as appropriate. Upon derecognition, any remaining unamortized portion is fully recognized in exchange gains or losses for the period. Relevant information is set out in Note 9.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Reclassification

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 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.

Basis of Preparation

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

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

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

Basis of Consolidation

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

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

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

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

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

See Note 12 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Other Material Accounting Policies

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

- a. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Exchange differences arising on monetary items that are receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, are considered part of the entity's net investment in the foreign operation. Such exchange differences are recognized initially in other comprehensive income and accumulated in equity, and are subsequently reclassified to profit or loss upon disposal of the net investment. However, effective January 1, 2026, for debt instruments measured at amortized cost held by Cathay Life for which the foreign currency risk component has not been designated as a hedging item, exchange differences shall be amortized and recognized in foreign exchange gains or losses on a straight-line basis, instrument by instrument, over the expected remaining life of the respective debt instruments. The unamortized cumulative unrealized net exchange differences shall be presented under other assets or other liabilities. Upon derecognition, any unamortized portion is fully recognized in foreign exchange gains or losses for the period.

b. Financial instruments

1) Measurement categories of financial assets

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

a) Financial assets at amortized cost

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

b) Investments in debt instruments at FVTOCI

Debt instruments that meet both 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. For investments in New Taiwan dollar-denominated offshore bond ETFs, the Company applies the "Practical Guidance on the Classification of Investments in New Taiwan Dollar-Denominated Offshore Bond ETFs as Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI") by Insurance Enterprises" promulgated by the Life Insurance Association of the Republic of China in accordance with Jin Guan Bao Tsai No. 1140131712.

2) Subsequent measurement of financial liabilities

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

a) Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement (excluding any interest paid on such financial liabilities) recognized in profit or loss.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount after amortization.

c) In accordance with the Regulations Governing the Setting Aside of Various Reserves for Insurance Enterprises and IFRS 9, financial liabilities under investment contracts measured at fair value through profit or loss refer to insurance contracts issued by insurers that are classified as investment contracts without discretionary participation features. Such contracts are required to be recognized as financial liabilities at fair value through profit or loss

c. Insurance contracts

1) Definition and scope

- a) Insurance contracts issued (including reinsurance contracts): An insurance contract is a binding agreement under which the insurer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Group considers insurance risk to be significant when an insured event could cause the issuer to pay additional amounts that are significant in any single scenario. This excludes scenarios that have no commercial substance (i.e., no discernible effect on the economics of the contract). Certain insurance contracts issued by the Group are insurance contracts with direct participation features, involving the provision of investment-related services under which policyholders share in the returns generated by underlying items. These contracts are measured using the variable fee approach and have the following characteristics at inception:
 - i. The contractual terms specify that the policyholder participates in a clearly identified pool of underlying items;
 - ii. The Group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on those underlying items; and
 - iii. The Group expects a substantial proportion of any change in the amounts expected to be paid to the policyholder to varies with changes in the fair value of those underlying items.

- b) Investment contracts with discretionary participation features issued: Certain investment contracts with discretionary participation factors issued by the Group, which grant specified investors the contractual right to receive additional benefits in addition to amounts that are not subject to the issuer's discretion. Such additional payments are based on the investment returns on a specified pool of assets. The timing or amount of these payments is contractually determined at the issuer's discretion, and are expected to constitute a significant portion of the total contractual benefits. The Group accounts for these contracts in accordance with IFRS 17.
- c) Reinsurance contracts held: The Group enters into reinsurance to mitigate its exposure to risk. Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

2) 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:

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

3) Level of aggregation of insurance contracts

- a) Insurance contracts: The Group treats insurance contracts with similar risks and managed together as a portfolio. Groups of insurance contracts are formed by subdividing portfolios of insurance contracts into annual cohorts comprising contracts issued within a one-year period at initial recognition:
 - i. Groups of contracts that are onerous;
 - ii. Groups of contracts that have no significant possibility of becoming onerous subsequently; and
 - iii. Groups of the remaining contracts in the portfolio.

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

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

- b) Reinsurance contracts held: The level of aggregation for portfolios of reinsurance contracts held is assessed separately from that of insurance contracts issued. Therefore, to apply the requirements on the level of aggregation, reinsurance contracts held, at initial recognition, within a one year period are divided into:
 - i. Groups of contracts in a net gain position at initial recognition;

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

4) Initial recognition of contracts

a) Insurance contracts

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

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

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

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

b) Reinsurance contracts held

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

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

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

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

5) Contract modification and derecognition

If the terms of an insurance contract are modified by the agreement between the parties to the contract or by a change in regulation, the Group treats changes in cash flows caused by the modification as changes in estimates of 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:

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

- b) When any of the following conditions for contract modification are met, the Group derecognizes the original contract and recognizes the modified contract as a new contract.
 - i. If the modified terms had been included at contract inception and the Group assesses that the amended contract would have resulted in either of the following situations:

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

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

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

ii) Contract boundary

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

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

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

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

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

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

- Allocate insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group.
- 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 flows to reflect the compensation required for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risk.

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

Cathay Century and its subsidiaries measure the risk adjustment for non-financial risk using a bootstrap stochastic model. This method repeatedly and randomly samples from historical claims data to simulate the probability distribution of cash flows without relying on a predefined population distribution. The risk adjustment is determined as the difference between the liability calculated under the 75th percentile scenario and the best estimate liability.

ii. Contractual service margin

i) Insurance contracts

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

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

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

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 deferred net cost or net gain that the Group will recognize as the reinsurer provides insurance contract services in the future, and is the sum of:

- Fulfilment cash flows;
- Any cash flows arising at that date; and

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

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

iii) For insurance contracts acquired through transfers of insurance contracts or in business combinations within the scope of IFRS 3, the Group measures the contractual service margin at initial recognition of the group of insurance contracts at an amount such that no income or expense arises from the following:

- The initial recognition of the amount of fulfillment cash flows;
- All cash flows arising from the contracts in the group at that date, including the fair value of the group of contracts at the acquisition date as a substitute for premiums received.

d) Subsequent measurement: Groups of contracts not applying the premium allocation approach

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

i) Liability for remaining coverage, comprising:

- The fulfillment cash flows related to future service allocated to the group at that date;
- The contractual service margin of the group at that date.

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

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

i) Asset for remaining coverage, comprising:

- The fulfillment cash flows related to future service allocated to the group at that date; and
- The contractual service margin of the group at that date.

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

iii. Changes in fulfillment cash flows

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

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

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

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

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

- v) For insurance contracts applying the variable fee approach, changes in fulfillment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:

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

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

vi) For insurance contracts applying the Variable Fee Approach, the following changes in fulfillment cash flows do not adjust the contractual service margin of the group of insurance contracts:

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

iv. Adjustments of the Contractual Service Margin

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

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured using the discount rates determined at initial recognition.
- Changes in fulfillment cash flows relating to future service (see D. Subsequent Measurement, c. Changes in Fulfilment Cash Flows, (b), (d), and (e)), are recognized as adjustments to the contractual service margin, subject to the limit of the carrying amount of the contractual service margin. When the increase in fulfillment cash flows exceeds the carrying amount of the contractual service margin, the contractual service margin is reduced to zero and the excess is recognized as insurance service expenses, with a loss component established within the liability for remaining coverage. When the contractual service margin has already been reduced to zero, changes in fulfillment cash flows are recognized in insurance service expenses and adjust the loss component. If subsequent decreases in fulfillment cash flows exceed the loss component, the loss component is reduced to zero and the contractual service margin is reinstated.
- The effect of any foreign exchange differences on the contractual service margin.
- The amount recognized as insurance revenue due to the transfer of insurance contract services in the period.

ii) Contractual service margin at the end of the reporting period is measured as the carrying amount determined at the beginning of the reporting period for a group of reinsurance contracts held, and is adjusted for the following items:

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

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

iii) Discount rate for accretion of interest on the contractual service margin

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

iv) Release of contractual service margin to profit or loss

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

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

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

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

For the coverage units used as the basis for the allocation of the contractual service margin, the consolidated company applies, at the date of initial recognition of the group of contracts, the discount rate determined for nominal cash flows that do not vary based on the returns of any underlying items, thereby reflecting the time value of money.

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.

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

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

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

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

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

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

e) Initial recognition and subsequent measurement: Groups of insurance contracts applying the premium allocation approach

i. Insurance contracts:

Cathay Life Insurance and its subsidiaries apply the PAA to insurance contracts with a coverage period of one year or less.

For insurance contracts issued, Cathay Life Insurance and its subsidiaries recognises insurance acquisition cash flows allocated to groups of contracts applying the PAA as an expense. Premiums received at initial recognition are recorded as the liability for remaining coverage.

For Cathay Century and its subsidiaries, groups of contracts with a coverage period of one year or less are measured using the PAA. In addition, groups of contracts with a coverage period of up to five years have passed the eligibility test for the PAA, and the measurement results under the PAA are expected to be a reasonable approximation of those under the General Measurement Model (GMM); therefore, the PAA is also applied to such groups.

For insurance contracts issued by Cathay Century Insurance and its subsidiaries, insurance acquisition cash flows allocated to groups of contracts applying the PAA are deferred over the coverage period of the group. At initial recognition, premiums received, less any insurance acquisition cash flows at that date, are recognised as the liability for remaining coverage.

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

- i) Liability for remaining coverage;
- ii) Liability for incurred claims, including fulfillment cash flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, the carrying amount of the liability for remaining coverage at the end of each subsequent reporting period is the carrying amount as of the start of the reporting period:

- i) Plus the premiums received in the period;
- ii) Minus the amount recognised as insurance revenue for coverage provided in that period.

ii. Reinsurance contracts held:

Cathay Life and its subsidiaries apply the PAA to reinsurance contracts held with a coverage period of one year or less.

For contract groups held by Cathay Century and its subsidiaries with coverage periods of one year or less, the PAA is adopted for measurement. In addition, the eligibility of contract groups with coverage periods of up to five years has also been assessed and confirmed. As the measurement results under the PAA are expected to reasonably approximate those under the general measurement model, the PAA is likewise applied to these contract groups.

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

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

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

For reinsurance contracts held, the carrying amount of remaining coverage at the end of each subsequent reporting period is the carrying amount at the start of the reporting period:

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

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

- iii. Neither the insurance contracts issued nor reinsurance contracts held by Cathay Life and its subsidiaries that are measured using the Premium Allocation Approach contain investment components. As premium due dates fall within the coverage period and are within one year, the Group does not reflect the time value of money in the liability for remaining coverage of issued insurance contracts.

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

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

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

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

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

7) Insurance service result: Issued insurance contracts

a) Insurance revenue

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

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

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

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

b) Insurance service expenses

Insurance service expenses include the following items:

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

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

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

Cash flows relating to costs that cannot be directly attributed to a portfolio of insurance contracts are recognised in profit or loss as other operating expenses and other operating costs when incurred.

8) Insurance Service Result: Reinsurance Contracts Held

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

- a) For reinsurance contracts held to which the premium allocation approach is not applied, the amount of reinsurance premiums allocated includes the following amounts arising from changes in the remaining coverage:
 - i. Reinsurance recoveries for claims incurred in the current period, measured at the amounts expected at the beginning of the period, excluding:
 - i) Amounts allocated to the loss-recovery component of the remaining coverage liability;
 - ii) Repayments of the investment component.
 - ii. Changes in the risk adjustment for non-financial risk, excluding:
 - i) Changes included in reinsurance finance income or expenses of the 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 recognised in profit or loss in the current period for services received;
 - iv. Experience adjustments arising from reinsurance premiums paid that do not relate to future service.
 - b) For reinsurance contracts held measured under the premium allocation approach, the Group recognises the allocation of reinsurance premiums paid on a time-apportioned basis over the coverage period of the group of contracts.
 - c) Amounts recovered from reinsurers:
 - i. Reinsurance recoveries for claims and benefits incurred (excluding the investment component and net of allocations to the loss-recovery component);
 - ii. Other incurred reinsurance-related expenses;
 - iii. Changes that relate to past service, being changes in fulfilment cash flows relating to the asset for incurred claims;
 - iv. Accounting amounts relating to loss recovery and reversals for onerous underlying contracts.
 - d) Changes in the reinsurer's non-performance risk.
- 9) Insurance finance income or expenses
- a) Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the following:
 - i. The effect of the time value of money and changes in the time value of money;
 - ii. The effect of financial risk and changes in financial risk.
 - b) For contracts measured under the general measurement model, insurance finance income or expenses mainly consist of the following:
 - i. Interest accretion on fulfilment cash flows and the contractual service margin;
 - ii. The effects of changes in interest rates and other financial assumptions.
 - c) For contracts measured under the variable fee approach, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).
 - d) For contracts measured under the premium allocation approach, insurance finance income or expenses mainly consist of the following:
 - i. Interest accretion on the liability for incurred claims;
 - ii. The effects of changes in interest rates and other financial assumptions.
 - e) The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

- f) For contracts measured under the general measurement model, the Group elects to disaggregate insurance finance income or expenses for the period, recognizing one portion in profit or loss and the remaining portion in other comprehensive income. The amount recognized in profit or loss is determined by systematically allocating the expected total insurance finance income or expenses over the duration of the group of contracts.
- g) For contracts measured under the variable fee approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss or other comprehensive income, depending on how the related assets and liabilities are matched within the portfolio.
- h) For contracts measured under the premium allocation approach, the Group elects to recognize insurance finance income or expenses for the period in profit or loss.
- i) Where a group of insurance contracts generates cash flows denominated in a foreign currency, the Group treats that group of contracts (including the contractual service margin) as a monetary item.

10) Interim Financial Reporting

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

11) Transition

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

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

Contract Issuance Period	Transition Approach
Cathay Life	
On or after January 1, 2024	Full retrospective approach
From January 1 to December 31, 2023	Modified retrospective approach
On or before December 31, 2022	Fair value approach
Cathay Lujiazui Life	
On or after January 1, 2023	Full retrospective approach
On or before December 31, 2022	Fair value approach
Cathay Life (Vietnam)	
On or before December 31, 2024	Fair value approach
Cathay Century	
On or after January 1, 2024	Full retrospective approach
On or before December 31, 2023	Fair value approach
Cathay Insurance (Vietnam)	
On or after January 1, 2024	Full retrospective approach
On or before December 31, 2023	Fair value approach

a) Contracts measured under the full retrospective approach

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

b) Contracts measured under the modified retrospective approach

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

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

Level of aggregation

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

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

Assessments at inception or initial recognition

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

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

Expected cash flows

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

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

Discount rates

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

Adjustment for non-financial risk

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

Insurance acquisition cash flows

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

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

Contractual service margin

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

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

- i. Amounts charged to the policyholders before the date of transition, including those deducted from underlying items;

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

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

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

Reinsurance contracts held

For a group of reinsurance contracts held that was purchased before or at the same time the underlying insurance contracts were issued, the Group 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. Where the Group does not have reasonable and supportable information to determine the loss-recovery component of the asset for remaining coverage, the Group does not identify such loss-recovery component.

Insurance revenue

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

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

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

Insurance finance income or expenses

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

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

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

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

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

Level of aggregation

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

Measurement at the transition date

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

Discount rates

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

Insurance finance income or expenses

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

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

Reinsurance contracts held

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

d. Customer contracts

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

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

e. Separate account insurance product assets

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

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

f. Foreign exchange valuation reserve

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

g. Special reserve

Cathay Century's special reserves are comprised of special reserves for catastrophic event, fluctuation of risk and other special purpose.

In accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Cathay Century shall set aside the special reserves as liabilities which is calculated based on 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.

h. 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.

i. Other long-term employee benefits

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

j. Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets

1) Cathay Life and its subsidiaries

The provision for impairment of receivables, loans and investments in debt instruments are based on Cathay Life and its subsidiaries' assumptions on probability of default and expected credit loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation based on historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, see Note 40.

2) Cathay United Bank and its subsidiaries

The estimated impairment of loans is made with reference to the collateral status of the credit assets, the amount of the principal and interest due, and the length of the overdue period. Changes in credit ratings on individual assets and the status of the collection are also considered during classification of the loans. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment assessment, based on the Group's historical experience, existing market conditions as well as forward looking estimates (i.e., probability of default and expected credit loss rates) as of the end of each reporting period. Refer to Note 40 for the key assumptions and inputs used.

b. Fair value measurements and valuation processes

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 14 and 40.

c. Valuation of insurance contract liabilities

1) Cathay Life and its subsidiaries

a) Determination of coverage units

The determination of coverage units considers the likelihood of insured events occurring and affecting the quantity of contractual benefits under groups of insurance contracts, the expected coverage period of the insurance services provided, and the expected quantity of benefits to be paid to policyholders.

For contracts that provide insurance coverage and investment-related services, or insurance coverage and investment-return services, judgment is applied in determining a proportional factor to assess the relative weighting of benefits provided by the insurance coverage and investment-related services, or insurance coverage and investment-return services. Such weighting is recalculated at each balance sheet date.

b) Discretionary cash flows of contracts without direct participation features

Certain insurance contracts without direct participation features (such as interest-sensitive life insurance contracts) grant discretion over cash flows payable to policyholders. Changes in discretionary cash flows are regarded as relating to future services and therefore adjust the contractual service margin ("CSM"). In determining whether changes in cash flows constitute changes in discretionary cash flows, the basis of the Company's commitments under the contracts is specified at contract inception. The specified basis is used to distinguish the effects of assumption changes related to financial risks on such commitments (which do not adjust the CSM) from the effects of discretionary changes on such commitments (which adjust the CSM).

c) In measuring insurance contracts issued (including investment contracts with direct participation features) and reinsurance contracts held in accordance with IFRS 17, the Group is required to apply key estimates in respect of future cash flows, discount rates, the systematic allocation of insurance finance income or expenses, and risk adjustment for non-financial risk. The estimation methods, related assumptions, and other sources of estimation uncertainty adopted will affect the carrying amounts of insurance contract assets/liabilities and reinsurance contract assets/liabilities.

i. Estimates of future cash flows

In estimating future cash flows within the contract boundary, an unbiased approach is applied by considering the full range of possible outcomes under various scenarios. Each scenario specifies the amount, timing, and probability of cash flows associated with a particular outcome (reflecting conditions existing at the measurement date), and the expected value of all possible outcomes is reflected using a probability-weighted average. In addition, all reasonable and supportable information available without undue cost or effort is considered, including information about past events, current conditions, and forecasts of future conditions, in determining possible scenarios.

Estimates of future cash flows include observable market variables or variables directly derived from market data, as well as non-market variables, such as mortality rates, morbidity rates, lapse rates and expense rates. Observable market variables and internally observed experience data are used to reflect the Company's views of future trends.

ii. Discount rates

In determining discount rates for different products, the bottom-up approach is adopted for cash flows of contracts without participation features that do not vary based on returns on underlying items. Under this approach, yield curves are constructed by adding a liquidity premium to the risk-free interest rates for each currency.

- i) Within observable market interest rate ranges, risk-free interest rates are constructed with reference to market data;
- ii) The liquidity premium depends on the characteristics of the liabilities and their corresponding assets and is added to the risk-free interest rates; and

- iii) For unobservable market interest rate ranges, the Smith-Wilson model is applied to extrapolate from the last observable market interest rate point to the ultimate forward rate.

The following yield curves are used to discount future cash flows that do not vary based on returns on underlying items:

i) Cathay Life

June 30, 2026

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

December 31, 2025

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

June 30, 2025

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

Note 1: The above disclosures do not include liquidity premium adjustments applicable to policies sold by life insurance companies prior to January 1, 2004, for which the policy reserve interest rates at inception were 6% or higher. A parallel upward adjustment of 50 basis points (bps) was applied across the entire yield curve.

Note 2: The above disclosures do not include liquidity premium adjustments applicable to certain policies assumed in 2015 from Global Life and Singfor Life, which were handled in accordance with the requirements set forth in Jin Guan Bao Tsai No. 11404945381.

ii) Cathay Life (Vietnam)

June 30, 2026

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

December 31, 2025

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

June 30, 2025

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

iii) Cathay Lujiazui Life

June 30, 2025

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

iii. Systematic allocation of insurance finance income or expenses

For groups of insurance contracts in which changes in assumptions related to financial risk do not have a significant effect on amounts payable to policyholders, locked-in discount rates are used for the systematic allocation of insurance finance income or expenses.

For groups of insurance contracts in which changes in assumptions related to financial risk have a significant effect on amounts payable to policyholders, fixed rates are used for the systematic allocation of insurance finance income or expenses.

iv. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation required for bearing the uncertainty regarding the amount and timing of cash flows arising from insurance risk and non-financial risks, such as lapse risk or expense risk. It measures the variability of expected future cash flows, the specific compensation required for bearing such risks, and reflects the degree of risk aversion. The risk adjustment for non-financial risk is determined at the entity level and allocated to the relevant groups of insurance contracts.

The confidence level technique is used to measure the risk adjustment for non-financial risk. Under this approach, at each balance sheet date, the probability distribution of the present value of expected future cash flows for each group of insurance contracts is estimated, and the difference between the liability calculated under the selected 75% confidence level scenario and the best estimate liability is recognized as the risk adjustment.

2) Cathay Century and its subsidiaries

As of June 30, 2026, insurance contract liabilities consisted of the following components:

- Liability for remaining coverage: Under the general measurement model, such amounts comprise estimates of future cash flows and the effect of discounting, a risk adjustment for non-financial risk, and the contractual service margin.
- Liability for incurred claims: This includes estimates of future cash flows related to past services and the effect of discounting, together with a risk adjustment for non-financial risk. Such amounts are estimated based on reported but unpaid claims and incurred but not reported claims for each group of insurance contracts as of the balance sheet date.

Future cash flows are estimated based on historical data, actuarial analyses, and other analytical techniques, particularly with respect to the assumptions and methodologies used to estimate incurred but not reported claims. As actual claims outcomes may differ from these estimates, such estimates are subject to significant uncertainty, and changes in the related assumptions may have a material impact on the amount of insurance contract liabilities.

In addition, the risk adjustment for non-financial risk represents the compensation required for bearing the uncertainty regarding the amount and timing of cash flows arising from non-financial risks. Its measurement reflects the assessment of certainty associated with future cash flows and the degree of risk aversion.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 25,922,235	\$ 23,534,366	\$ 24,536,496
Cash in banks	144,234,440	168,592,194	250,518,009
Time deposits	62,020,911	51,669,531	125,178,825
Checks for clearing	1,803,312	1,874,355	1,810,775
Cash equivalents	3,037,147	304,347	2,755,350
Due from banks	122,625,319	116,127,338	97,279,464
Less: Loss allowance	<u>(190,148)</u>	<u>(190,646)</u>	<u>(128,195)</u>
	<u>\$ 359,453,216</u>	<u>\$ 361,911,485</u>	<u>\$ 501,950,724</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets mandatorily classified as at FVTPL</u>			
Stocks	\$ 30,582,019	\$ 481,481,925	\$ 392,841,858
Funds and beneficiary certificates	255,101,001	874,548,979	813,892,246
Government bonds	21,838,666	24,422,188	15,868,643
Corporate bonds	27,668,032	31,313,306	26,784,879
Financial debentures	82,560,813	69,760,482	63,506,750
Overseas bonds	184,220,681	218,723,725	212,747,036
Short-term notes	193,968,909	209,516,588	135,598,262
Futures trading margin	3,796,343	1,903,121	12,731
Structured time deposits	14,198,017	14,308,859	14,131,714
Derivative instruments	<u>61,254,637</u>	<u>71,564,300</u>	<u>192,085,047</u>
	<u>\$ 875,189,118</u>	<u>\$ 1,997,543,473</u>	<u>\$ 1,867,469,166</u>
<u>Financial liabilities at FVTPL</u>			
Investment Contracts at FVTPL	\$ 611,723,754	\$ 524,970,001	\$ 472,853,248
Designated as at FVTPL			
Bonds	42,891,446	41,480,624	39,617,181
Held for trading			
Derivative instruments	140,131,573	122,018,788	95,673,994
Security lending payable (non-hedging)	1,028,616	539,032	-
Security lending payable (hedging)	<u>9,940</u>	<u>39,117</u>	<u>23,502</u>
	<u>\$ 795,785,329</u>	<u>\$ 689,047,562</u>	<u>\$ 608,167,925</u>

- a. As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of structured bonds recognized under financial assets at FVTPL by Cathay Life were \$162,641,420 thousand, \$170,463,122 thousand and \$160,658,601 thousand, respectively.
- b. Changes in financial liabilities at FVTPL under investment contracts of Cathay Life were as follows:

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

- c. Financial liabilities designated as at FVTPL

In September 2014, Cathay United Bank was authorized to issue subordinated financial debentures amounting to US\$990 million; as of October 8, 2014, the issued subordinated financial debentures amounted to US\$660 million (perpetual) and US\$330 million (fifteen years) with a fixed interest rate of 5.10% and 4.00%, respectively, and the interest is payable annually. Cathay United Bank is authorized by the regulatory authority to redeem the US\$660 million of bonds at book value after 12 years and after fulfilling the specified conditions.

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

Cathay United Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. The aforementioned financial bonds were designated as financial assets measured at fair value through profit or loss to eliminate the accounting mismatch that would otherwise arise between the financial bonds, if measured at amortized cost, and the derivative instruments measured at fair value through profit or loss. For the six months ended June 30, 2026 and 2025, such interest rate swaps were valued with a net profit of \$991,460 thousand and \$1,893,256 thousand, respectively.

As of June 30, 2026 and December 31, 2025, Cathay United Bank and its subsidiaries had not sold any bonds included in financial assets measured at fair value through profit or loss under repurchase agreements. As of June 30, 2025, bonds with a par value of \$3,456,810 thousand were sold under repurchase agreements from financial assets measured at fair value through profit or loss. The sale amount of \$3,407,013 thousand were recorded as securities sold under repurchase agreements and bond payables, and pursuant to the agreement, the bonds will be repurchased for \$3,409,070 thousand by the end of July 2025.

- d. As of June 30, 2026, December 31, 2025 and June 30, 2025, the face amounts of financial assets at FVTPL pledged by Cathay Securities and its subsidiaries as collateral for repurchase agreements were \$0 thousand, \$399,488 thousand and \$195,380 thousand, respectively.
- e. Refer to Note 33 for the financial assets at FVTPL that were pledged as collateral.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instrument at FVTOCI			
Stocks	\$ 879,287,956	\$ 182,145,555	\$ 199,540,337
Funds and beneficiary certificates	<u>7,584,845</u>	<u>-</u>	<u>-</u>
	<u>886,872,801</u>	<u>182,145,555</u>	<u>199,540,337</u>
Investments in debt instrument at FVTOCI			
Government bonds	258,341,896	196,645,469	183,479,507
Corporate bonds	123,265,104	101,033,851	101,345,273
Beneficiary certificates	620,203,582	-	-
Financial debentures	73,282,873	48,148,884	45,897,302
Overseas bonds	2,038,842,347	732,154,755	560,548,113
Asset-backed securities	47,880,309	31,028,033	32,072,146
Negotiable certificates of deposits	5,126,232	8,748,773	5,897,512
Less: Litigation deposits	(869,170)	(34,764)	(45,685)
Less: Deposits in the Central Bank	(8,663,368)	(2,104,085)	(2,079,942)
Less: Derivative collateral	<u>-</u>	<u>(10,051,475)</u>	<u>-</u>
	<u>3,157,409,805</u>	<u>1,105,569,441</u>	<u>927,114,226</u>
	<u>\$ 4,044,282,606</u>	<u>\$ 1,287,714,996</u>	<u>\$ 1,126,654,563</u>

- a. These investments in equity instruments are not held for trading and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI for the three months and six months ended June 30, 2026 and 2025 were \$2,848,043 thousand, \$2,598,136 thousand, \$4,507,216 thousand and \$3,962,222 thousand, respectively. Those related to investment derecognized for the three months and six months ended June 30, 2026 and 2025 were \$575,482 thousand, \$898,683 thousand, \$1,054,582 thousand and \$1,518,557 thousand, respectively.
- c. In consideration of the investment strategy, the Group sold equity instruments at FVTOCI at fair values of \$456,945,107 thousand and \$47,155,586 thousand at the time of sale, and transferred unrealized gain of \$89,355,047 thousand and \$969,259 thousand from other equity to retained earnings for the six months ended June 30, 2026 and 2025, respectively.
- d. As of June 30, 2026, December 31, 2025 and June 30, 2025, certain financial assets at FVTOCI of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$10,984,132 thousand, \$1,497,500 thousand and \$11,778,647 thousand, respectively. The proceeds amounting to \$10,739,553 thousand, \$1,661,079 thousand and \$10,588,459 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$10,768,566 thousand, \$1,665,655 thousand and \$10,651,112 thousand before the end of October 2026, June 2026 and December 2025, respectively.
- e. As of June 30, 2026, domestic listed and OTC shares with a fair value of \$500,480 thousand included in the equity instruments measured at FVTOCI held by Cathay United Bank and its subsidiaries had been lent out under securities lending agreements. Pursuant to the terms of the agreements, the lent securities were scheduled to be returned by the end of December 2026. As of December 31, 2025 and June 30, 2025, none of the domestic listed and OTC shares included in the aforementioned equity instruments measured at FVTOCI had been lent out under securities lending agreements.
- f. As of June 30, 2026, December 31, 2025 and June 30, 2025, Cathay Securities and its subsidiaries sold certain debt instruments at FVTOCI under repurchase agreements with notional amounts of \$8,727,012 thousand, \$12,228,948 thousand and \$11,955,684 thousand, respectively.

- g. Refer to Note 40 for information relating to the credit risk management and impairment of debt instruments at FVTOCI.

9. DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits	\$ 13,800,248	\$ 34,506,666	\$ 32,922,016
Financial debentures	63,801,020	76,697,408	85,943,614
Corporate bonds	26,887,464	52,733,148	51,895,128
Government bonds	44,829,666	60,660,060	62,627,993
Overseas bonds	2,680,268,191	4,036,571,197	3,862,968,056
Financial asset beneficiary certificates	-	404,958	22,196,297
Asset-backed securities	122,050,187	106,595,453	73,346,099
Short-term notes	446,120,000	454,425,000	524,437,763
Less: Guarantee deposits	(3,727,041)	(26,297,410)	(23,253,088)
Less: Deposits in the Central Bank	(299,988)	(7,447,898)	(7,451,649)
Less: Derivative collateral	(11,315,920)	(7,819,059)	-
Less: Loss allowance (Note)	<u>(976,542)</u>	<u>(3,743,006)</u>	<u>(3,681,460)</u>
	<u>\$ 3,381,437,285</u>	<u>\$ 4,777,286,517</u>	<u>\$ 4,681,950,769</u>

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts were \$1,198 thousand, \$4,396 thousand and \$5,761 thousand, respectively.

- a. For the three months and six months ended June 30, 2026 and 2025, the Group redeemed of bonds before maturity due to early redemptions, which resulted in gains (losses) on redeem of \$0 thousand, \$0 thousand, \$(701) thousand and \$0 thousand, respectively; disposed of bonds before maturity due to increase in credit risk, which resulted in gains on disposal of \$0 thousand, \$0 thousand, \$0 thousand and \$64 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of \$0 thousand, \$0 thousand, \$0 thousand and \$8,640 thousand; disposal of bonds before maturity because of infrequent sales or sales insignificant in value (either individually or in aggregate) resulted in gains (losses) on disposal of \$0 thousand, \$2,486,448 thousand, \$(143,428) thousand and \$4,232,300 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$17,998 thousand, \$559,681 thousand, \$406,594 thousand and \$569,697 thousand, respectively.
- b. Given the characteristics of Taiwan's life insurance industry, where policies are predominantly long-term in nature and asset allocations are mainly concentrated in long-term fixed-income instruments, domestic bond yields have remained relatively low and the size of the domestic bond market is significantly smaller than the scale of insurers' assets. As a result, insurers have turned to overseas markets to seek stable and sufficient returns. For asset-liability management purposes, funds are allocated to investment instruments that match the long-term nature of policy liabilities. Most of these investments are intended to fulfill policy obligations, emphasizing stable returns, and there is generally neither the need nor the possibility to repatriate funds into New Taiwan dollars in the short term. Under the special circumstances described in the Insurance Bureau (Finance) Ref. No. 1140495239 issued on January 2, 2026, foreign currency assets are measured using the closing exchange rate (i.e., the spot exchange rate at the end of the reporting period), resulting in exchange differences recognized in profit or loss. This treatment may cause significant volatility in profit or loss that does not reflect realized gains or losses and is not commensurate with the actual operating performance of life insurers.

Accordingly, effective January 1, 2026, Cathay Life adopted the provision under the proviso to Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. For debt instruments measured at amortized cost and not designated as hedging instruments for foreign currency risk components, unrealized exchange differences arising from the foreign currency amortized cost calculated based on either the carrying amount after prior-period exchange remeasurement or the acquisition cost of newly purchased instruments are amortized on a straight-line basis over the expected remaining holding period of each individual debt instrument and recognized in exchange gains or losses. The cumulative unamortized net unrealized exchange differences are presented under other assets or other liabilities. Upon derecognition of the debt instruments, any remaining unamortized balance is fully recognized in current-period exchange gains or losses. The summarized impact of applying the exchange difference amortization approach is as follows:

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

- c. As of June 30, 2026, December 31, 2025 and June 30, 2025, certain debt instruments at amortized cost of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$2,231,699 thousand, \$459,267 thousand and \$7,381,150 thousand, respectively. The proceeds amounting to \$2,206,877 thousand, \$449,821 thousand and \$6,234,359 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$2,213,235 thousand, \$450,101 thousand and \$6,353,152 thousand before the end of August 2026, January 2026 and July 2025, respectively.
- d. Refer to Note 33 for information relating to debt instruments at amortized cost pledged as collateral.
- e. Refer to Note 40 for information relating to the credit risk management and impairment of debt instruments at amortized cost.

10. RECEIVABLES, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 523,473	\$ 471,940	\$ 459,605
Accounts receivable	211,966,661	157,280,024	127,681,046
Interest receivables	75,562,970	77,707,418	64,770,661
Acceptances	1,267,174	1,177,954	1,153,173
Factoring receivables	16,309,900	8,882,221	5,052,960
Others	<u>125,970,535</u>	<u>78,457,508</u>	<u>83,126,308</u>
	431,600,713	323,977,065	282,243,753
Less: Loss allowance	<u>(9,210,997)</u>	<u>(8,457,568)</u>	<u>(7,306,797)</u>
	<u>\$ 422,389,716</u>	<u>\$ 315,519,497</u>	<u>\$ 274,936,956</u>

- a. The Group set aside an appropriate loss allowance for receivables and the movements of loss allowance for receivables were as follows:

For the six months ended June 30, 2026

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

For the six months ended June 30, 2025

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

- b. Loss allowance for other receivables is provided by simplified approach and the reconciliation was as follows:

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 5,387,292	\$ 4,173,404
Provision for the period	758,610	303,385
Amounts written off	(5,428)	(73)
Amounts recovered	174	38
Foreign exchange	<u>18</u>	<u>(11)</u>
Ending balance	<u>\$ 6,140,666</u>	<u>\$ 4,476,743</u>

11. DISCOUNTS AND LOANS, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Export negotiations	\$ 611,478	\$ 693,085	\$ 926,399
Loans	3,451,584,622	3,187,923,154	3,026,026,188
Discounts and overdrafts	1,334,561	517,994	773,195
Overdue loans	<u>9,707,502</u>	<u>8,279,244</u>	<u>8,670,266</u>
	3,463,238,163	3,197,413,477	3,036,396,048
Less: Loss allowance	<u>(55,581,188)</u>	<u>(52,144,369)</u>	<u>(49,759,013)</u>
	<u>\$ 3,407,656,975</u>	<u>\$ 3,145,269,108</u>	<u>\$ 2,986,637,035</u>

- a. As of June 30, 2026, the gross amount of domestic discounts and loans belonging to Cathay United Bank amounted to \$2,883,361,339 thousand and the allowance for loss amounted to \$46,012,492 thousand.

- b. As of June 30, 2026, December 31, 2025 and June 30, 2025, the balances of nonaccrual loans to Cathay United Bank and its subsidiaries were \$9,309,563 thousand, \$7,851,208 thousand and \$7,172,463 thousand, respectively. For the six months ended June 30, 2026 and 2025, Cathay United Bank and its subsidiaries had no credit re-sold without completing the required legal procedures.
- c. Refer to Note 40 for information relating to the credit risk management and impairment of discounts and loans.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)			Notes
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	Cathay Life	Life insurance	100.00	100.00	100.00	
The Company	Cathay United Bank	Banking	100.00	100.00	100.00	
The Company	Cathay Century	Property insurance	100.00	100.00	100.00	
The Company	Cathay Securities	Security	100.00	100.00	100.00	
The Company and Cathay Life	Cathay Venture	Venture capital	100.00	100.00	100.00	
The Company	Cathay Securities Investment Trust	Entrusted investments	100.00	100.00	100.00	
Cathay Life	Cathay Lujiazui Life	Life insurance	50.00	50.00	50.00	Note 1
Cathay Life	Cathay Life (Vietnam)	Life insurance	100.00	100.00	100.00	
Cathay Life	Lin Yuan (Shanghai) Real Estate Co., Ltd. ("Lin Yuan")	Office leasing	100.00	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate-related business	99.00	99.00	99.00	
Cathay Life	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	70.00	
Cathay Life	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	100.00	
Cathay Life	Cathay Wind Power Holdings Co., Ltd. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	99.00	
Cathay Life	Cathay II Wind Power Holdings Co., Ltd. ("Cathay II Wind Power Holdings")	Energy technical services	99.00	99.00	-	Note 2
Cathay Power	SUNRISE PV ONE CO., LTD. ("SUNRISE PV ONE")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	80.00	
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	100.00	97.00	97.00	Note 3
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathay Wind Power Holdings	Energy technical services	1.00	1.00	1.00	
Cathay Power	Cathay II Wind Power Holdings	Energy technical services	1.00	1.00	-	Note 2
Cathay Power	Jian Kun Energy Co., Ltd. ("Jian Kun Energy")	Energy technical services	95.10	95.10	-	Note 4
SUNRISE PV ONE	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	70.00	
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	100.00	
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	100.00	
Cathay Wind Power Holdings	Cathay Wind Power CO., LTD. ("Cathay Wind Power")	Energy technical services	100.00	100.00	100.00	
Cathay Century	Cathay Insurance (Vietnam) Co., Ltd. ("Cathay Insurance (Vietnam)")	Property insurance	100.00	100.00	100.00	
Cathay United Bank	Indovina Bank Limited ("Indovina Bank")	Banking	50.00	50.00	50.00	
Cathay United Bank	Cathay United Bank (Cambodia) PLC. ("CUBC Bank")	Banking	100.00	100.00	100.00	Note 5
Cathay United Bank	Cathay United Bank (China) Co., Ltd. ("CUBCN Bank")	Banking	100.00	100.00	100.00	
CUBC Bank	CUBC Investment Co., LTD. (CUBC-I)	Investment service	49.00	49.00	49.00	Note 6
Cathay Securities	Cathay Futures Co., Ltd. ("Cathay Futures")	Futures services	99.99	99.99	99.99	
Cathay Securities	Cathay Securities (Hong Kong) Limited. ("Cathay Securities (Hong Kong)")	Securities-related businesses	100.00	100.00	100.00	
Cathay Securities (Hong Kong)	Cathay Capital (Asia) Limited ("Cathay Capital (Asia)")	Investment service	100.00	100.00	100.00	
Cathay Securities Investment Trust	Cathay Private Equity Co., Ltd. ("Cathay Private Equity")	Private equity	100.00	100.00	100.00	Note 7

Note 1: On October 9, 2025, Cathay Lujiazui Life amended its articles of incorporation, as a result of which Cathay Life's interest in Cathay Lujiazui Life was reduced from a controlling interest to an investment, classified as a joint venture.

- Note 2: On October 8, 2025, Cathay II Wind Power Holdings was established and held by Cathay Power. Cathay Life completed a capital increase in Cathay II Wind Power Holdings on December 17, 2025, raising its ownership interest to 99%.
- Note 3: On June 26, 2025, Cathay Power acquired a 27% equity interest in CM Energy, raising its shareholding ratio from 70% to 97%. Subsequently, on May 5, 2026, Cathay Power acquired a 3% equity interest in CM Energy, raising its shareholding ratio to 100%.
- Note 4: On November 3, 2025, Cathay Power acquired 95.10% of Jian Kun Energy shares in cash and obtained control of Jian Kun Energy. Refer to Note 40 for information relating to the business combination.
- Note 5: Cathay United Bank (Cambodia) Corporation Limited has completed the registration of its English name change to “Cathay United Bank (Cambodia) PLC.” The change was approved by the Financial Supervisory Commission and the relevant local authorities, and became effective on April 1, 2025.
- Note 6: CUBC Bank substantially controls CUBC-I’s operations and the composition of its board of directors with 49% ownership through proxy agreements with the remaining shareholders and holding 100% of economic benefit. Therefore, CUBC-I is classified as a subsidiary of CUBC Bank.
- Note 7: On August 19, 2026, the Board of Directors of Cathay Securities Investment Trust resolved to increase the capital of its subsidiary, Cathay Private Equity, by NT\$50,000 thousand to support its continued expansion in both operational scale and business scope. Following the capital increase, Cathay Private Equity’s paid-in capital will increase from NT\$150,000 thousand to NT\$200,000 thousand.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)			Notes
			June 30, 2026	December 31, 2025	June 30, 2025	
Cathay Life	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Security investment consulting services	100.00	100.00	100.00	

The consolidated financial statements did not include the above-mentioned subsidiary because its total assets and operating revenue were insignificant to the total assets and operating revenue of the Group.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in unconsolidated subsidiaries	\$ 619,168	\$ 675,439	\$ 600,758
Investments in associates	60,014,823	60,844,665	56,963,126
Investments in joint ventures	<u>20,262,779</u>	<u>20,103,857</u>	<u>4,329,035</u>
	<u>\$ 80,896,770</u>	<u>\$ 81,623,961</u>	<u>\$ 61,892,919</u>

a. Investments in unconsolidated subsidiaries

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

b. Investments in associates

	June 30, 2026	December 31, 2025	June 30, 2025
Generali Investments Holding S.p.A.	\$ 24,292,827	\$ 25,120,391	\$ 23,680,208
Rizal Commercial Banking Corporation	19,008,738	19,451,308	19,120,352
Cathay Insurance Company Limited (China)	5,647,804	5,310,593	4,849,710
CMG International Two Co., Ltd.	2,767,259	2,772,427	1,744,317
CMG International One Co., Ltd.	2,291,979	2,295,983	1,535,618
Taiwan Finance Corp.	1,930,275	1,874,825	1,746,838
PSS Co., Ltd.	1,555,630	1,465,497	1,475,654
Ding Teng Co., Ltd.	1,007,683	988,252	980,450
TaiYang Solar Power Co., Ltd.	633,987	619,415	617,357
Dasheng IV Venture Capital Co., Ltd.	330,727	335,006	335,778
ThrivEnergy Co., Ltd.	205,905	210,073	213,061
Dasheng Venture Capital Co., Ltd.	122,313	146,669	133,337
Taiwan Real-estate Management Corp.	108,002	108,462	102,649
Lin Yuan Property Management Co., Ltd.	75,616	113,073	75,826
BSCOM Cathay Asset Management Co., Ltd.	36,078	32,691	99,982
Tien-Tai Optronics Corporation	-	-	126,802
Tien-Tai II Optoelectronics Co., Ltd.	-	-	124,302
Tien-Tai Management Consulting Co., Ltd.	-	-	885
	<u>\$ 60,014,823</u>	<u>\$ 60,844,665</u>	<u>\$ 56,963,126</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Group's share of:				
Net income	\$ 804,327	\$ 563,296	\$ 1,756,907	\$ 1,501,393
Other comprehensive loss	<u>(1,575,312)</u>	<u>(1,867,873)</u>	<u>(1,517,771)</u>	<u>(1,288,107)</u>
Total comprehensive (loss) income for the period	<u>\$ (770,985)</u>	<u>\$ (1,304,577)</u>	<u>\$ 239,136</u>	<u>\$ 213,286</u>

- 1) In July 2025, Cathay Venture divested equity interests of 33.64% in Tien-Tai Optronics Corporation, 32.28% in Tien-Tai II Optoelectronics Co., Ltd. and 28.2% in Tien-Tai Management Consulting Co., Ltd. to unrelated parties, recognizing a net loss on disposal of investment amounting to \$1,527 thousand (being the difference between disposal proceeds of \$250,461 thousand and the carrying amount of the equity investments disposed of \$251,988 thousand).
- 2) On August 19, 2026, the Board of Directors of Cathay Securities Investment Trust resolved to transfer its 33.3% equity interest in Beijing Jingguan Taifu Fund Management Co., Ltd. to Beijing State-owned Capital Operation and Management Co., Ltd. The transaction price will be negotiated and determined with reference to the valuation range set forth in an external equity valuation report and an opinion on the reasonableness of the proposed transaction price. However, as of the date of approval of the financial report, the parties had not yet entered into a definitive agreement, and the transaction remains subject to approval by the competent authorities of both parties. Accordingly, the final transaction price, completion date, and actual gain or loss on disposal remain uncertain.

c. Investments in joint ventures

	June 30, 2026	December 31, 2025	June 30, 2025
Greater Changhua NW Holdings Ltd.	\$ 11,973,133	\$ 12,203,743	\$ 3,841,430
Cathay Lujiazui Life Insurance Co., Ltd.	7,803,680	7,432,278	-
Symphox Information Co., Ltd.	<u>485,966</u>	<u>467,836</u>	<u>487,605</u>
	<u>\$ 20,262,779</u>	<u>\$ 20,103,857</u>	<u>\$ 4,329,035</u>

Aggregate information of joint ventures that are not individually material

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

As the individual associates and joint ventures are not significant, the related financial information is disclosed aggregately. The amounts of the share of profit or loss and other comprehensive income (loss) of associates and joint ventures were based on non-audited financial statements.

The investments in associates were not pledged as collateral. For the amount of borrowings secured by investments in joint ventures, refer to Note 33.

14. INVESTMENT PROPERTY

	Land	Buildings	Investment Property Under Construction	Prepayments for Buildings and Land - Investments	Total
Balance on January 1, 2025	\$ 330,295,581	\$ 134,960,297	\$ 14,779,174	\$ 1,097,313	\$ 481,132,365
Additions	-	-	4,683,373	100	4,683,473
Disposals	(35,444)	(62,521)	-	-	(97,965)
Other reclassification	100	146,604	105,829	(301,187)	(48,654)
Gain on changes in fair value of investment property	5,997,520	1,136,941	-	-	7,134,461
Foreign exchange	(69,520)	(537,662)	(6,859)	(1,330)	(615,371)
Others (Note 1)	<u>(22,462)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,462)</u>
Balance on June 30, 2025	<u>\$ 336,165,775</u>	<u>\$ 135,643,659</u>	<u>\$ 19,561,517</u>	<u>\$ 794,896</u>	<u>\$ 492,165,847</u>
Balance on January 1, 2026	\$ 342,287,357	\$ 140,613,055	\$ 20,899,061	\$ 977,717	\$ 504,777,190
Additions	-	1,878	6,632,407	232,670	6,866,955
Disposals	(3,556)	-	-	(4)	(3,560)
Other reclassification	557,235	4,316,988	(4,560,309)	(156,572)	157,342
Gain on changes in fair value of investment property	3,022,530	3,678,104	-	-	6,700,634
Foreign exchange	(61,693)	137,957	6,067	(687)	81,644
Others (Note 2)	<u>-</u>	<u>-</u>	<u>(1,970,000)</u>	<u>-</u>	<u>(1,970,000)</u>
Balance on June 30, 2026	<u>\$ 345,801,873</u>	<u>\$ 148,747,982</u>	<u>\$ 21,007,226</u>	<u>\$ 1,053,124</u>	<u>\$ 516,610,205</u>

Note 1: Others are mainly compensation for urban renewal and demolition.

Note 2: This pertains to Zone B of Cathay Life Taoyuan Land Development project, where the building is currently nearing completion but has not yet obtained an occupancy permit. As the building is subject to height restrictions under regulations relating to aviation safety, based on the information currently available, it is anticipated that design modifications and demolition works will be required for certain floors. Based on the potentially maximum extent of demolition, Cathay Life has made its estimate on a prudent basis. The estimated amount, comprising the construction costs incurred for the floors subject to the height restrictions and the estimated costs of the related demolition works, totals NT\$1,970,000 thousand.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income from investment properties	\$ 3,867,201	\$ 3,123,255	\$ 6,929,386	\$ 6,420,241
Direct operating expenses from investment properties that generate rental income	(935,446)	(791,744)	(1,730,976)	(1,492,683)
Direct operating expenses from investment properties that do not generate rental income	<u>(139,595)</u>	<u>(220,197)</u>	<u>(292,213)</u>	<u>(378,450)</u>
	<u>\$ 2,792,160</u>	<u>\$ 2,111,314</u>	<u>\$ 4,906,197</u>	<u>\$ 4,549,108</u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.
- b. As of June 30, 2026, the investment properties belonging to Cathay Life amounted to \$445,525,224 thousand. Investment properties are held mainly for lease business. All the lease agreements are operating leases and the primary terms of the lease agreements are the same as general lease agreements. Rents from investment property are received annually, semi-annually, quarterly, monthly or in one lump sum.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.

- d. Valuation on the investment property of Cathay Life and its subsidiaries has been carried out by the following appraisers of the joint appraisal firms meeting the qualification requirements for real estate appraisers in the R.O.C., with valuation dates on June 30, 2026, December 31, 2025 and June 30, 2025:

Name of Appraiser Firms	June 30, 2026	December 31, 2025	June 30, 2025
DTZ Real Estate Appraiser Firm	Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Wen-chen, Ting	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Shih-Yu, Yeh
REPro Knight Frank Real Estate Appraiser Firm	Hong-xu, Wu; Hsiang-yi, Hsu; Hsin-ya, Wang; Ming-yang, Wang	Hong-xu, Wu; Hsiang-yi, Hsu; Hsin-ya, Wang;	Yu-hsiang, Tsai; Hsiang-yi, Hsu
V-LAND Real Estate Appraiser Firm	Tai-li, Li; Yu-chi, Liang; Chung-han, Tseng; Yu-chih, Kao	Tai-li, Li; Xi-zhong, Wang	Tai-li, Li; Xi-zhong, Wang; Yu-chi, Liang
Shang-shang Real Estate Appraiser Firm	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang
Sinyi Real Estate Appraiser Firm	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang; Hao, Li	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen
CBRE Real Estate Appraiser Firm	Fu-xue, Shi; Zhi-jia, Zhang; Wei-hsuan, Hsu	Fu-xue, Shi Zhi-jia, Zhang	Fu-xue, Shi; Zhi-jia, Zhang
Colliers International Real Estate Appraisal Firm	Feng-ru, Ke; Jian-huei, Gu	Jian-huei, Gu	Jian-huei, Gu

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

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

The main inputs used are as follows:

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

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

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

- e. Cathay United Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal". The valuation dates were June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

Name of Appraiser Firm	June 30, 2026	December 31, 2025	June 30, 2025
REPro Knight Frank Real Estate Appraiser Firm	Hsiang-yi, Hsu; Ming-Yang, Wang	Hsiang-yi, Hsu; Hsin-ya, Wang; Ming-Yang, Wang; Hong-xu, Wu	Hsiang-yi, Hsu; Yu-hsiang, Tsai

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

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

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

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

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

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

The main inputs used are as follows:

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

- 2) The fair values of hillside conservation zones, farmlands, scenic areas and suburban residences had been determined mainly by the income approach, comparison approaches, and cost approach due to fewer market transactions in such areas as a result of legal restrictions and furthermore, no significant changes are expected in these areas that will affect the market in the near future.
- f. Valuation on the investment property of Cathay Securities and its subsidiaries has been performed by the appraiser from Elite Real Estate Appraiser Firm (Yi-huei, Luo) that met the qualification requirements for real estate appraisers in the R.O.C., with valuation on June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

The fair value of investment property is determined by income approach with significant assumptions as follows. If estimated future cash inflows increase or discount rate decreases, the fair value will increase.

	June 30, 2026	December 31, 2025	June 30, 2025
Estimated future cash inflows	\$ 463,592	\$ 469,380	\$ 469,090
Estimated future cash outflows	<u>(14,442)</u>	<u>(15,157)</u>	<u>(14,539)</u>
Estimated net cash inflows	<u>\$ 449,150</u>	<u>\$ 454,223</u>	<u>\$ 454,551</u>
Discount rate	2.97%	2.97%	2.97%
Direct capitalization rate	2.59%	2.57%	2.54%

The market monthly rentals ranged from \$4 thousand to \$6 thousand per ping in the areas where the investment property is located.

The investment property is currently leased under operating leases, with average occupancy rates of 53.78%, 67.30% and 83.43% as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively. The investment property generated rental income of \$476 thousand, \$974 thousand, 951 thousand and \$2,963 thousand, respectively, for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025.

The estimated future cash inflows consist of rental income, interest on rental deposits and value of disposal at the end of the period. Rental income is estimated for the current rent and the annual growth rate of the rent. The period of benefit analysis is estimated for 10 years. Interest on rental deposits is estimated based on the interest rate on a 1-year time deposit of the 5 largest banks for the past year. The value of disposal at the end of the period is estimated using the direct capitalization method. The estimated future cash outflows consist of land value tax, house tax, and replacement allowance, which are estimated on the basis of current expenditures, adjustments to the future announced land value, and tax rates in accordance with the House Tax Act.

The discount rate on June 30, 2026, December 31, 2025 and June 30, 2025 are determined based on the interest rate on a 2-year time deposit of petty cash plus 5 quarters percentage points as posted by Chunghwa Post Co., Ltd., plus the risk premium.

g. Reconciliations for Level 3 fair value measurements are as follows:

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 450,857,491	\$ 427,757,842
Amount recognized in profit or loss		
Gain from investment property	6,700,634	7,134,461
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	76,264	(607,182)
Additions	1,878	-
Disposals	-	(97,965)
Transfer from investment properties measured at cost	-	5,850,478
Transfers from property and equipment	31,586	-
Transfers to property and equipment	(11,671)	(48,654)
Transfers from investment property under construction	4,549,204	193,398
Transfers from prepayment for buildings and land	156,572	-
Others	<u>-</u>	<u>(22,462)</u>
Ending balance	<u>\$ 462,361,958</u>	<u>\$ 440,159,916</u>

The above amount excludes those measured at cost.

h. Refer to Note 33 for the investment properties that were pledged as collateral.

15. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvements	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
<u>Cost</u>								
Balance on January 1, 2025	\$ 69,360,839	\$ 45,823,999	\$ 11,504,626	\$ 1,324,399	\$ 143,039	\$ 29,477,186	\$ 2,545,034	\$ 160,179,122
Additions	-	-	356,256	26,257	250	441,761	1,450,541	2,275,065
Disposals	-	-	(260,490)	(22,431)	(19)	(212,513)	-	(495,453)
Reclassification	12,965	61,135	77,884	20,260	1,603	581,775	(726,037)	29,585
Foreign exchange and inflation adjustments	(46,691)	(75,733)	(93,464)	(61,381)	(11,783)	(40,652)	(10,802)	(340,506)
Balance on June 30, 2025	<u>\$ 69,327,113</u>	<u>\$ 45,809,401</u>	<u>\$ 11,584,812</u>	<u>\$ 1,287,104</u>	<u>\$ 133,090</u>	<u>\$ 30,247,557</u>	<u>\$ 3,258,736</u>	<u>\$ 161,647,813</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2025	\$ 98,268	\$ 26,443,792	\$ 8,599,491	\$ 1,030,223	\$ 108,339	\$ 14,351,141	\$ -	\$ 50,631,254
Depreciation	-	434,233	589,885	47,955	4,276	885,476	-	1,961,825
Disposals	-	-	(259,885)	(21,588)	(19)	(208,379)	-	(489,871)
Foreign exchange and inflation adjustments	-	(31,336)	(76,262)	(50,330)	(8,969)	(32,766)	-	(199,663)
Balance on June 30, 2025	<u>\$ 98,268</u>	<u>\$ 26,846,689</u>	<u>\$ 8,853,229</u>	<u>\$ 1,006,260</u>	<u>\$ 103,627</u>	<u>\$ 14,995,472</u>	<u>\$ -</u>	<u>\$ 51,903,545</u>
Carrying amount on December 31, 2024 and January 1, 2025	<u>\$ 69,262,571</u>	<u>\$ 19,380,207</u>	<u>\$ 2,905,135</u>	<u>\$ 294,176</u>	<u>\$ 34,700</u>	<u>\$ 15,126,045</u>	<u>\$ 2,545,034</u>	<u>\$ 109,547,868</u>
Carrying amount on June 30, 2025	<u>\$ 69,228,845</u>	<u>\$ 18,962,712</u>	<u>\$ 2,731,583</u>	<u>\$ 280,844</u>	<u>\$ 29,463</u>	<u>\$ 15,252,085</u>	<u>\$ 3,258,736</u>	<u>\$ 109,744,268</u>

(Continued)

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvements	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
<u>Cost</u>								
Balance on January 1, 2026	\$ 69,352,024	\$ 46,019,413	\$ 13,605,046	\$ 1,011,761	\$ 138,289	\$ 30,266,323	\$ 2,783,619	\$ 163,176,475
Additions	-	-	873,471	26,280	1,437	582,273	1,239,131	2,722,592
Disposals	(4,387)	(16,635)	(283,744)	(10,621)	(5,243)	(178,812)	-	(499,442)
Reclassification	(116,226)	(70,347)	509,632	23,096	-	283,802	(878,169)	(248,212)
Foreign exchange	6,470	31,274	16,907	15,541	1,603	3,027	2,790	77,612
Balance on June 30, 2026	<u>\$ 69,237,881</u>	<u>\$ 45,963,705</u>	<u>\$ 14,721,312</u>	<u>\$ 1,066,057</u>	<u>\$ 136,086</u>	<u>\$ 30,956,613</u>	<u>\$ 3,147,371</u>	<u>\$ 165,229,025</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2026	\$ 98,268	\$ 27,298,602	\$ 9,779,435	\$ 717,543	\$ 109,906	\$ 15,113,840	\$ -	\$ 53,117,594
Depreciation	-	440,070	775,519	49,333	4,124	916,921	-	2,185,967
Disposals	-	(8,439)	(283,626)	(8,580)	(5,243)	(165,590)	-	(471,478)
Impairment loss	-	-	-	43,255	-	-	-	43,255
Reclassification	-	(120,094)	-	-	-	-	-	(120,094)
Foreign exchange	-	12,430	14,063	12,555	1,299	2,879	-	43,226
Balance on June 30, 2026	<u>\$ 98,268</u>	<u>\$ 27,622,569</u>	<u>\$ 10,285,391</u>	<u>\$ 814,106</u>	<u>\$ 110,086</u>	<u>\$ 15,868,050</u>	<u>\$ -</u>	<u>\$ 54,798,470</u>
Carrying amount on December 31, 2025 and January 1, 2026	<u>\$ 69,253,756</u>	<u>\$ 18,720,811</u>	<u>\$ 3,825,611</u>	<u>\$ 294,218</u>	<u>\$ 28,383</u>	<u>\$ 15,152,483</u>	<u>\$ 2,783,619</u>	<u>\$ 110,058,881</u>
Carrying amount on June 30, 2026	<u>\$ 69,139,613</u>	<u>\$ 18,341,136</u>	<u>\$ 4,435,921</u>	<u>\$ 251,951</u>	<u>\$ 26,000</u>	<u>\$ 15,088,563</u>	<u>\$ 3,147,371</u>	<u>\$ 110,430,555</u>

(Concluded)

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

Buildings and construction	1-70 years
Computer equipment	3-10 years
Leasehold improvements	3-6 years or lease term
Transportation equipment	3-10 years
Other equipment	2-22 years

- b. Refer to Note 33 for the property and equipment that were pledged as collateral.

16. LEASE AGREEMENTS

- a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Carrying amount</u>			
Land	\$ 209,645	\$ 216,606	\$ 223,567
Buildings	4,922,290	4,601,693	4,813,298
Office equipment	20,008	23,944	28,427
Machine equipment	749,460	837,807	1,159
Transportation equipment	<u>119,214</u>	<u>105,353</u>	<u>88,957</u>
	<u>\$ 6,020,617</u>	<u>\$ 5,785,403</u>	<u>\$ 5,155,408</u>
Right-of-use assets presented as investment properties	<u>\$ 12,598,709</u>	<u>\$ 12,760,363</u>	<u>\$ 12,852,847</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets	\$ 808,442	\$ 351,103	\$ 1,111,091	\$ 1,006,467
Depreciation charge for right-of-use assets				
Land	\$ 3,480	\$ 3,479	\$ 6,961	\$ 7,140
Buildings	390,009	402,379	764,155	818,074
Office equipment	1,919	2,956	3,936	5,938
Machine equipment	44,153	194	88,368	384
Transportation equipment	12,856	12,599	25,753	25,687
	<u>\$ 452,417</u>	<u>\$ 421,607</u>	<u>\$ 889,173</u>	<u>\$ 857,223</u>

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount	<u>\$ 20,735,866</u>	<u>\$ 20,537,826</u>	<u>\$ 19,755,515</u>

Range of discount rates for lease liabilities is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Land	1.24%-2.63%	1.24%-2.63%	1.24%-2.63%
Buildings	0.12%-8.57%	0.12%-8.57%	0.12%-8.57%
Office equipment	1.35%-1.57%	1.35%-1.57%	1.35%-4.75%
Machine equipment	1.13%-3.49%	0.36%-3.49%	0.36%-3.49%
Transportation equipment	1.13%-6.25%	1.13%-6.58%	0.63%-6.58%
Investment property - superficies right	2.82%-4.24%	2.82%-4.24%	2.82%-4.24%

17. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Goodwill	Others	Total
<u>Cost</u>						
Balance on January 1, 2025	\$ 8,523,264	\$ 37,659,600	\$ -	\$ 12,046,590	\$ 7,911	\$ 58,237,365
Addition - acquired separately	258,781	-	128	-	-	258,909
Disposals	(343,560)	-	-	-	-	(343,560)
Reclassification	387,507	-	-	-	-	387,507
Foreign exchange	(93,359)	-	-	(30,432)	(215)	(124,006)
Balance on June 30, 2025	<u>\$ 8,732,633</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ 12,016,158</u>	<u>\$ 7,696</u>	<u>\$ 58,416,215</u>
<u>Amortization and impairment</u>						
Balance on January 1, 2025	\$ 6,203,750	\$ 18,881,238	\$ -	\$ -	\$ -	\$ 25,084,988
Amortization	534,340	894,207	-	-	-	1,428,547
Disposals	(343,560)	-	-	-	-	(343,560)
Foreign exchange	(68,413)	-	-	-	-	(68,413)
Balance on June 30, 2025	<u>\$ 6,326,117</u>	<u>\$ 19,775,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,101,562</u>
Carrying amount on December 31, 2024 and January 1, 2025	<u>\$ 2,319,514</u>	<u>\$ 18,778,362</u>	<u>\$ -</u>	<u>\$ 12,046,590</u>	<u>\$ 7,911</u>	<u>\$ 33,152,377</u>
Carrying amount on June 30, 2025	<u>\$ 2,406,516</u>	<u>\$ 17,884,155</u>	<u>\$ 128</u>	<u>\$ 12,016,158</u>	<u>\$ 7,696</u>	<u>\$ 32,314,653</u>

(Continued)

	Computer Software	Franchises	Trademarks	Goodwill	Others	Total
<u>Cost</u>						
Balance on January 1, 2026	\$ 8,651,168	\$ 37,659,600	\$ 128	\$ 12,032,394	\$ 6,519	\$ 58,349,809
Addition - acquired separately	267,396	-	-	-	-	267,396
Disposals	(217,208)	-	-	-	(101)	(217,309)
Reclassification	401,144	-	-	-	-	401,144
Foreign exchange	21,158	-	-	4,217	10	25,385
Balance on June 30, 2026	<u>\$ 9,123,658</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ 12,036,611</u>	<u>\$ 6,428</u>	<u>\$ 58,826,425</u>
<u>Amortization and impairment</u>						
Balance on January 1, 2026	\$ 6,196,739	\$ 20,669,654	\$ 1	\$ -	\$ 101	\$ 26,866,495
Amortization	567,451	894,207	1	-	-	1,461,659
Disposals	(217,208)	-	-	-	(101)	(217,309)
Foreign exchange	11,981	-	-	-	-	11,981
Balance on June 30, 2026	<u>\$ 6,558,963</u>	<u>\$ 21,563,861</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,122,826</u>
Carrying amount on December 31, 2025 and January 1, 2026	<u>\$ 2,454,429</u>	<u>\$ 16,989,946</u>	<u>\$ 127</u>	<u>\$ 12,032,394</u>	<u>\$ 6,418</u>	<u>\$ 31,483,314</u>
Carrying amount on June 30, 2026	<u>\$ 2,564,695</u>	<u>\$ 16,095,739</u>	<u>\$ 126</u>	<u>\$ 12,036,611</u>	<u>\$ 6,428</u>	<u>\$ 30,703,599</u>

(Concluded)

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

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

- b. The acquisition and primary movements in goodwill were as follows:

1) Cathay Life

Cathay Life recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd., on July 1, 2015; and (2) Cathay Power and its subsidiaries, which increased its ownership interest to 70% on November 25, 2022.

An annual impairment test for goodwill is performed regularly. Cathay Life and its subsidiaries estimated the recoverable amount of the cash-generating unit that the goodwill is allocated to for the purpose of impairment test. The recoverable amount is calculated by applying a proper discount rate. Since the recoverable amount is higher than the book value of the cash-generating unit that the goodwill was allocated to, no impairment is incurred for goodwill.

2) Cathay United Bank

Cathay United Bank acquired China United Trust & Investment Corporation on December 29, 2007 and recognized goodwill amounting to \$6,673,083 thousand.

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

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

18. COMMERCIAL PAPER PAYABLE, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Nominal amount	\$ 124,046,000	\$ 85,077,200	\$ 90,856,900
Less: Discount on commercial paper payable	<u>(197,911)</u>	<u>(14,507)</u>	<u>(2,565)</u>
	<u>\$ 123,848,089</u>	<u>\$ 85,062,693</u>	<u>\$ 90,854,335</u>
Interest rate range	1.60%-2.94%	1.50%-3.00%	1.50%-3.08%

The above-mentioned commercial paper payable are guaranteed or accepted by the bill companies and banks.

19. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable	\$ 5,061,020	\$ 3,152,656	\$ 3,248,888
Accrued expenses	16,705,139	25,258,299	14,608,184
Interest payable	10,590,453	12,027,894	10,225,183
Accounts payable for settlement - entrusted	52,630,040	31,463,211	22,991,625
Payables for collected funds	3,543,626	2,757,387	98,596,303
Payables for dividends	55,043,611	-	54,938,151
Other payables	<u>51,396,920</u>	<u>27,935,313</u>	<u>28,217,916</u>
	<u>\$ 194,970,809</u>	<u>\$ 102,594,760</u>	<u>\$ 232,826,250</u>

20. DEPOSITS AND REMITTANCES

	June 30, 2026	December 31, 2025	June 30, 2025
Checking deposits	\$ 17,813,208	\$ 16,920,064	\$ 14,057,382
Demand deposits	1,003,164,852	882,362,445	845,446,256
Demand savings deposits	1,746,286,866	1,588,187,302	1,492,554,323
Time deposits	1,260,354,260	1,319,799,539	1,096,454,803
Time savings deposits	495,252,910	494,279,506	479,363,372
Negotiable certificates of deposit	15,255,650	27,156,081	16,378,532
Outward remittances and remittances payable	<u>2,964,039</u>	<u>2,944,531</u>	<u>2,839,216</u>
	<u>\$ 4,541,091,785</u>	<u>\$ 4,331,649,468</u>	<u>\$ 3,947,093,884</u>

21. BONDS PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
Financial debentures	\$ 18,600,000	\$ 18,600,000	\$ 18,600,000
Cumulative perpetual subordinated corporate bonds	45,000,000	45,000,000	45,000,000
Unsecured corporate bonds	107,700,000	111,700,000	80,300,000
Unsecured cumulative subordinated corporate bonds	130,155,565	113,740,310	111,827,990
Discounts on bonds payable	<u>(271,721)</u>	<u>(136,728)</u>	<u>(135,806)</u>
	<u>\$ 301,183,844</u>	<u>\$ 288,903,582</u>	<u>\$ 255,592,184</u>

a. Financial debentures

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

b. Cumulative perpetual subordinated corporate bonds

1) Pursuant to Order No. Securities-TPEX-Bond-10600099421 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. The key terms and conditions are as follows:

- a) Issue amount: \$35,000,000 thousand.
- b) Years to maturity: Perpetual.
- c) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year from the issue date.
- d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- e) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

- 2) Pursuant to Order No. Securities-TPEX-Bond-10800055731 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$10,000,000 thousand.
 - b) Years to maturity: Perpetual.
 - c) Coupon rate: Fixed rate of 3%.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- c. Unsecured corporate bonds
- 1) Pursuant to Order No. Securities-TPEX-Bond-10800038242 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 8, 2019 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$20,000,000 thousand, which is divided into A Note of \$4,000,000 thousand, B Note of \$4,000,000 thousand and C Note of \$12,000,000 thousand by issue periods.
 - b) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on May 2024. B Note was redeemed on May 2026.
 - c) Coupon rate: Fixed rate of 0.83% for A Note, 0.93% for B Note and 1.04% for C Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 2) Pursuant to Order No. Securities-TPEX-Bond-10900064782 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 23, 2020 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$8,900,000 thousand, which is divided into A Note of \$1,900,000 thousand, B Note of \$6,500,000 thousand and C Note of \$500,000 thousand by issue periods.
 - b) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on June 2025.
 - c) Coupon rate: Fixed rate of 0.59% for A Note, 0.64% for B Note and 0.67% for C Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

- 3) Pursuant to Order No. Securities-TPEX-Bond-10900108202 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 8, 2020 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$21,100,000 thousand, which is divided into A Note of \$2,400,000 thousand, B Note of \$7,800,000 thousand, C Note of \$2,500,000 thousand and D Note of \$8,400,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years, B Note is 6 years, C Note is 7 years and D Note is 10 years. A Note was redeemed on September 2025.
 - c) Coupon rate: Fixed rate of 0.61% for A Note, 0.64% for B Note, 0.66% for C Note and 0.70% for D Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- 4) Pursuant to Order No. Securities-TPEX-Bond-11200056252 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 16, 2023 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$19,000,000 thousand, which is divided into A Note of \$10,100,000 thousand, and B Note of \$8,900,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years and B Note is 10 years.
 - c) Coupon rate: Fixed rate of 1.62% for A Note and 1.82% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- 5) Pursuant to Order No. Securities-TPEX-Bond-11300014662 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on March 26, 2024 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$11,000,000 thousand, which is divided into A Note of \$7,500,000 thousand, and B Note of \$3,500,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years and B Note is 10 years.
 - c) Coupon rate: Fixed rate of 1.65% for A Note and 1.78% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- 6) Pursuant to Order No. Securities-TPEX-Bond-11400040672 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 23, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$6,200,000 thousand, which is divided into A Note of \$1,700,000 thousand, and B Note of \$4,500,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years and B Note is 10 years.
 - c) Coupon rate: Fixed rate of 1.93% for A Note and 2.07% for B Note.

- d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- 7) Pursuant to Order No. Securities-TPEX-Bond-11400079022 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 10, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$25,800,000 thousand, which is divided into A Note of \$11,900,000 thousand, B Note of \$1,700,000 thousand, and C Note of \$12,200,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years.
 - c) Coupon rate: Fixed rate of 1.84% for A Note, 1.89% for B Note and 1.96% for C Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- 8) Pursuant to Order No. Securities-TPEX-Bond-11400103921 of the Taipei Exchange, Cathay Financial Holdings issued its third unsecured corporate bonds on December 8, 2025 through public offering. Key terms and conditions are as follows:
- a) Issue amount: \$8,000,000 thousand, which is divided into A Note of \$4,500,000 thousand, and B Note of \$3,500,000 thousand by period issued.
 - b) Years to maturity: A Note is 5 years and B Note is 10 years.
 - c) Coupon rate: Fixed rate of 1.53% for A Note and 1.60% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- d. Unsecured cumulative subordinated corporate bonds
- 1) Pursuant to Order No. Securities-TPEX-Bond-11200070741 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on August 1, 2023. The key terms and conditions are as follows:
- a) Issue amount: \$25,100,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$17,600,000 thousand, and the issuance amount of B Note bond is \$7,500,000 thousand.
 - b) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - c) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

- 2) Pursuant to Order No. Securities-TPEX-Bond-11200073801 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$113,000 thousand.
 - b) Years to maturity: 10 years.
 - c) Coupon rate: Fixed rate of 6.1%.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: None.
- 3) Pursuant to Order No. Securities-TPEX-Bond-11200097881 of the Taipei Exchange, Cathay Life issued the third tranche of US-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$25,000 thousand.
 - b) Years to maturity: 10 years.
 - c) Coupon rate: Fixed rate of 6.1%.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: None.
- 4) Pursuant to Order No. Securities-TPEX-Bond-11200099051 of the Taipei Exchange, Cathay Life issued its fourth unsecured cumulative subordinated ordinary corporate bonds on October 12, 2023. The key terms and conditions are as follows:
- a) Issue amount: \$5,500,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$2,500,000 thousand, and the issuance amount of B Note bond is \$3,000,000 thousand.
 - b) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - c) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

- 5) Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on April 24, 2024. The key terms and conditions are as follows:
- a) Issue amount: \$44,000,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$32,350,000 thousand, and the issuance amount of B Note bond is \$11,650,000 thousand.
 - b) Years to maturity: A Note with 10 years, and B Note with 15 years.
 - c) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- 6) Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024 through public offering. The key terms and conditions are as follows:
- a) Issue amount: US\$187,000 thousand.
 - b) Years to maturity: 10 years.
 - c) Coupon rate: Fixed rate of 5.80%.
 - d) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - e) Right of early redemption: None.
- 7) Cathaylife Singapore Pte. Ltd. issued overseas 10-year US-denominated unsecured cumulative subordinated corporate bonds on July 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:
- a) Issue amount: US\$600,000 thousand.
 - b) Years to maturity: 10 years.
 - c) Coupon rate: Fixed rate of 5.95%.
 - d) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
 - e) Right of early redemption: None.

- 8) Cathaylife Singapore Pte. Ltd. issued overseas 15-year US-denominated unsecured cumulative subordinated corporate bonds on September 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:
- a) Issue amount: US\$320,000 thousand.
 - b) Years to maturity: 15 years.
 - c) Coupon rate: Fixed rate of 5.30%.
 - d) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
 - e) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- 9) Cathaylife Singapore Pte. Ltd. issued overseas 15-year US-denominated unsecured cumulative subordinated corporate bonds on April 29, 2026 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:
- a) Issue amount: US\$500,000 thousand.
 - b) Years to maturity: 15 years.
 - c) Coupon rate: The bonds bear a fixed annual interest rate of 5.50% from the date of issuance through the tenth anniversary thereof. Thereafter, if the notes have not been redeemed, the reset interest rate shall apply.
 - d) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
 - e) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

22. OTHER BORROWINGS

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Secured borrowings</u>			
Bank loans	\$ 42,725,013	\$ 37,501,356	\$ 54,554,843
<u>Unsecured borrowings</u>			
Bank loans	<u>10,123,930</u>	<u>9,877,535</u>	<u>10,456,530</u>
	<u>\$ 52,848,943</u>	<u>\$ 47,378,891</u>	<u>\$ 65,011,373</u>
Borrowing interest rate	1.85%-6.55%	1.85%-8.75%	1.66%-9.45%

Certificates of deposits, New Taiwan dollar demand deposits, equipment and investment accounted for using equity method are pledged as collateral for the bank loans; refer to Note 33.

23. INSURANCE CONTRACT AND REINSURANCE CONTRACT

	June 30, 2026	December 31, 2025	June 30, 2025
Insurance contract assets and reinsurance contract assets			
Insurance contract assets	\$ 613,446	\$ 1,103,046	\$ 1,444,332
Reinsurance contract assets	<u>50,526,013</u>	<u>53,691,441</u>	<u>46,850,742</u>
	<u>\$ 51,139,459</u>	<u>\$ 54,794,487</u>	<u>\$ 48,295,074</u>
Insurance contract liabilities and reinsurance contract liabilities			
Insurance contract liabilities	\$ 7,103,681,490	\$ 7,217,329,295	\$ 7,086,148,378
Reinsurance contract liabilities	<u>8,738,760</u>	<u>9,187,484</u>	<u>8,938,162</u>
	<u>\$ 7,112,420,250</u>	<u>\$ 7,226,516,779</u>	<u>\$ 7,095,086,540</u>

a. Cathay Life and its subsidiaries

	June 30, 2026	December 31, 2025	June 30, 2025
Insurance contract assets			
Assets for remaining coverage	\$ 619,775	\$ 1,170,215	\$ 1,492,891
Assets for incurred claims	<u>(12,405)</u>	<u>(72,075)</u>	<u>(53,023)</u>
	<u>607,370</u>	<u>1,098,140</u>	<u>1,439,868</u>
Reinsurance contract assets			
Assets for remaining coverage	30,014,409	31,322,666	27,306,026
Assets for incurred claims	<u>1,342,756</u>	<u>1,079,269</u>	<u>4,507,853</u>
	<u>31,357,165</u>	<u>32,401,935</u>	<u>31,813,879</u>
	<u>\$ 31,964,535</u>	<u>\$ 33,500,075</u>	<u>\$ 33,253,747</u>
Insurance contract liabilities			
Liabilities for remaining coverage	\$ 7,021,725,292	\$ 7,133,788,754	\$ 7,010,953,958
Liabilities for incurred claims	<u>40,311,887</u>	<u>39,866,764</u>	<u>39,676,368</u>
	<u>7,062,037,179</u>	<u>7,173,655,518</u>	<u>7,050,630,326</u>
Reinsurance contract assets			
Liabilities for remaining coverage	9,758,399	10,149,357	9,953,621
Liabilities for incurred claims	<u>(1,019,639)</u>	<u>(964,627)</u>	<u>(1,062,991)</u>
	<u>8,738,760</u>	<u>9,184,730</u>	<u>8,890,630</u>
	<u>\$ 7,070,775,939</u>	<u>\$ 7,182,840,248</u>	<u>\$ 7,059,520,956</u>

b. Cathay Century and its subsidiaries

	June 30, 2026	December 31, 2025	June 30, 2025
Insurance contract assets			
Assets for remaining coverage	\$ 9,885	\$ 5,043	\$ 4,554
Assets for incurred claims	<u>(3,809)</u>	<u>(137)</u>	<u>(90)</u>
	<u>6,076</u>	<u>4,906</u>	<u>4,464</u>
Reinsurance contract assets			
Assets for remaining coverage	2,109,554	2,197,158	1,933,845
Assets for incurred claims	<u>17,059,294</u>	<u>19,092,348</u>	<u>13,103,018</u>
	<u>19,168,848</u>	<u>21,289,506</u>	<u>15,036,863</u>
	<u>\$ 19,174,924</u>	<u>\$ 21,294,412</u>	<u>\$ 15,041,327</u>
Insurance contract liabilities			
Liabilities for remaining coverage	\$ 14,293,583	\$ 14,684,687	\$ 13,977,386
Liabilities for incurred claims	<u>27,350,728</u>	<u>28,989,090</u>	<u>21,540,666</u>
	<u>41,644,311</u>	<u>43,673,777</u>	<u>35,518,052</u>
Reinsurance contract liabilities			
Liabilities for remaining coverage	10	4,457	136,030
Liabilities for incurred claims	<u>(10)</u>	<u>(1,703)</u>	<u>(88,498)</u>
	<u>-</u>	<u>2,754</u>	<u>47,532</u>
	<u>\$ 41,644,311</u>	<u>\$ 43,676,531</u>	<u>\$ 35,565,584</u>

24. PROVISIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Provisions for employee benefits	\$ 3,229,359	\$ 3,465,415	\$ 3,219,029
Provisions for losses on guarantee contracts	276,116	228,127	236,697
Provisions for losses on financing commitments	230,042	214,214	222,511
Other reserves	<u>2,104,164</u>	<u>1,929,776</u>	<u>1,771,722</u>
	<u>\$ 5,839,681</u>	<u>\$ 5,837,532</u>	<u>\$ 5,449,959</u>

25. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Employee benefit expenses	<u>\$ 58,354</u>	<u>\$ 71,676</u>	<u>\$ 114,639</u>	<u>\$ 143,433</u>

26. OTHER FINANCIAL ASSETS AND LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Other financial assets</u>			
Separate account insurance product assets	\$ 989,852,459	\$ 838,557,419	\$ 740,959,007
Others	<u>41,334,487</u>	<u>20,923,645</u>	<u>16,671,090</u>
	<u>\$ 1,031,186,946</u>	<u>\$ 859,481,064</u>	<u>\$ 757,630,097</u>
<u>Other financial liabilities</u>			
Principal received from the sale of structured products	\$ 38,477,982	\$ 51,320,465	\$ 48,365,883
Futures trader's equity	37,848,390	24,636,959	16,304,438
Others	<u>1,206,351</u>	<u>571,942</u>	<u>244,453</u>
	<u>\$ 77,532,723</u>	<u>\$ 76,529,366</u>	<u>\$ 64,914,774</u>

a. The related accounts of Cathay Life's separate account insurance products were summarized as follows:

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Net gains and losses of separate account insurance product assets</u>				
Gains from financial assets at FVTPL	\$ 116,633,370	\$ 52,839,462	\$ 117,062,622	\$ 38,128,079
Foreign exchange (loss) gain	(3,736,589)	(84,764,144)	10,563,947	(74,934,791)
Interest income	<u>25,226</u>	<u>6,768</u>	<u>50,400</u>	<u>22,242</u>
	<u>\$ 112,922,007</u>	<u>\$ (31,917,914)</u>	<u>\$ 127,676,969</u>	<u>\$ (36,784,470)</u>

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

27. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Reserve for foreign exchange valuation (a)	\$ 130,931,746	\$ 113,806,568	\$ 56,420,881
Other reserves - others	80,014,617	72,098,295	70,307,901
Unamortized unrealized foreign exchange valuation impact on financial assets measured at amortized cost (Note 9)	31,788,108	-	-
Contract liabilities	15,247,641	1,136,876	1,322,813
Guarantee deposits received	10,476,331	7,142,499	82,928,469
Others	<u>28,309,594</u>	<u>19,244,861</u>	<u>16,722,031</u>
	<u>\$ 296,768,037</u>	<u>\$ 213,429,099</u>	<u>\$ 227,702,095</u>

a. Reserve for foreign exchange valuation

1) The hedging strategy and risk exposure

Cathay Life adopts a hedging strategy with dynamically adjusted hedge ratios to manage the price risk arising from exchange rate fluctuations in its overseas investments. Based on its foreign exchange risk profile, the level of foreign exchange price fluctuation reserves, and risk-bearing capacity, Cathay Life selects appropriate hedging instruments in response to changes in financial markets.

Cathay Life will continue to dynamically adjust its foreign exchange hedging strategies in accordance with changes in its foreign exchange risk profile and financial market conditions, within an acceptable risk tolerance, in order to appropriately manage exchange rate risk and ensure solvency.

2) Reconciliation for reserve for foreign exchange valuation

For the six months ended June 30, 2026

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

Note: Cathay Life Insurance obtained approval from the FSC under letter Jin-Guan-Bao-Shou No. 1140424940. Based on 30% of the pre-tax income for 2025, calculated based on the internally prepared figures and the audited amounts by independent auditors, an adjustment of NT\$4,914 thousand was recorded in 2026.

For the six months ended June 30, 2025

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

Note 1: Cathay Life Insurance applied to and obtained approval from the FSC under letter Jin-Guan-Bao-Shou No. 1140424940 to make an additional provision of \$50,848,511 thousand to the foreign exchange valuation reserve in June 2025.

Note 2: Cathay Life Insurance applied to and obtained approval from the FSC under letter Jin-Guan-Bao-Shou No. 1140420671 to reclassify reserves to the foreign exchange valuation reserve in May 2025, including \$11,083,324 thousand from special reserve, \$1,850,105 thousand from policy reserves, and \$1,700,000 thousand from other reserves.

3) Effects due to reserve for foreign exchange valuation

Item	For the Six Months Ended June 30, 2026		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income (loss) attributable to owners of the Company	\$ 89,970,450	\$ 76,270,308	\$ (13,700,142)
Earnings (loss) per share	5.88	4.95	(0.93)
Reserve for foreign exchange valuation	-	130,931,746	130,931,746
Equity attributable to owners of the Company	1,213,343,994	1,123,908,237	(89,435,757)
Item	For the Six Months Ended June 30, 2025		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income (loss) attributable to owners of the Company	\$ (49,025,383)	\$ (60,443,835)	\$ (11,418,452)
Earnings (loss) per share	(3.59)	(4.37)	(0.78)
Reserve for foreign exchange valuation	-	56,420,881	56,420,881
Equity attributable to owners of the Company	771,808,212	741,981,147	(29,827,065)

28. EQUITY

a. Share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Number of shares authorized (in thousands)	18,000,000	18,000,000	18,000,000
Shares authorized	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>
Number of shares issued and fully paid (in thousands)			
Ordinary shares	14,669,210	14,669,210	14,669,210
Preference shares	1,533,300	1,533,300	1,533,300
Shares issued	<u>\$ 162,025,102</u>	<u>\$ 162,025,102</u>	<u>\$ 162,025,102</u>

Ordinary shares issued, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Issuance of preference shares

- 1) On September 9, 2016, the board of directors resolved to capital raising through issuance of Series A Preference Shares. The Company issued 833,300 thousand preference shares, with a par value of \$10 per share and total amount of \$8,333,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1050041628 on October 25, 2016. The base date of capital increase was December 8, 2016. All issued shares were registered and recognized as equity. The rights and obligations of Series A Preference Shares are as follows:
 - a) 3.8% per annum for Series A Preference Shares (7-year IRS 1.06%+2.74%) calculated pursuant to the issue price per share. Interest rate per annum will be reset on the day after the 7th year from the issue date (“Issue Date”) and the day after each subsequent 7-year period hereafter. The record date for reset of interest rate shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, PYTWDFIX and COSMOS3 at 11:00 a.m. of the day of the record date for reset of interest rate (must be a business day for Taipei’s financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.21% as of December 8, 2023.
 - b) If there are retained earnings, before the issuer can distribute dividends for Series A Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividends.
 - c) The Company has the sole discretion to distribute dividends of Series A Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series A Preference Share dividends, or preference share dividend distribution would render the Company’s CAR ratio below the level required by law or by the authorities. The Company’s cancellation of preference share dividend distribution shall not be deemed an event of default. Series A Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.

- d) Dividends for Series A Preference Shares are distributed once a year in cash. After shareholders' approval of the issuer's financial statements at its annual shareholders' meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders' approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
 - e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from profit or additional paid-in capital.
 - f) Holders of Series A Preference Shares shall have the same priority as holders of all subsequently issued preference shares in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.
 - g) Holders of Series A Preference Shares have no voting rights at the annual shareholders' meeting and cannot elect directors. However, holders of Series A Preference Shares have voting rights at the meeting of Series A Preference Shareholders, and at the shareholders' meeting on items relating to the rights of Series A Preference Shareholders.
 - h) Holders of Series A Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series A Preference Shares.
 - i) Through issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series A Preference Shares at the issue price. Rights and obligations of the unredeemed Series A Preference Shares shall remain the same as mentioned above.
- 2) On February 9, 2018, the board of directors resolved the capital raising through issuance of Series B Preference Shares. The Company issued 700,000 thousand preference shares, with a par value of \$10 per share and total amount of \$7,000,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1070313814 on May 10, 2018. The base date of capital increase was June 27, 2018. All issued shares were registered and recognized as equity. The rights and obligations of Series B Preference Shares are as follows:
- a) 3.55% per annum for Series B Preference Shares (7-year IRS 1.1675%+2.3825%) calculated pursuant to the issue price per share. The interest rate per annum will be reset on the day after the 7th year from the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter. The record date for interest reset shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, TAIFXIRS and COSMOS3 at 11:00 a.m. of the day of reset record date (must be a business day for Taipei's financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.0375% as of June 27, 2025.
 - b) If there are retained earnings, before the issuer can distribute dividends for Series B Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividend.

- c) The Company has the sole discretion to distribute dividend of the Series B Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series B Preference Share dividends, or preference share dividend distribution would render the Company's CAR ratio below the level required by law or by the authorities. The Company's cancellation of preference share dividend distribution shall not be deemed an event of default. Series B Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.
- d) Dividends for Series B Preference Shares are distributed once a year in cash. After shareholders' approval of the issuer's financial statements at its annual shareholders' meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders' approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
- e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from the profit or additional paid-in capital.
- f) Holders of Series B Preference Shares shall have the same priority as holders of all subsequently issued preference share in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.
- g) Holders of Series B Preference Shares have no voting rights at the annual shareholders' meeting and cannot elect directors. However, holders of Series B Preference Shares have voting rights at the shareholders' meeting of Series B Preference Shareholders, and at the shareholders' meeting on items relating to rights of Series B Preference Shareholders.
- h) Holders of Series B Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series B Preference Shares.
- i) Through the issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series B Preference Shares at the issue price. Rights and obligations of the unredeemed Series B Preference Shares shall remain the same as mentioned above.

Issuance of overseas depositary receipts

The Company's shares have been listed on the Taiwan Stock Exchange in accordance with relevant regulations since the Company was incorporated on December 31, 2001. Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depositary Shares (GDSs).

b. Capital surplus

1) Capital surplus comprises the following:

	June 30, 2026	December 31, 2025	June 30, 2025
Additional paid-in capital	\$ 197,202,720	\$ 197,202,720	\$ 197,202,720
Treasury share transactions	2,539,377	2,539,377	2,539,377
Additional paid-in capital - employee stock options	1,192,146	1,192,146	1,192,146
Conversion of convertible bonds	1,144,486	1,144,486	1,144,486
Others	<u>1,052,283</u>	<u>1,040,525</u>	<u>1,040,462</u>
	<u>\$ 203,131,012</u>	<u>\$ 203,119,254</u>	<u>\$ 203,119,191</u>

- 2) According to relevant regulations, capital surplus may not be used except to offset company deficits. However, capital surplus generated from the excess proceeds from issuing shares above par value (including capital surplus from issuing common shares above par value, capital surplus from merger-related stock issuance, and treasury stock transactions) may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year). Additionally, distributing cash from capital surplus must comply with Rule No. 11302701271 issued by the Banking Bureau of the FSC.

c. Retained earnings and dividends policy

In order for the Company to continue to expand and increase profitability in line with its long-term financial strategy and future demand for capital, the Company adopted a residual dividend policy in framing a proposal for the distribution of annual earnings for the purpose of sustainable development.

Under the dividends policy as set forth in the Company's articles ("Articles"), when 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 of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends, and then any remaining profit (earning of the current year) and reversal of special reserve in accordance with the laws and regulations 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. When declaring the distribution of dividends, the principle that the Company adopts is to retain the necessary funds by distributing stock dividends, and the excess may be distributed in the form of cash dividends. However, the total distribution shall be no less than 20% of earning of the current year, and the cash dividends shall be no less than 10% of the total dividends declared for the year. For the policies on the distribution of compensation of employees and remuneration of directors in the Articles, refer to compensation of employees and remuneration of directors in Note 29 e.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve 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 according to Rule No. 11302701271 issued by the Banking Bureau of the FSC.

The appropriations of earnings for 2025 and 2024 that had been resolved by the shareholders in their meetings on June 12, 2026 and June 13, 2025, respectively, were as follows:

	Appropriation of Earnings	
	2025	2024
Legal reserve	\$ 11,126,327	\$ 11,256,386
Special reserve	1,833,374	192,021,661
Cash dividends of ordinary shares	51,342,235	51,342,235
Cash dividends of preference shares	3,701,376	3,595,916

d. Special reserves

	June 30, 2026	December 31, 2025	June 30, 2025
Special reserve transferred from reserve for trading default and for trading loss (1)	\$ 333,598	\$ 333,598	\$ 333,598
Special reserve reclassified from liability (2)	3,744,467	3,744,467	3,744,467
Special reserve for appropriation at the first-time adoption of IFRS Accounting Standards (3)	2,994,565	2,994,565	2,994,565
Special reserve for appreciation of investment properties (4)	117,947,180	110,940,379	110,940,379
Special reserve transferred from insurance liabilities (5)	34,764,311	34,764,311	34,764,311
Special reserve appropriated for other equity deduction (6)	74,666,564	57,994,700	57,994,700
Reclassification by the insurance subsidiary for fair value changes of financial assets (7)	<u>189,532,567</u>	<u>211,377,858</u>	<u>211,377,858</u>
	<u>\$ 423,983,252</u>	<u>\$ 422,149,878</u>	<u>\$ 422,149,878</u>

- 1) Cathay United Bank, Cathay Securities and Cathay Futures reclassified the appropriated default losses reserve and trading losses reserve as of December 31, 2010 as special reserve according to the relevant regulations. It shall not be used except for the transfer in accordance with the matters prescribed by the competent authority. The Company set aside a special reserve of \$333,598 thousand in 2011.
- 2) According to the Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises, for the special reserves for catastrophic event and for fluctuation of risk as of January 1, 2012, amounting to \$9,022,812 thousand, Cathay Life transferred half of the reserves amounting to \$4,511,405 thousand, net of tax effect, to special reserve under retained earnings amounting to \$3,744,467 thousand; half of the reserves were kept as the initial amount of reserve for foreign exchange valuation. The Company set aside a special reserve of \$3,744,467 thousand in 2013.
- 3) At the first-time adoption of the IFRS Accounting Standards, Cathay Life chose to use fair values as the deemed costs of investment properties in accordance with Article 32 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the increments on property revaluation should be offset by other negative effects on the first-time adoption of the IFRS Accounting Standards. The remaining increments on property revaluation should be recovered as special reserve under liabilities and the portion of increments on property revaluation used for offsetting other negative effects is recognized as retained earnings. In accordance with Bao (Tsai) No. 10202508140, the abovementioned adjustments of retained earnings amounting to \$2,994,565 thousand should be set aside as special reserve under equity following Jin Guan Bao Tsai No. 10102508861. The Company set aside a special reserve of \$2,994,565 thousand in 2013.

- 4) The Group adopting the fair value model for investment properties, according to Jin Guan Zheng Fa No. 10901500221, the Group appropriated a special reserve as the increase of retained earnings due to the adoption. Any special reserve appropriated may be reversed when the value of investment properties decrease or when they are disposed.
- 5) Cathay Life transferred insurance liabilities of \$34,764,311 thousand to special reserve in accordance with Jin Guan Bao Tsai No. 10402029590. The Company set aside a special reserve of \$34,764,311 thousand in 2015.
- 6) The Group appropriates or reverses a special reserve in accordance with Jin Guan Zheng Fa No. 1090150022. If there is a net deduction of other equity accumulated in the previous period, the Group should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period. Distributions can be made out of any subsequent reversal of the debit to other equity items.
- 7) The Group pursuant to Jin Guan Yin Fa No. 11102279031 and other correspondence specifications issued on November 4, 2022, as appropriation of earnings, the Company shall set aside a special surplus reserve of the same amount for the change in the fair value of the financial assets reclassified by the insurance subsidiaries.

e. Other equity

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (10,366,455)	\$ (7,585,169)
Recognized for the period	1,766,617	(8,839,904)
Share from associates and joint ventures accounted for using the equity method	(885,361)	(1,356,162)
Tax effects	29,013	862,174
Other comprehensive income (loss) recognized for the period	910,269	(9,333,892)
Ending balance	\$ (9,456,186)	\$ (16,919,061)

- 2) Unrealized loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 4,711,577	\$ (8,510,036)
Redesignation effects on financial assets	(223,879,919)	-
Balances after redesignation of financial assets	(219,168,342)	(8,510,036)
Recognized for the period	286,715,671	9,299,317
Share of associates and joint ventures accounted for using the equity method	(728,195)	66,697
Reclassification adjustments		
Disposal of debt instruments	(3,749,614)	(849,192)
Tax effects	(4,496,474)	(1,794,679)
Other comprehensive income recognized for the period	277,741,388	6,722,143

(Continued)

	For the Six Months Ended June 30	
	2026	2025
Changes in associates accounted for using the equity method	\$ 4,918	\$ (980)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(89,355,047)</u>	<u>(969,259)</u>
Ending balance	<u>\$ (30,777,083)</u>	<u>\$ (2,758,132)</u> (Concluded)

3) (Loss) gain on hedging instruments

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

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

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ (182,974)	\$ (420,102)
Recognized for the period	114,909	371,162
Tax effects	<u>(22,981)</u>	<u>(74,233)</u>
Other comprehensive income recognized for the period	<u>91,928</u>	<u>296,929</u>
Ending balance	<u>\$ (91,046)</u>	<u>\$ (123,173)</u>

5) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 1,646,315	\$ 1,075,791
Recognized for the period	4,628	(585)
Share of associates and joint ventures accounted for using the equity method	3,534	1,689
Tax effects	<u>(1,538)</u>	<u>169</u>
Other comprehensive income recognized for the period	<u>6,624</u>	<u>1,273</u>
Ending balance	<u>\$ 1,652,939</u>	<u>\$ 1,077,064</u>

6) Property revaluation surplus

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 12,608,252	\$ 12,609,000
Transferred to retained earnings	<u>(34,443)</u>	<u>(748)</u>
Ending balance	<u>\$ 12,573,809</u>	<u>\$ 12,608,252</u>

7) Insurance finance income or expenses

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

8) Reinsurance financial income or expenses held

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

f. Non-controlling interests

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 6,101,582	\$ 11,773,650
Attributed to non-controlling interest		
Net profit for the period	245,838	1,304,121
Exchange differences on translation of the financial statements of foreign operations	60,068	(794,182)
Unrealized (loss) gain on financial assets at FVTOCI	(38,451)	498,372
Gain (loss) on changes in the fair value of hedging instruments	56	(2,311)
Insurance financial income or expenses	-	(1,299,365)
Non-controlling interests arising from acquisition of subsidiaries (Note 42)	(32,812)	(310,237)
Others	<u>(25,090)</u>	<u>(79,054)</u>
Ending balance	<u>\$ 6,311,191</u>	<u>\$ 11,090,994</u>

29. NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

a. Net gain on service fee and commission fee

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Service fee revenue	\$ 18,305,900	\$ 10,676,364	\$ 32,416,712	\$ 23,069,230
Service fee expense	<u>(3,490,258)</u>	<u>(2,853,358)</u>	<u>(6,465,029)</u>	<u>(5,260,590)</u>
	<u>\$ 14,815,642</u>	<u>\$ 7,823,006</u>	<u>\$ 25,951,683</u>	<u>\$ 17,808,640</u>

b. Based on insurance services

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Insurance revenue	\$ 49,420,640	\$ 45,391,922	\$ 97,681,546	\$ 89,593,489
Insurance services expense	(33,604,752)	(34,631,259)	(65,937,170)	(69,981,638)
Reinsurance financial income or expenses held	<u>(3,415,776)</u>	<u>(2,989,683)</u>	<u>(6,148,388)</u>	<u>(2,079,852)</u>
	<u>\$ 12,400,112</u>	<u>\$ 7,770,980</u>	<u>\$ 25,595,988</u>	<u>\$ 17,531,999</u>

c. Insurance financial income or expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Insurance contracts issued				
Interest accretion	\$ (42,799,676)	\$ (39,851,111)	\$ (85,331,382)	\$ (80,568,568)
Impact of changes in interest rates or other financial assumptions	51,785,837	(140,764,489)	186,554,383	(124,564,313)
Fair value of contract items measured under the variable fee approach	<u>(49,273,359)</u>	<u>3,764,027</u>	<u>(56,662,534)</u>	<u>5,877,578</u>
	<u>\$ (40,287,198)</u>	<u>\$ (176,851,573)</u>	<u>\$ 44,560,467</u>	<u>\$ (199,255,303)</u>
Recognized in profit or loss	\$ (92,151,993)	\$ (33,086,766)	\$ (143,535,483)	\$ (72,124,350)
Recognized in other comprehensive income (loss)	<u>51,864,795</u>	<u>(143,764,807)</u>	<u>188,095,950</u>	<u>(127,130,953)</u>
	<u>\$ (40,287,198)</u>	<u>\$ (176,851,573)</u>	<u>\$ 44,560,467</u>	<u>\$ (199,255,303)</u>
Reinsurance contracts held				
Interest accretion	\$ 91,072	\$ 119,983	\$ 203,055	\$ 228,502
Impact of changes in interest rates or other financial assumptions	<u>(136,698)</u>	<u>403,612</u>	<u>(432,271)</u>	<u>288,306</u>
	<u>\$ (45,626)</u>	<u>\$ 523,595</u>	<u>\$ (229,216)</u>	<u>\$ 516,808</u>
Recognized in profit or loss	\$ 91,072	\$ 119,983	\$ 203,055	\$ 228,502
Recognized in other comprehensive (loss) income	<u>(136,698)</u>	<u>403,612</u>	<u>(432,271)</u>	<u>288,306</u>
	<u>\$ (45,626)</u>	<u>\$ 523,595</u>	<u>\$ (229,216)</u>	<u>\$ 516,808</u>

d. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term benefits				
Salaries	\$ 19,376,225	\$ 15,724,935	\$ 38,230,341	\$ 33,042,263
Labor and health insurance expenses	1,346,695	1,266,969	2,782,995	2,664,886
Post-employment benefits	657,517	640,534	1,323,473	1,293,680
Remuneration of directors	47,695	44,127	107,814	88,037
Others	<u>369,915</u>	<u>397,304</u>	<u>723,538</u>	<u>809,755</u>
	<u>\$ 21,798,047</u>	<u>\$ 18,073,869</u>	<u>\$ 43,168,161</u>	<u>\$ 37,898,621</u>
An analysis of employee benefit expenses by function				
Profit from operations	\$ 10,262,887	\$ 9,909,338	\$ 22,149,581	\$ 19,514,337
Operating expenses	<u>11,535,160</u>	<u>8,164,531</u>	<u>21,018,580</u>	<u>18,384,284</u>
	<u>\$ 21,798,047</u>	<u>\$ 18,073,869</u>	<u>\$ 43,168,161</u>	<u>\$ 37,898,621</u>

e. Compensation of employees and remuneration of directors

According to the Articles of the Company, if there is a profit in the current year, the Company should distribute 0.01% to 0.05% as remuneration for employees, and no more than 0.05% as remuneration for directors. However, in the case of accumulated deficit, the Company's accumulated deficit needs to be offset first.

The compensation of employees and remuneration of directors for the six months ended June 30, 2026 and 2025, which were accrued at the rates of 0.01% and no higher than 0.05%, respectively, were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
	Cash	Cash	Cash	Cash
Compensation of employees	\$ 4,585	\$ 1,383	\$ 7,708	\$ 4,605
Remuneration of directors	600	650	1,200	1,100

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

The compensation of employees and remuneration of directors for 2025 and 2024 which were approved by the Company's board of directors on March 11, 2026 and March 6, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Compensation of employees	\$ 10,685	\$ 11,085
Remuneration of directors	2,400	1,800

There was no difference between the above resolution amounts and the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024.

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

f. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Right-of-use assets	\$ 452,417	\$ 421,607	\$ 889,173	\$ 857,223
Property and equipment	1,114,150	986,985	2,185,967	1,961,825
Intangible assets	<u>738,056</u>	<u>717,729</u>	<u>1,461,659</u>	<u>1,428,547</u>
	<u>\$ 2,304,623</u>	<u>\$ 2,126,321</u>	<u>\$ 4,536,799</u>	<u>\$ 4,247,595</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
An analysis of depreciation by function				
Profit from operations	\$ 349,073	\$ 203,958	\$ 597,897	\$ 781,580
Operating expenses	<u>1,217,494</u>	<u>1,204,634</u>	<u>2,477,243</u>	<u>2,037,468</u>
	<u>\$ 1,566,567</u>	<u>\$ 1,408,592</u>	<u>\$ 3,075,140</u>	<u>\$ 2,819,048</u>
An analysis of amortization by function				
Profit from operations	\$ 52,439	\$ 50,191	\$ 85,103	\$ 101,207
Operating expenses	<u>685,617</u>	<u>667,538</u>	<u>1,376,556</u>	<u>1,327,340</u>
	<u>\$ 738,056</u>	<u>\$ 717,729</u>	<u>\$ 1,461,659</u>	<u>\$ 1,428,547</u>
				(Concluded)

30. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current period	\$ (34,512,139)	\$ (45,681,391)	\$ (38,402,153)	\$ (46,458,030)
Adjustments for prior years	185,307	(930,956)	174,207	(906,837)
Income tax on unappropriated earnings	(1,070,733)	-	(1,070,733)	-
Others	(311,017)	147,344	(227,000)	(655,971)
Deferred tax				
In respect of the current period	26,213,907	51,167,106	23,295,198	42,118,337
Adjustments for prior years	<u>1,721,916</u>	<u>(18,673)</u>	<u>1,721,916</u>	<u>(18,673)</u>
Income tax expense recognized in profit or loss	<u>\$ (7,772,759)</u>	<u>\$ 4,683,430</u>	<u>\$ (14,508,565)</u>	<u>\$ (5,921,174)</u>

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
Derecognition of equity instruments at FVTOCI	\$ (2,254,262)	\$ (2,296)	\$ (2,365,905)	\$ 8,903
Deferred tax				
Derecognition of equity instruments at FVTOCI	<u>2,254,262</u>	<u>2,296</u>	<u>2,365,905</u>	<u>(8,903)</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Deferred tax</u>				
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	\$ 48,297	\$ 7,897	\$ (22,981)	\$ (74,233)
Exchange differences on the translation of financial statements of foreign operations	216,386	1,066,521	29,013	862,174
Unrealized (gain) loss on financial assets at FVTOCI	(15,393,767)	(640,029)	(4,628,056)	(1,774,080)
Loss (gain) on hedging instruments	52,440	(284,612)	30,967	(259,017)
Remeasurement of defined benefit plans	-	-	(926)	117
Shares of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	149,446	4,487	337,405	(20,547)
Insurance finance income or expenses	(10,362,152)	28,937,638	(37,594,875)	25,738,751
Reinsurance finance income or expenses	<u>27,341</u>	<u>(80,703)</u>	<u>86,464</u>	<u>(57,635)</u>
Income tax expenses recognized in other comprehensive income	<u>\$ (25,262,009)</u>	<u>\$ 29,011,199</u>	<u>\$ (41,762,989)</u>	<u>\$ 24,415,530</u>

d. Income tax assessments

The income tax returns of the Group and subsidiaries were as follows:

	<u>Year of Assessment</u>	<u>Note</u>
The Company	2020	-
Cathay Life	2020	In the process of administrative remedy for 2015 to 2019
Cathay United Bank	2020	In the process of administrative remedy for 2016, 2018 and 2019
Cathay Century	2020	-
Cathay Securities	2020	-
Cathay Venture	2024	In the process of administrative remedy for 2016
Cathay Securities Investment Trust	2020	-

In accordance with Article 49 of the Financial Holding Company Act, the Company and all subsidiaries which has existed for the entire 12 months of a tax year elected to jointly file income tax return and surtax on undistributed retained earnings with the Company as the tax payer.

e. Pillar Two income tax legislation

The countries where the Company's subsidiaries are domiciled, including Vietnam, have enacted legislation for the Pillar Two Income Tax Act, effective January 1, 2024. Additionally, the governments of Jersey, Malaysia Federal Territory of Labuan, Singapore and Hong Kong, where the subsidiaries and branch are incorporated, have substantively enacted the Pillar Two income tax legislation effective January 1, 2025. Effective Pillar Two income tax legislation had no significant impact on the current income tax expense of the Group. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

31. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Basic earnings (loss) per share	<u>\$ 2.80</u>	<u>\$ (3.87)</u>	<u>\$ 4.95</u>	<u>\$ (4.37)</u>

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

Net Profit (Loss) for the Period

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Profit (loss) for the period attributable to owners of the Company	\$ 44,676,497	\$ (53,146,116)	\$ 76,270,308	\$ (60,443,835)
Less: Dividends on preference shares	<u>3,701,376</u>	<u>3,595,916</u>	<u>3,701,376</u>	<u>3,595,916</u>
Earnings (loss) used in the computation of basic earnings (loss) per share	<u>\$ 40,975,121</u>	<u>\$ (56,742,032)</u>	<u>\$ 72,568,932</u>	<u>\$ (64,039,751)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	<u>14,669,210</u>	<u>14,669,210</u>	<u>14,669,210</u>	<u>14,669,210</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The Company's compensation of employees did not cause any significant changes in the earnings and weighted average number of ordinary shares used to calculate the diluted earnings per share.

32. RELATED-PARTY TRANSACTIONS

- a. The names and categories of the related parties who engaged in transactions with the Group in the reporting periods are as follows:

Related Party Name	Related Party Category
Cathay Life	Subsidiary
Cathay United Bank	Subsidiary
Cathay Century	Subsidiary
Cathay Securities	Subsidiary
Cathay Securities Investment Trust	Subsidiary
Cathay Venture	Subsidiary
Cathay Life (Vietnam)	Subsidiary
Cathay Securities Investment Consulting	Subsidiary
Lin Yuan	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
Cathaylife Singapore Pte. Ltd.	Subsidiary
Cathay Industrial R&D Center	Subsidiary
Cathay Power	Subsidiary
SUNRISE PV ONE	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Neo Cathay Power	Subsidiary

(Continued)

Related Party Name	Related Party Category
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Cathay Wind Power	Subsidiary
Cathay II Wind Power Holdings	Subsidiary
Cathay Insurance (Vietnam)	Subsidiary
Indovina Bank	Subsidiary
CUBC Bank	Subsidiary
CUBC-I	Subsidiary
CUBCN Bank	Subsidiary
Cathay Futures	Subsidiary
Cathay Private Equity	Subsidiary
Cathay Securities (Hong Kong)	Subsidiary
Cathay Capital (Asia)	Subsidiary
Jian Kun Energy	Subsidiary after November 2025
Cathay Lujiazui Life	Joint venture (subsidiary before October 2025)
Symphox Information Co., Ltd.	Joint venture
Greater Changhua NW Holdings Ltd.	Joint venture
Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary under joint investments
Seaward Card Co., Ltd.	Subsidiary under joint investments
Bowl Cut Entertainment Co., Ltd.	Subsidiary under joint investments
Taiwan Real-estate Management Corp.	Associate
PSS Co., Ltd.	Associate
TaiYang Solar Power Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
Generali Investments Holding S.p.A.	Associate
Conning Holdings Limited (CHL)	Subsidiary under associate
Conning, Inc.	Subsidiary under associate
Global Evolution Holding ApS	Subsidiary under associate
Yua-Yung Marketing (Taiwan) Co., Ltd.	Subsidiary under associate
Hong-Sui Co., Ltd.	Subsidiary under associate
Conning Asia Pacific Ltd.	Subsidiary under associate
Vietinbank	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
Private Equity Funds managed by Cathay Private Equity	Other related party
San Ching Engineering Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party

(Continued)

Related Party Name	Related Party Category
ThinkPower Information Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Cathay Cultural Foundation	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Life Insurance Employees' Welfare Committee	Other related party
Cathay United Bank Employees' Welfare Committee	Other related party
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Bannan Realty Co., Ltd.	Other related party
FundRich Securities Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Sanchong Realty Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
Taipei Forex Inc.	Other related party
HanTech Venture Capital Corporation	Other related party
Financial Information Service Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
EasyCard Corporation	Other related party
Cymbal Medical Network Co., Ltd.	Other related party
Lin Yuan Investment Co., Ltd.	Other related party
Cathay Food & Beverage Group Co., Ltd.	Other related party
Jinhua Realty Co., Ltd.	Other related party
Cymder Co., Ltd.	Other related party before the merger dissolution in June 2025
Sino Greenergy Group	Other related party before July 2025
Hongtaiyi Energy Co., Ltd.	Other related party before July 2025
Witraise Industrial Technologies, Inc.	Other related party before July 2025
MORNING GLOW HOLDINGS CO., LTD.	Other related party after August 2025
Wei Xiang Corp.	Other related party before October 2025
Yi Ru Capital Co., Ltd.	Other related party before December 2025
You Heng Co., Ltd.	Other related party before December 2025
Taihu Brewing Ltd.	Other related party after June 2026
AetherAI Co., Ltd.	Other related party before June 2026
EasyCard Investment Holding Co., Ltd.	Other related party before June 2026
Others	Other related party

(Concluded)

b. Significant transactions with related parties were as follows:

All significant intragroup transactions have been eliminated in the consolidated financial statements. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Transactions with banks

a) Due from commercial banks

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Income	Ending Balance	Interest Income	Ending Balance	Interest Income
Other related party Vietinbank	<u>\$ 6,728,204</u>	<u>\$ 130,354</u>	<u>\$ 11,506,851</u>	<u>\$ 200,574</u>	<u>\$ 10,889,358</u>	<u>\$ 106,511</u>

b) Due to commercial banks

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Other related party Vietinbank	<u>\$ 11,465,340</u>	<u>\$ 118,030</u>	<u>\$ 14,404,681</u>	<u>\$ 185,088</u>	<u>\$ 12,993,088</u>	<u>\$ 95,872</u>

2) Balance of shares issued by related parties

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Srisawad Corporation Public Company Limited	\$ 3,365,311	\$ 3,851,880	\$ 2,269,984
CDIB & PARTNERS Investment Holding Corporation	2,277,459	2,378,315	2,172,699
Cathay Real Estate Development Co., Ltd.	1,052,975	997,556	1,072,601
Financial Information Service Co., Ltd.	832,034	717,960	745,207
Taiwan Asset Management Corporation	691,436	812,577	750,330
Daiwa - Cathay Capital Markets Co., Ltd.	178,400	160,100	161,600
Taipei Forex Inc.	148,298	108,639	94,162
Cathay Healthcare Management Co., Ltd.	107,085	86,708	106,178
HanTech Venture Capital Corporation	87,311	81,069	57,171
EasyCard Corporation	86,764	97,141	116,536
EasyCard Investment Holdings Co., Ltd.	75,554	-	-
MORNING GLOW HOLDINGS CO., LTD.	59,862	55,727	-
Quantifeed Holdings Limited	37,521	56,594	49,092
FundRich Securities Co., Ltd.	21,986	19,027	18,149
AetherAI Co., Ltd.	-	158,864	129,855
Wei Xiang Corp.	-	-	56,134
	<u>\$ 9,021,996</u>	<u>\$ 9,582,157</u>	<u>\$ 7,799,698</u>

Refer to Note 13 for the balance of investment in associates.

3) Receivables

Name	June 30, 2026	December 31, 2025	June 30, 2025
Joint venture and its subsidiaries			
Greater Changhua Offshore Wind Farm NW Ltd.	\$ 41,084,370	\$ 38,484,992	\$ 41,969,997
Greater Changhua NW Holdings Ltd.	63,596	62,335	-
	<u>41,147,966</u>	<u>38,547,327</u>	<u>41,969,997</u>
Other related party			
San Ching Engineering Co., Ltd.	-	7,343	7,785
	<u>\$ 41,147,966</u>	<u>\$ 38,554,670</u>	<u>\$ 41,977,782</u>

4) Contract liabilities

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Private Equity Funds managed by Cathay Private Equity	\$ 404	\$ -	\$ 30,479

5) Loans

June 30, 2026

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	64	\$ 79,818	\$ 74,881	V	\$ -	Real estate	None
Self-use residential mortgage loans	188	1,574,429	1,533,415	V	-	Real estate	None
Others	284	3,783,594	3,531,129	V	-	Real estate, stocks and marketable securities	None
Others	Taiwan Real-estate Management Corp.	25,000	25,000	V	-	Real estate	None
Others	TaiYang Solar Power Co., Ltd.	38,654	35,987	V	-	Property	None
Others	Cathay Real Estate Development Co., Ltd.	2,400,000	2,400,000	V	-	Real estate	None

December 31, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	66	\$ 79,494	\$ 63,547	V	\$ -	Real estate	None
Self-use residential mortgage loans	197	1,670,154	1,607,115	V	-	Real estate	None
Others	288	3,655,166	3,272,681	V	-	Real estate, stocks and marketable securities	None
Others	Taiwan Real-estate Management Corp.	27,000	25,000	V	-	Real estate	None
Others	Sino Greenenergy Group	52,826	Note	V	-	None	None
Others	TaiYang Solar Power Co., Ltd.	43,988	38,654	V	-	Property	None
Others	Cathay Real Estate Development Co., Ltd.	4,550,229	2,000,000	V	-	Real estate	None
Others	Hongtaiyi Energy Co., Ltd.	74,057	Note	V	-	None	None
Others	Witraise Industrial Technologies, Inc.	53,337	Note	V	-	None	None

Note: In accordance with the “Guidelines on Related Party Transactions,” the entity has ceased to be classified as a related party commencing from the third party quarter of 2025.

June 30, 2025

Type	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	51	\$ 280,416	\$ 56,438	V	\$ -	Real estate	None
Self-use residential mortgage loans	203	1,830,777	1,395,600	V	-	Real estate	None
Others	258	3,549,126	3,002,449	V	-	Real estate, stocks and marketable securities	None
Others	Taiwan Real-estate Management Corp.	27,000	27,000	V	-	Real estate	None
Others	Sino Greenery Group	52,826	49,053	V	-	Property	None
Others	TaiYang Solar Power Co., Ltd.	43,988	41,321	V	-	Property	None
Others	Cathay Real Estate Development Co., Ltd.	1,100,030	1,100,000	V	-	Real estate	None
Others	Hongtaiyi Energy Co., Ltd.	74,057	68,767	V	-	Property	None
Others	Witraise Industrial Technologies, Inc.	53,337	49,527	V	-	Property	None

Name	Interest Income			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Associate				
TaiYang Solar Power Co., Ltd.	\$ 265	\$ 304	\$ 537	\$ 614
Taiwan Real-estate Management Corp.	159	171	316	341
	<u>424</u>	<u>475</u>	<u>853</u>	<u>955</u>
Other related party				
Cathay Real Estate Development Co., Ltd.	12,187	3,829	22,790	6,477
Hongtaiyi Energy Co., Ltd.	-	538	-	1,089
Witraise Industrial Technologies, Inc.	-	387	-	784
Sino Greenery Group	-	384	-	777
Others	27,897	24,600	55,435	48,703
	<u>40,084</u>	<u>29,738</u>	<u>78,225</u>	<u>57,830</u>
	<u>\$ 40,508</u>	<u>\$ 30,213</u>	<u>\$ 79,078</u>	<u>\$ 58,785</u>

6) Deposits

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary						
Cathay Securities Investment Consulting	\$ 542,838	\$ 2,006	\$ 599,083	\$ 4,113	\$ 518,331	\$ 2,223
Joint venture						
Symphox Information Co., Ltd.	176,911	90	45,549	203	39,909	109
Associate and its subsidiaries						
Hong-Sui Co., Ltd.	294,726	520	112,766	484	149,843	221
Lin Yuan Property Management Co., Ltd.	264,378	1,891	410,457	3,432	273,930	1,666
Yua-Yung Marketing (Taiwan) Co., Ltd.	234,412	449	125,937	985	143,443	432
PSS Co., Ltd.	116,443	278	94,363	768	155,539	428
	<u>909,959</u>	<u>3,138</u>	<u>743,523</u>	<u>5,669</u>	<u>722,755</u>	<u>2,747</u>
Other related party						
Cathay Life Insurance Employees' Welfare Committee	2,258,004	19,357	2,363,203	39,297	2,267,923	19,498
Cathay United Bank Employees' Welfare Committee	929,887	19,136	893,078	40,650	882,635	18,818
Private Equity Funds managed by Cathay						
Private Equity	822,118	1,646	564,305	3,469	573,101	1,424
Cathay Real Estate Development Co., Ltd.	703,209	1,580	1,355,755	3,131	748,942	1,518

(Continued)

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Cathay United Bank Foundation	\$ 599,334	\$ 4,830	\$ 603,732	\$ 9,364	\$ 579,582	\$ 4,597
Cathay Real Estate Development Employees' Welfare Committee	501,596	4,320	515,413	8,457	473,304	4,055
Jinhua Realty Co., Ltd.	468,737	4,321	752,317	1,466	68,452	521
Ally Logistic Property Co., Ltd.	386,088	847	201,442	1,227	180,995	597
Cathay Charity Foundation	339,812	2,569	328,620	5,121	329,080	2,510
Cathay Hospitality Consulting Co., Ltd.	248,011	717	190,016	1,149	146,793	604
Bannan Realty Co., Ltd.	233,158	317	58,977	717	57,264	389
Cathay Cultural Foundation	227,951	1,929	229,587	3,926	229,186	1,947
EasyCard Corporation	205,940	609	94,762	1,791	283,634	1,062
Cathay Medical Care Corp.	183,820	1,471	440,577	4,144	419,911	1,972
Cathay Hospitality Management Co., Ltd.	153,979	452	140,411	857	111,486	460
Zhulun Realty Co., Ltd.	132,630	440	132,902	1,509	292,801	923
Cathay Real Estate Management Co., Ltd.	109,134	929	124,874	1,792	103,253	898
Cathay Healthcare Management Co., Ltd.	90,904	310	148,958	696	77,538	367
Sanhong Realty Co., Ltd.	48,037	314	124,153	343	64,180	184
Others	10,563,836	67,992	10,512,965	139,473	10,690,071	77,171
	<u>19,206,185</u>	<u>134,086</u>	<u>19,776,047</u>	<u>268,579</u>	<u>18,580,131</u>	<u>139,515</u>
	<u>\$ 20,835,893</u>	<u>\$ 139,320</u>	<u>\$ 21,164,202</u>	<u>\$ 278,564</u>	<u>\$ 19,861,126</u>	<u>\$ 144,594</u>

(Concluded)

7) Property transactions

- a) Cathay Life and its subsidiaries' significant transactions from undertaking contracted projects with related parties are listed below:

Name	For the Six Months Ended June 30			
	2026		2025	
	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Tainan Shopping Center, etc.	<u>\$ 36,097</u>	Songjiang-Changchun Building, etc.	<u>\$ 7,196</u>
Other related party				
San Ching Engineering Co., Ltd.	THSR Taoyuan Industrial District, etc.	2,107,079	Huanyu Building, etc.	1,752,456
Ally Logistic Property Co., Ltd.	Yangmei Meishi Section, etc.	<u>1,476,783</u>	Taoyuan Daxi Ruixing section, etc.	<u>743,694</u>
		<u>3,583,862</u>		<u>2,496,150</u>
		<u>\$ 3,619,959</u>		<u>\$ 2,503,346</u>

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

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

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

b) Real-estate rental (Cathay Life and its subsidiaries as lessor)

Name	Rental Income			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Securities				
Investment Consulting	\$ 2,569	\$ 2,569	\$ 5,139	\$ 5,139
Joint venture and its subsidiaries				
Symphox Information Co., Ltd.	8,006	7,853	15,964	15,700
Associate and its subsidiaries				
Yua-Yung Marketing (Taiwan) Co., Ltd.	19,078	16,005	37,806	32,587
Hong-Sui Co., Ltd.	13,389	9,012	26,024	17,767
Lin Yuan Property Management Co., Ltd.	12,697	9,842	22,570	17,722
PSS Co., Ltd.	2,742	2,742	5,484	5,649
	47,906	37,601	91,884	73,725
Other related party				
Ally Logistic Property Co., Ltd.	317,025	258,999	645,462	517,242
Cathay Hospitality Management Co., Ltd.	51,789	51,290	116,773	121,471
Cathay Hospitality Consulting Co., Ltd.	51,670	70,647	103,326	179,232
Cathay Medical Care Corp.	37,467	54,797	76,085	105,623
Cathay Healthcare Management Co., Ltd.	28,545	27,853	57,090	55,436
Cathay Real Estate Development Co., Ltd.	4,580	4,465	9,161	8,931
San Ching Engineering Co., Ltd.	1,822	1,498	3,645	2,997
Cymlin Co., Ltd.	-	2,207	-	4,414
Cymder Co., Ltd.	-	-	-	3,211
	492,898	471,756	1,011,542	998,557
	\$ 551,379	\$ 519,779	\$ 1,124,529	\$ 1,093,121

Name	Guarantee Deposits Received		
	June 30, 2026	December 31, 2025	June 30, 2025
Joint venture			
Symphox Information Co., Ltd.	\$ 7,934	\$ 7,813	\$ 7,723
Associate and its subsidiaries			
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	15,938	13,670
Hong-Sui Co., Ltd.	12,174	12,174	7,572
Lin Yuan Property Management Co., Ltd.	12,138	10,812	8,093
PSS Co., Ltd.	<u>3,482</u>	<u>3,482</u>	<u>3,482</u>
	<u>43,732</u>	<u>42,406</u>	<u>32,817</u>
Other related party			
Ally Logistic Property Co., Ltd.	317,761	312,282	312,121
Cathay Hospitality Management Co., Ltd.	197,175	196,021	195,328
Cathay Hospitality Consulting Co., Ltd.	191,383	190,585	189,448
Cathay Medical Care Corp.	67,077	67,906	63,251
Cathay Healthcare Management Co., Ltd.	30,923	30,923	30,103
Cathay Food & Beverage Group CO., LTD.	8,517	8,517	8,517
Cathay Real Estate Development Co., Ltd.	4,153	4,153	4,153
Cymbal Medical Network Co., Ltd.	1,107	1,107	3,400
Cymlin Co., Ltd.	-	-	4,081
You Heng Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,072</u>
	<u>818,096</u>	<u>811,494</u>	<u>813,474</u>
	<u>\$ 869,762</u>	<u>\$ 861,713</u>	<u>\$ 854,014</u>

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

c) Lease arrangements

i. Acquisition of right-of-use assets

Name	For the Six Months Ended June 30	
	2026	2025
Other related party		
Cathay Real Estate Development Co., Ltd.	\$ -	\$ 8,079

ii. Lease liabilities

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Cathay Real Estate Development Co., Ltd.	\$ 43,594	\$ 54,690	\$ 43,666
Ally Logistic Property Co., Ltd.	5,635	8,386	6,916
Yi Ru Capital Co., Ltd.	<u>-</u>	<u>-</u>	<u>4,023</u>
	<u>\$ 49,229</u>	<u>\$ 63,076</u>	<u>\$ 54,605</u>

iii. Guarantee deposits paid

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Cathay Real Estate Development Co., Ltd.	<u>\$ 6,277</u>	<u>\$ 6,277</u>	<u>\$ 4,415</u>

d) Acquisition of computer equipment and software

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

e) Other items

Cathay United Bank paid \$16,577 thousand and \$10,318 thousand, respectively from January 1 to June 30, 2026 and 2025, to Lin Yuan Property Management Co., Ltd. for services including engineering planning, design, and maintenance. The expenses are presented as property and equipment.

8) Guarantee deposits received and collateral

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

9) Payables

Name	June 30, 2026	December 31, 2025	June 30, 2025
Joint venture and its subsidiaries			
Symphox Information Co., Ltd.	\$ 97,888	\$ 40,252	\$ 69,790
Seaward Card Co., Ltd.	<u>16,996</u>	<u>28,726</u>	<u>42,414</u>
	<u>114,884</u>	<u>68,978</u>	<u>112,204</u>
Associate and its subsidiaries			
CHL	306,157	300,451	284,351
Lin Yuan Property Management Co., Ltd.	59,137	4,350	16,190
Global Evolution Holding ApS	23,170	22,712	20,243
Conning Asia Pacific Ltd.	<u>15,463</u>	<u>17,897</u>	<u>18,213</u>
	<u>403,927</u>	<u>345,410</u>	<u>338,997</u>
Other related party			
FundRich Securities Co., Ltd.	4,142	5,907	2,235
ThinkPower Information Co., Ltd.	<u>-</u>	<u>5,715</u>	<u>94</u>
	<u>4,142</u>	<u>11,622</u>	<u>2,329</u>
	<u>\$ 522,953</u>	<u>\$ 426,010</u>	<u>\$ 453,530</u>

10) Balances of funds managed by related parties

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Private Equity Funds managed by Cathay Private Equity	<u>\$ 1,880,806</u>	<u>\$ 1,968,288</u>	<u>\$ 2,260,542</u>

11) Balances of discretionary investment accounts managed for related parties

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
Cathay Charity Foundation	<u>\$ 278,515</u>	<u>\$ 184,442</u>	<u>\$ 149,303</u>

12) Balance of discretionary management investments entrusted to related parties

Name	June 30, 2026	December 31, 2025	June 30, 2025
Other related party			
CHL	\$ 1,478,267,311	\$ 1,492,635,980	\$ 1,391,573,713
Global Evolution Holding ApS	<u>23,820,568</u>	<u>23,206,572</u>	<u>20,968,625</u>
	<u>\$ 1,502,087,879</u>	<u>\$ 1,515,842,552</u>	<u>\$ 1,412,542,338</u>

13) Service fee income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Securities Investment Consulting	\$ 15,012	\$ 10,431	\$ 23,912	\$ 21,750
Other related party				
Cathay Real Estate Development Co., Ltd.	1,183	1,306	2,482	3,207
	<u>\$ 16,195</u>	<u>\$ 11,737</u>	<u>\$ 26,394</u>	<u>\$ 24,957</u>

14) Premium income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary under associate				
Hong-Sui Co., Ltd.	\$ -	\$ 2,271	\$ 871	\$ 4,608
Other related party				
Cathay Medical Care Corp.	9,287	13,898	18,338	18,530
San Ching Engineering Co., Ltd.	4,901	27,106	11,219	29,047
Cathay Healthcare Management Co., Ltd.	1,858	1,193	3,153	2,351
Ally Logistic Property Co., Ltd.	714	553	4,854	8,424
Cathay Real Estate Development Co., Ltd.	587	497	3,081	2,286
Cathay Hospitality Consulting Co., Ltd.	33	26	6,192	6,559
Cathay Hospitality Management Co., Ltd.	32	34	3,980	5,183
Others	<u>35,610</u>	<u>35,219</u>	<u>86,751</u>	<u>62,015</u>
	<u>53,022</u>	<u>78,526</u>	<u>137,568</u>	<u>134,395</u>
	<u>\$ 53,022</u>	<u>\$ 80,797</u>	<u>\$ 138,439</u>	<u>\$ 139,003</u>

15) Net other non-interest income and expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Other non-interest income</u>				
Subsidiary under associate				
Generali Investments Holding S.p.A.	\$ 290,224	\$ 246,526	\$ 290,224	\$ 246,526
Other related party				
Private Equity Funds managed by Cathay Private Equity	20,702	24,306	41,711	46,289
Ally Logistic Property Co., Ltd.	3,930	255	7,462	371
Cathay Hospitality Consulting Co., Ltd.	2,465	2,373	3,697	3,560
Cathay Healthcare Management Co., Ltd.	2,293	2,292	3,439	3,438
	<u>29,390</u>	<u>29,226</u>	<u>56,309</u>	<u>53,658</u>
	<u>\$ 319,614</u>	<u>\$ 275,752</u>	<u>\$ 346,533</u>	<u>\$ 300,184</u>
<u>Other operating cost</u>				
Associate and subsidiaries				
CHL	\$ 299,690	\$ 268,406	\$ 607,039	\$ 580,985
Global Evolution Holding ApS	<u>23,000</u>	<u>19,479</u>	<u>46,268</u>	<u>41,415</u>
	<u>\$ 322,690</u>	<u>\$ 287,885</u>	<u>\$ 653,307</u>	<u>\$ 622,400</u>

16) Operating expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Joint venture and its subsidiaries				
Symphox Information Co., Ltd.	\$ 534,506	\$ 354,470	\$ 930,717	\$ 659,112
Seaward Card Co., Ltd.	116,337	108,553	239,550	228,968
Bowl Cut Entertainment Co., Ltd.	-	-	7,500	21,550
	<u>650,843</u>	<u>463,023</u>	<u>1,177,767</u>	<u>909,630</u>
Associate and its subsidiaries				
Lin Yuan Property Management Co., Ltd.	437,074	337,185	817,058	666,492
Conning Asia Pacific Ltd.	14,563	18,213	29,961	37,774
Conning, Inc.	3,185	2,896	6,470	6,318
	<u>454,822</u>	<u>358,294</u>	<u>853,489</u>	<u>710,584</u>

(Continued)

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Other related party				
ThinkPower Information Co., Ltd.	27,257	49,226	45,135	61,677
FundRich Securities Co., Ltd.	11,833	7,036	21,509	14,456
San Ching Engineering Co., Ltd.	6,375	975	7,350	1,950
Cathay Healthcare Management Co., Ltd.	5,779	4,122	10,921	9,751
EasyCard Corporation	5,250	5,250	5,250	5,360
Cathay Real Estate Development Co., Ltd.	<u>1,277</u>	<u>1,827</u>	<u>2,903</u>	<u>3,014</u>
	<u>57,771</u>	<u>68,436</u>	<u>93,068</u>	<u>96,208</u>
	<u>\$ 1,163,436</u>	<u>\$ 889,753</u>	<u>\$ 2,124,324</u>	<u>\$ 1,716,422</u>
				(Concluded)

17) Guarantees on duties and contracts

June 30, 2026

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party					
Taihu Brewing Ltd.	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	1.0%	Certificate of Deposit
Subsidiary under associate					
Yua-Yung Marketing (Taiwan) Co., Ltd.	<u>\$ 8,840</u>	<u>\$ -</u>	<u>\$ -</u>	0.8%	Demand deposits

December 31, 2025

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Subsidiary under associate					
Yua-Yung Marketing (Taiwan) Co., Ltd.	<u>\$ 10,340</u>	<u>\$ 8,840</u>	<u>\$ 1</u>	0.8%	Demand deposits

June 30, 2025

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Subsidiary under associate					
Yua-Yung Marketing (Taiwan) Co., Ltd.	<u>\$ 10,340</u>	<u>\$ 10,340</u>	<u>\$ 1</u>	0.8%	Demand deposits

18) Compensation of key management personnel

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	\$ 342,782	\$ 321,204	\$ 969,316	\$ 932,893
Post-employment benefits	5,468	5,782	11,575	11,693
Other long-term employee benefits	<u>1,079</u>	<u>95</u>	<u>1,503</u>	<u>125</u>
	<u>\$ 349,329</u>	<u>\$ 327,081</u>	<u>\$ 982,394</u>	<u>\$ 944,711</u>

Key management personnel includes the chairman, vice chairman, directors, supervisors, general managers, senior vice general managers and vice general managers.

c. The Company

1) Cash in banks

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Income	Ending Balance	Interest Income	Ending Balance	Interest Income
Subsidiary Cathay United Bank	<u>\$ 1,335,570</u>	<u>\$ 2,299</u>	<u>\$ 18,298</u>	<u>\$ 14,772</u>	<u>\$ 9,504,279</u>	<u>\$ 2,487</u>

2) Receivables

Name	Nature of Transaction	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary Cathay Life	Integrated income tax, dividends receivable and subordinated corporation bonds interests, etc.	\$ 26,721,606	\$ 998,764	\$ 20,198,318
Cathay United Bank	Integrated income tax, etc.	3,441,798	6,916,817	23,299,346
Cathay Securities	Integrated income tax, etc.	1,127,125	1,026,793	3,383,512
Cathay Century	Integrated income tax, etc.	457,975	674,433	1,779,521
Cathay Securities Investment Trust	Integrated income tax, etc.	313,132	716,257	2,551,922
Cathay Venture	Integrated income tax, etc.	<u>1,044</u>	<u>1,044</u>	<u>429,840</u>
		<u>\$ 32,062,680</u>	<u>\$ 10,334,108</u>	<u>\$ 51,642,459</u>

3) Guarantee deposits paid

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary Cathay Life	\$ <u>47,584</u>	\$ <u>47,584</u>	\$ <u>46,826</u>

4) Financial assets at FVTPL

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary Cathay Life	\$ <u>35,000,000</u>	\$ <u>35,000,000</u>	\$ <u>35,000,000</u>

5) Payables

Name	Nature of Transaction	June 30, 2026	December 31, 2025	June 30, 2025
Other related party ThinkPower Information Co., Ltd.	-	\$ <u>-</u>	\$ <u>5,715</u>	\$ <u>-</u>

6) Lease agreements

a) Acquisition of right-of-use assets

Name	For the Six Months Ended June 30	
	2026	2025
Subsidiary Cathay Life	\$ <u>-</u>	\$ <u>68,067</u>

b) Lease liabilities

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary Cathay Life	\$ 113,255	\$ 209,792	\$ 305,329
Cathay United Bank	<u>843</u>	<u>1,845</u>	<u>2,838</u>
	<u>114,098</u>	<u>211,637</u>	<u>308,167</u>
Other related party Ally Logistic Property Co., Ltd.	<u>5,635</u>	<u>8,386</u>	<u>6,916</u>
	\$ <u>119,733</u>	\$ <u>220,023</u>	\$ <u>315,083</u>

c) Lease expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay Life	\$ 3,597	\$ 2,304	\$ 5,125	\$ 2,949

7) Interest income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay Life	\$ 314,137	\$ 314,137	\$ 624,822	\$ 624,822

8) Other operating revenue

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay United Bank	\$ 22,239	\$ 15,971	\$ 22,239	\$ 15,971
Cathay Life	17,741	10,890	17,741	16,495
Cathay Century	285	3,522	4,055	3,522
	<u>\$ 40,265</u>	<u>\$ 30,383</u>	<u>\$ 44,035</u>	<u>\$ 35,988</u>

9) Operating expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay Life	\$ 20,534	\$ 23,618	\$ 26,004	\$ 27,801
Cathay Securities	10,030	13,843	16,761	20,981
Cathay United Bank	8,650	10,499	8,650	10,499
	<u>39,214</u>	<u>47,960</u>	<u>51,415</u>	<u>59,281</u>
Joint venture and its subsidiaries Symphox Information Co., Ltd.	3,668	5,859	6,050	7,872
Seaward Card Co., Ltd.	2,681	993	4,776	2,389
Bowl Cut Entertainment Co., Ltd.	-	-	7,500	21,550
	<u>6,349</u>	<u>6,852</u>	<u>18,326</u>	<u>31,811</u>

(Continued)

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Associate				
Lin Yuan Property Management Co., Ltd.	\$ 5,875	\$ 1,461	\$ 9,582	\$ 2,678
Other related party				
ThinkPower Information Co., Ltd.	<u>16,757</u>	<u>20,610</u>	<u>19,634</u>	<u>20,610</u>
	<u>\$ 68,195</u>	<u>\$ 76,883</u>	<u>\$ 98,957</u>	<u>\$ 114,380</u>
				(Concluded)

d. Significant transactions between subsidiaries and related parties that are more than \$100 million

Significant intragroup transactions have been eliminated in the consolidated financial statements.

1) Cathay Life and its subsidiaries

a) Property transactions

Real-estate rental

Name	Rental Income			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Company				
Cathay Financial Holdings	<u>\$ 52,717</u>	<u>\$ 51,368</u>	<u>\$ 103,411</u>	<u>\$ 101,095</u>
Subsidiary				
Cathay United Bank	<u>\$ 232,247</u>	<u>\$ 224,010</u>	<u>\$ 414,125</u>	<u>\$ 396,834</u>

Name	Guarantee Deposits Received		
	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	<u>\$ 226,725</u>	<u>\$ 221,036</u>	<u>\$ 221,036</u>

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

b) Cash in banks

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

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

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

c) Balance of discretionary management investments

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Securities Investment Trust	<u>\$ 883,076,202</u>	<u>\$ 319,981,744</u>	<u>\$ 284,614,961</u>

d) Other receivables

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Indovina Bank	\$ 339,494	\$ 269,508	\$ 380,190
Cathay Century	113,069	81,489	99,823
Cathay Venture	<u>-</u>	<u>-</u>	<u>142,932</u>
	<u>\$ 452,563</u>	<u>\$ 350,997</u>	<u>\$ 622,945</u>

e) Guarantee deposits paid (for future transactions)

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Futures	<u>\$ 1,142,312</u>	<u>\$ 39,713</u>	<u>\$ 1,496,621</u>

For the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, the interest income generated from the futures trading margins deposited with Cathay Futures Co., Ltd. amounted to \$1,072 thousand, \$2,765 thousand, \$1,072 thousand and \$4,928 thousand, respectively.

f) Other payables

Name	June 30, 2026	December 31, 2025	June 30, 2025
The Company			
Cathay Financial Holdings (Note)	\$ 26,721,606	\$ 998,764	\$ 20,198,318

Note: Other payables are payables for remuneration of directors, supervisors and payables for interest of bonds payable and the payables under the integrated income tax system.

g) Commissions payable

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	\$ 1,008,117	\$ 511,228	\$ 954,080

h) Bonds payable

Name	June 30, 2026	December 31, 2025	June 30, 2025
The Company			
Cathay Financial Holdings	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000

i) Handling charges

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay United Bank	\$ 291,097	\$ 257,417	\$ 574,153	\$ 534,121
Cathay Securities				
Investment Trust	229,653	110,716	419,508	227,054
	<u>\$ 520,750</u>	<u>\$ 368,133</u>	<u>\$ 993,661</u>	<u>\$ 761,175</u>

j) Commission expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay United Bank	\$ 2,687,778	\$ 2,444,715	\$ 6,270,645	\$ 5,687,132

k) Finance costs

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Company				
Cathay Financial Holdings	\$ 314,137	\$ 314,137	\$ 624,822	\$ 624,822

The finance costs consist of interest expenses accrued from corporate bonds issued by Cathay Life.

l) Other expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Century	\$ 17,738	\$ 5,942	\$ 149,276	\$ 151,099

m) Non-operating income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Century	\$ 224,675	\$ 247,497	\$ 462,155	\$ 459,557
Cathay United Bank	101,653	92,607	152,798	120,548
Cathay Securities	94,105	82,932	235,935	85,777
	<u>\$ 420,433</u>	<u>\$ 423,036</u>	<u>\$ 850,888</u>	<u>\$ 665,882</u>

Non-operating income was mainly generated from Cathay Life and its subsidiaries' integrated promotion activities.

n) Others

As of June 30, 2026, December 31, 2025 and June 30, 2025, the nominal amounts of the financial instruments transacted between Cathay Life and Cathay United Bank are summarized as follows (in thousands of each currency):

Name	June 30, 2026	December 31, 2025	June 30, 2025
SWAP	<u>US\$ 1,404,000</u>	<u>US\$ 2,064,000</u>	<u>US\$ 2,290,000</u>
Sell forward	<u>US\$ 100,000</u>	<u>US\$ 100,000</u>	<u>US\$ 2,100,000</u>
Buy forward	<u>US\$ -</u>	<u>US\$ 100,000</u>	<u>US\$ -</u>

2) Cathay United Bank and its subsidiaries

a) Deposits and interest expense

Name	June 30, 2026		December 31, 2025		June 30, 2025	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
The Company						
Cathay Financial Holdings	\$ 1,335,570	\$ 2,299	\$ 18,298	\$ 14,772	\$ 9,504,279	\$ 2,487
Subsidiary						
Cathay Life	98,908,826	262,686	75,510,969	499,167	104,010,880	210,702
Cathay Securities	10,512,230	37,587	6,081,311	50,097	6,624,911	21,905
Cathay Futures	8,255,523	63,029	7,230,651	63,151	4,244,751	14,779
Cathay Century	4,599,941	7,071	3,253,760	14,835	2,748,094	7,213
Cathay Life (Vietnam)	3,888,043	129,201	3,571,778	280,205	5,641,415	156,961
Lin Yuan	2,462,254	19,671	2,264,554	44,284	2,058,795	23,054
Cathay Industrial R&D Center	1,012,501	5,947	484,213	8,470	1,013,187	2,811
Cathay Securities Investment						
Trust	497,444	638	295,208	1,087	238,764	528
Cathay Insurance (Vietnam)	256,102	5,044	246,257	12,349	227,047	6,668
	<u>130,392,864</u>	<u>530,874</u>	<u>98,938,701</u>	<u>973,645</u>	<u>126,807,844</u>	<u>444,621</u>
	<u>\$ 131,728,434</u>	<u>\$ 533,173</u>	<u>\$ 98,956,999</u>	<u>\$ 988,417</u>	<u>\$ 136,312,123</u>	<u>\$ 447,108</u>

b) Derivative

June 30, 2026

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation Gain (Loss)	Balance Sheet Amount	
					Account	Balance
Cathay Life	Currency exchange (USD)	2025.08.14-2027.09.23	\$ 47,882,848	\$ 558,044	Valuation adjustment for financial assets at FVTPL	\$ 2,107,729
					Valuation adjustment for FVTPL financial liabilities	(908)
	Currency exchange (TWD)	2025.12.17-2026.04.01	-	(180)	Valuation adjustment for financial assets at FVTPL	-
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century	Currency exchange (USD)	2025.01.09-2027.05.24	2,260,427	28,277	Valuation adjustment for financial assets at FVTPL	100,668
					Valuation adjustment for FVTPL financial liabilities	-

December 31, 2025

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

June 30, 2025

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation (Loss) Gain	Balance Sheet Amount	
					Account	Balance
Cathay Life	Currency exchange (USD)	2024.07.05-2025.11.10	\$ 131,269,780	\$ (9,343,802)	Valuation adjustment for financial assets at FVTPL	\$ 200,510
					Valuation adjustment for FVTPL financial liabilities	(6,642,794)
Cathay Century	Currency exchange (USD)	2024.07.26-2026.05.22	2,478,876	(189,004)	Valuation adjustment for financial assets at FVTPL	-
					Valuation adjustment for FVTPL financial liabilities	(122,292)

The realized gains and losses from derivative financial instrument transactions entered into by Cathay United Bank with related parties were as follows:

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Life	\$ 77,145	\$ (2,055,951)	\$ 243,954	\$ (315,828)

c) Lease agreements

i. Acquisition of right-to-use assets

Name	For the Six Months Ended June 30	
	2026	2025
Subsidiary		
Cathay Life	\$ 110,185	\$ 670,631

Lease periods and collection of rentals are in compliance with the lease contracts. Lease periods are usually between 1 to 8 years and rentals are collected on a monthly basis.

ii. Lease liabilities

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	\$ 2,136,040	\$ 2,429,823	\$ 2,865,392

iii. Guarantee deposits paid

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	\$ 226,725	\$ 221,036	\$ 221,036

d) Others

Item/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Service fee revenue</u>				
Subsidiary				
Cathay Life	\$ 2,996,289	\$ 2,715,968	\$ 6,875,306	\$ 6,242,877
Cathay Securities	73,870	51,376	150,693	111,782
Cathay Century	72,753	59,586	145,881	129,416

(Continued)

Item/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>General expenses - others</u>				
Subsidiary				
Cathay Life	\$ 101,653	\$ 92,607	\$ 152,798	\$ 120,548
<u>Payment of insurance expenses</u>				
Subsidiary				
Cathay Century	65,318	52,203	134,760	109,690 (Concluded)
Item/Name	June 30, 2026	December 31, 2025	June 30, 2025	
<u>Receivables for insurance commission</u>				
Subsidiary				
Cathay Life	\$ 1,050,720	\$ 511,228	\$ 954,080	
<u>Guarantee deposits paid</u>				
Subsidiary				
Cathay Futures	556,469	773,791	752,700	
<u>Payables from integrated tax</u>				
The Company				
Cathay Financial Holdings	3,441,798	6,911,417	2,919,412	
<u>Dividends payable</u>				
The Company				
Cathay Financial Holdings	-	-	20,379,934	
<u>Interest payable</u>				
Subsidiary				
Cathay Life (Vietnam)	339,494	269,508	380,190	

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

3) Cathay Century and its subsidiaries

a) Business transactions

Item	Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2026	2025	2026	2025
Premium income	Subsidiary				
	Cathay Life	\$ 17,700	\$ 3,542	\$ 149,276	\$ 148,446
	Cathay United Bank	<u>61,095</u>	<u>52,203</u>	<u>138,687</u>	<u>109,690</u>
		<u>\$ 78,795</u>	<u>\$ 55,745</u>	<u>\$ 287,963</u>	<u>\$ 258,136</u>
Operating costs					
Marketing costs	Subsidiary				
	Cathay Life	<u>\$ 220,845</u>	<u>\$ 234,787</u>	<u>\$ 449,142</u>	<u>\$ 444,972</u>

b) Payables to related parties

Item	Name	June 30, 2026	December 31, 2025	June 30, 2025
Other payables	The Company			
	Cathay Financial	<u>\$ 457,975</u>	<u>\$ 674,433</u>	<u>\$ 1,779,521</u>
	Holdings (Note)			

Note: Including (a) income tax payable under the integrated income tax system, (b) remuneration of directors and supervisors, and (c) dividends payable.

c) Marketing expenses payable in connection with the sale of insurance contracts

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	<u>\$ 113,069</u>	<u>\$ 81,489</u>	<u>\$ 99,823</u>

d) Cash in bank

Item	Name	June 30, 2026	December 31, 2025	June 30, 2025
Checking deposits	Subsidiary			
and demand	Cathay United	\$ 4,579,783	\$ 3,233,602	\$ 2,727,984
deposits	Bank			
	Indovina Bank	40,577	45,354	34,400
Time deposits	Subsidiary			
	Cathay United	20,158	20,158	20,110
	Bank			
	Indovina Bank	<u>215,525</u>	<u>200,903</u>	<u>192,647</u>
		<u>\$ 4,856,043</u>	<u>\$ 3,500,017</u>	<u>\$ 2,975,141</u>

The above deposits included pledged time deposits placed with related parties (recorded as refundable deposits). As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts were \$27,563 thousand, \$27,471 thousand and \$27,123 thousand, respectively.

e) Balance of investments under discretionary mandate with related parties

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Securities Investment Trust	<u>\$ 3,208,082</u>	<u>\$ 1,983,303</u>	<u>\$ 1,757,341</u>

f) Lease agreements

Name	Lease Liabilities		
	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	<u>\$ 195,743</u>	<u>\$ 261,769</u>	<u>\$ 101,898</u>

g) SWAP contracts

The nominal amount of the derivative financial instruments between Cathay Century and its subsidiaries and related parties are listed below:

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	US\$ 71,000	US\$ 71,000	US\$ 82,900

4) Cathay Securities and its subsidiaries

a) Cash in bank

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	<u>\$ 11,172,242</u>	<u>\$ 6,253,695</u>	<u>\$ 6,787,160</u>

Cash in bank includes cash and cash equivalents, and cash and cash equivalents-receipts under custody from customers security subscription, pending settlement money, the special account divided into accounts to retain customer funds, restricted assets recorded under other current assets, and operating deposits recorded under other non-current assets. Restricted assets are the time deposits that were pledged as collateral.

b) Customer's margin accounts

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	<u>\$ 7,642,455</u>	<u>\$ 7,122,488</u>	<u>\$ 4,121,474</u>

c) Futures trader's equity

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	\$ 1,142,312	\$ 39,713	\$ 1,496,621
Cathay United Bank	<u>556,469</u>	<u>773,791</u>	<u>752,700</u>
	<u>\$ 1,698,781</u>	<u>\$ 813,504</u>	<u>\$ 2,249,321</u>

d) Other payables

Name	June 30, 2026	December 31, 2025	June 30, 2025
The Company			
Cathay Financial Holdings (Note)	<u>\$ 1,127,125</u>	<u>\$ 1,026,793</u>	<u>\$ 3,383,512</u>

Note: The payables consist of dividends payable and tax payable under the integrated income tax system.

e) Lease agreements

Name	Lease Liabilities		
	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	<u>\$ 149,776</u>	<u>\$ 162,946</u>	<u>\$ 207,564</u>

f) Brokerage service fee income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Life	<u>\$ 83,723</u>	<u>\$ 32,244</u>	<u>\$ 122,332</u>	<u>\$ 81,224</u>

g) Interest income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay United Bank	<u>\$ 57,290</u>	<u>\$ 24,696</u>	<u>\$ 101,406</u>	<u>\$ 37,276</u>

h) Other operating expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary				
Cathay Life	\$ 105,279	\$ 83,060	\$ 247,694	\$ 85,968
Cathay United Bank	<u>74,384</u>	<u>51,351</u>	<u>151,207</u>	<u>111,782</u>
	<u>\$ 179,663</u>	<u>\$ 134,411</u>	<u>\$ 398,901</u>	<u>\$ 197,750</u>

The aforementioned operating expenses mainly comprise joint marketing expenses and others.

5) Cathay Securities Investment Trust and its subsidiaries

a) Cash and cash equivalents

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	<u>\$ 390,110</u>	<u>\$ 204,407</u>	<u>\$ 181,052</u>

b) Refundable deposits

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay United Bank	<u>\$ 199,012</u>	<u>\$ 158,012</u>	<u>\$ 135,012</u>

c) Accounts payable

Name	June 30, 2026	December 31, 2025	June 30, 2025
The Company			
Cathay Financial Holdings (Note)	<u>\$ 313,132</u>	<u>\$ 716,257</u>	<u>\$ 2,551,922</u>

Note: The payables consist of dividends payable and tax payable under the integrated income tax system.

d) Balance of discretionary management investments

Name	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary			
Cathay Life	\$ 883,076,202	\$ 319,981,744	\$ 284,614,961
Cathay Century	<u>3,208,082</u>	<u>1,983,303</u>	<u>1,757,341</u>
	<u>\$ 886,284,284</u>	<u>\$ 321,965,047</u>	<u>\$ 286,372,302</u>

e) Management fee income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay Life	\$ 229,653	\$ 110,716	\$ 419,508	\$ 227,054

f) Operating expense

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Subsidiary Cathay Life	\$ 74,077	\$ 32,021	\$ 126,584	\$ 68,944

6) Cathay Venture

Payables

Name	June 30, 2026	December 31, 2025	June 30, 2025
The Company Cathay Financial Holdings	\$ 1,044	\$ 1,044	\$ 429,840
Subsidiary Cathay Life	\$ -	\$ -	\$ 142,932

33. PLEDGED ASSETS

The Group's assets pledged as collateral or with limited use are summarized below:

Item	Description	June 30, 2026	December 31, 2025	June 30, 2025
Demand deposits, time deposits and guarantee deposits paid	Capital guarantee, securities lending collateral transactions, overdraft guarantee for settlement accounts, collateral for lease of real estate, collateral for court guarantees, deposited, reimbursement account, performance bond, collateral for exemption from provisional execution, provisions for various business operations and collateral	\$ 18,902,803	\$ 38,942,009	\$ 38,271,914
Financial assets at FVTPL	Applied as futures trading margin	1,205,000	775,000	-
Debt instrument at amortized cost	Provisions for business and collateral	42,685,367	58,120,133	42,601,273
Investments accounted for using the equity method	Pledge of borrowings	11,973,133	12,203,743	3,841,430
Investment properties	Short-term loans	287,003	290,341	290,341
Property and equipment	Pledge of borrowings	8,777,198	9,060,784	8,843,858
		<u>\$ 83,830,504</u>	<u>\$ 119,392,010</u>	<u>\$ 93,848,816</u>

34. COMMITMENTS AND CONTINGENT LIABILITIES

- a. As of June 30, 2026, December 31, 2025 and June 30, 2025 Cathay United Bank and its subsidiaries had the following material commitments for entrusted items and guarantees:

	June 30, 2026	December 31, 2025	June 30, 2025
Trust and security held for safekeeping	\$ 1,818,199,025	\$ 1,422,685,858	\$ 1,317,437,129
Collection and payment on behalf of customers	31,443,994	30,427,567	32,793,359
Book-entry for government bonds and depository for short-term marketable securities under management	400,853,532	369,539,423	433,795,992
Entrusted financial management business	46,766,318	40,208,935	32,706,105
Guarantees on duties and contracts	23,278,603	20,246,251	18,679,093
Unused commercial letters of credit	12,753,389	8,699,676	6,997,886
Irrevocable loan commitments	197,097,169	192,765,267	182,692,967
Unused credit card line commitments	755,886,962	739,264,286	723,824,833
Underwritten securities	-	950,000	300,000
Financial guarantee contracts	1,569,465	1,841,603	1,612,909
Revolving issuance of commercial promissory notes and underwriting of purchase commitments	6,000,000	6,000,000	15,900,000

- b. As of June 30, 2026, the remaining capital commitments for the contracted private equity fund of Cathay Life was NT\$51,700 thousand, US\$3,275,054 thousand and EUR479,457 thousand.
- c. As of June 30, 2026, December 31, 2025 and June 30, 2025, Cathay Life has entered into irrevocable corporate finance and consumer lending loans. The amounts not yet disbursed were as follows:

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

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

35. FINANCIAL STATEMENTS OF CATHAY FINANCIAL HOLDING CO., LTD.

Cathay Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026	December 31, 2025 (Restated)	June 30, 2025 (Restated)	January 1, 2025 (Restated)	LIABILITIES AND EQUITY	June 30, 2026	December 31, 2025 (Restated)	June 30, 2025 (Restated)	January 1, 2025 (Restated)
CASH AND CASH EQUIVALENTS	\$ 39,412,025	\$ 7,524,687	\$ 27,010,635	\$ 7,536,527	COMMERCIAL PAPER PAYABLE, NET	\$ 76,220,000	\$ 69,140,000	\$ 89,440,000	\$ 75,097,555
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35,196,000	34,706,000	34,254,500	34,342,000	PAYABLES	56,210,322	1,419,579	55,530,214	13,826,199
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	269,148	284,638	232,948	229,331	CURRENT TAX LIABILITIES	40,815,185	23,162,768	37,080,148	5,945,882
RECEIVABLES, NET	32,623,465	10,962,731	52,271,636	7,846,814	BONDS PAYABLE	107,700,000	111,700,000	80,300,000	76,000,000
CURRENT TAX ASSETS	1,697,962	1,697,962	1,697,961	1,713,864	OTHER BORROWINGS	7,900,000	7,900,000	9,900,000	7,990,000
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,302,630,801	1,017,539,422	897,299,873	1,084,314,878	PROVISIONS	1,862,706	1,640,741	1,434,571	971,861
PROPERTY AND EQUIPMENT, NET	473,774	403,085	432,745	464,773	LEASE LIABILITIES	144,506	245,949	320,243	352,012
RIGHT-OF-USE ASSETS	141,217	242,568	317,629	351,045	DEFERRED TAX LIABILITIES	266,714	266,716	266,714	266,757
INTANGIBLE ASSETS	525	525	525	525	OTHER LIABILITIES	<u>174</u>	<u>48</u>	<u>69</u>	<u>14</u>
DEFERRED TAX ASSETS	1,892,693	1,892,711	1,878,414	1,881,272	Total liabilities	<u>291,119,607</u>	<u>215,475,801</u>	<u>274,271,959</u>	<u>180,450,280</u>
OTHER ASSETS	<u>690,234</u>	<u>745,025</u>	<u>856,240</u>	<u>361,889</u>	EQUITY				
					Share capital				
					Ordinary shares	146,692,102	146,692,102	146,692,102	146,692,102
					Preference shares	15,333,000	15,333,000	15,333,000	15,333,000
					Capital surplus	203,131,012	203,119,254	203,119,191	203,143,822
					Retained earnings				
					Legal reserve	100,401,396	89,275,069	89,275,069	78,018,683
					Special reserve	423,983,252	422,149,878	422,149,878	230,128,217
					Unappropriated earnings	310,749,544	174,945,637	(21,506,906)	296,249,683
					Other equity	<u>(76,382,069)</u>	<u>(190,991,387)</u>	<u>(113,081,187)</u>	<u>(10,972,869)</u>
					Total equity	<u>1,123,908,237</u>	<u>860,523,553</u>	<u>741,981,147</u>	<u>958,592,638</u>
TOTAL	<u>\$ 1,415,027,844</u>	<u>\$ 1,075,999,354</u>	<u>\$ 1,016,253,106</u>	<u>\$ 1,139,042,918</u>	TOTAL	<u>\$ 1,415,027,844</u>	<u>\$ 1,075,999,354</u>	<u>\$ 1,016,253,106</u>	<u>\$ 1,139,042,918</u>

Cathay Financial Holding Co., Ltd.

Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025 (Restated)	2026	2025 (Restated)
REVENUE				
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 46,989,669	\$ 13,719,375	\$ 79,070,736	\$ 27,665,880
Other operating income	<u>458,606</u>	<u>100,170</u>	<u>1,239,408</u>	<u>703,145</u>
Total revenue	<u>47,448,275</u>	<u>13,819,545</u>	<u>80,310,144</u>	<u>28,369,025</u>
EXPENSES AND LOSSES				
Share of loss of subsidiaries, associates and joint ventures accounted for using the equity method	-	(65,654,389)	-	(86,032,384)
Operating expenses	(846,134)	(742,010)	(1,766,294)	(1,400,366)
Other expenses and losses	<u>(757,019)</u>	<u>(726,191)</u>	<u>(1,474,606)</u>	<u>(1,333,070)</u>
Total expenses and losses	<u>(1,603,153)</u>	<u>(67,122,590)</u>	<u>(3,240,900)</u>	<u>(88,765,820)</u>
INCOME (LOSS) BEFORE TAX	45,845,122	(53,303,045)	77,069,244	(60,396,795)
INCOME TAX (EXPENSE) BENEFIT	<u>(1,168,625)</u>	<u>156,929</u>	<u>(798,936)</u>	<u>(47,040)</u>
NET INCOME (LOSS)	<u>44,676,497</u>	<u>(53,146,116)</u>	<u>76,270,308</u>	<u>(60,443,835)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Gain (loss) on equity instruments at fair value through other comprehensive income	10,843	511	(15,490)	3,617
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	261,023,054	(2,508,503)	304,793,908	(6,670,102)
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>62,464,449</u>	<u>(116,051,244)</u>	<u>123,177,391</u>	<u>(94,470,846)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>323,498,346</u>	<u>(118,559,236)</u>	<u>427,955,809</u>	<u>(101,137,331)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 368,174,843</u>	<u>\$ (171,705,352)</u>	<u>\$ 504,226,117</u>	<u>\$ (161,581,166)</u>
EARNINGS (LOSS) PER SHARE				
Basic earnings (loss) per share	<u>\$2.80</u>	<u>\$(3.87)</u>	<u>\$4.95</u>	<u>\$(4.37)</u>

Cathay Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Other Equity															
							Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Insurance Financial Income or Loss Recognized in Other Comprehensive	Reinsurance Contracts Financial Income or Loss Held Recognized in Other Comprehensive	Total Equity
	Share Capital			Retained Earnings												
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings										
BALANCE ON JANUARY 1, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,143,822	\$ 78,018,683	\$ 230,128,217	\$ 273,370,397	\$ (7,585,169)	\$ (13,142,474)	\$ (354,267)	\$ (420,102)	\$ 1,075,791	\$ 12,609,000	\$ (50,177,479)	\$ -	\$ -	\$ 888,691,521
Effect of the retrospective application of IFRS 17	-	-	-	-	-	22,879,286	-	4,632,438	-	-	-	-	50,177,479	(7,779,490)	(8,596)	69,901,117
BALANCE ON JANUARY 1, 2025 AS RESTATED	146,692,102	15,333,000	203,143,822	78,018,683	230,128,217	296,249,683	(7,585,169)	(8,510,036)	(354,267)	(420,102)	1,075,791	12,609,000	-	(7,779,490)	(8,596)	958,592,638
Appropriation of 2024 earnings																
Legal reserve	-	-	-	11,256,386	-	(11,256,386)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	192,021,661	(192,021,661)	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	-	(51,342,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,595,916)	-	-	-	-	-	-	-	-	-	(3,595,916)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	(16,311)	-	-	980	-	(980)	-	-	-	-	-	-	-	(16,311)
Changes in ownership interests in subsidiaries	-	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	-	(75,863)
Net loss for the six months ended June 30, 2025	-	-	-	-	-	(60,443,835)	-	-	-	-	-	-	-	-	-	(60,443,835)
Other comprehensive (loss) income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	(9,333,892)	6,722,143	1,038,382	296,929	1,273	-	-	(100,092,837)	230,671	(101,137,331)
Total comprehensive (loss) income for the six months ended June 30, 2025	-	-	-	-	-	(60,443,835)	(9,333,892)	6,722,143	1,038,382	296,929	1,273	-	-	(100,092,837)	230,671	(161,581,166)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	969,259	-	(969,259)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	748	-	-	-	-	-	(748)	-	-	-	-
BALANCE ON JUNE 30, 2025	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,119,191</u>	<u>\$ 89,275,069</u>	<u>\$ 422,149,878</u>	<u>\$ (21,506,906)</u>	<u>\$ (16,919,061)</u>	<u>\$ (2,758,132)</u>	<u>\$ 684,115</u>	<u>\$ (123,173)</u>	<u>\$ 1,077,064</u>	<u>\$ 12,608,252</u>	<u>\$ -</u>	<u>\$ (107,872,327)</u>	<u>\$ 222,075</u>	<u>\$ 741,981,147</u>
BALANCE ON DECEMBER 31, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,119,254	\$ 89,275,069	\$ 422,149,878	\$ 174,945,637	\$ (10,366,455)	\$ 4,711,577	\$ (1,596,964)	\$ (182,974)	\$ 1,646,315	\$ 12,608,252	\$ -	\$ (198,290,162)	\$ 479,024	\$ 860,523,553
Effect of redesignation of financial assets	-	-	-	-	-	39,770,342	-	(223,879,919)	-	-	-	-	-	(82,000)	-	(184,191,577)
Provision of special reserve pursuant to Rule No. 11504111391 from the subsidiary	-	-	-	-	-	(1,614,091)	-	-	-	-	-	-	-	-	-	(1,614,091)
BALANCE ON JANUARY 1, 2026	146,692,102	15,333,000	203,119,254	89,275,069	422,149,878	213,101,888	(10,366,455)	(219,168,342)	(1,596,964)	(182,974)	1,646,315	12,608,252	-	(198,372,162)	479,024	674,717,885
Appropriation of 2025 earnings																
Legal reserve	-	-	-	11,126,327	-	(11,126,327)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,833,374	(1,833,374)	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(51,342,235)	-	-	-	-	-	-	-	-	-	(51,342,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,701,376)	-	-	-	-	-	-	-	-	-	(3,701,376)
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	11,758	-	-	(4,918)	-	4,918	-	-	-	-	-	-	-	11,758
Changes in ownership interests in subsidiaries	-	-	-	-	-	(3,912)	-	-	-	-	-	-	-	-	-	(3,912)
Net income for the six months ended June 30, 2026	-	-	-	-	-	76,270,308	-	-	-	-	-	-	-	-	-	76,270,308
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	910,269	277,741,388	(123,925)	91,928	6,624	-	-	149,675,332	(345,807)	427,955,809
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	76,270,308	910,269	277,741,388	(123,925)	91,928	6,624	-	-	149,675,332	(345,807)	504,226,117
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	89,355,047	-	(89,355,047)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	34,443	-	-	-	-	-	(34,443)	-	-	-	-
BALANCE ON JUNE 30, 2026	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,131,012</u>	<u>\$ 100,401,396</u>	<u>\$ 423,983,252</u>	<u>\$ 310,749,544</u>	<u>\$ (9,456,186)</u>	<u>\$ (30,777,083)</u>	<u>\$ (1,720,889)</u>	<u>\$ (91,046)</u>	<u>\$ 1,652,939</u>	<u>\$ 12,573,809</u>	<u>\$ -</u>	<u>\$ (48,696,830)</u>	<u>\$ 133,217</u>	<u>\$ 1,123,908,237</u>

Cathay Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 77,069,244	\$(60,396,795)
Adjustments for:		
Depreciation expense	155,239	148,949
(Gain) loss on financial assets at fair value through profit or loss	(490,000)	87,500
Interest income	(692,979)	(665,571)
Interest expense	1,445,101	1,199,474
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using the equity method	(79,070,736)	58,366,504
Changes in operating assets and liabilities		
Receivables	14,680	13,800
Other assets	(3,448)	(1,799)
Payables	(188,712)	(317,638)
Provisions	(5,034)	(1,023)
Other liabilities	126	55
Cash used in operations	(1,766,519)	(1,566,544)
Interest received	64,839	77,182
Interest paid	(1,513,599)	(1,541,298)
Income tax refund	<u>1,033,223</u>	<u>2,124,777</u>
Net cash used in operating activities	<u>(2,182,056)</u>	<u>(905,883)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(60,208)	(15,438)
Disposal of property and equipment	42	-
Increase in other assets	-	(57,180)
Dividend received	<u>31,152,835</u>	<u>-</u>
Net cash flows generated from (used in) investing activities	<u>31,092,669</u>	<u>(72,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	7,080,000	14,342,446
Increase in other borrowings	-	1,910,000
Repayments of the principal portion of lease liabilities	(103,275)	(99,837)
Issuance of corporate bonds	-	6,200,000
Repayments of corporate bonds	<u>(4,000,000)</u>	<u>(1,900,000)</u>
Net cash generated from financing activities	<u>2,976,725</u>	<u>20,452,609</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,887,338	19,474,108
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,524,687</u>	<u>7,536,527</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>\$ 39,412,025</u></u>	<u><u>\$ 27,010,635</u></u>

36. INFORMATION OF THE COMPANY'S SUBSIDIARIES

a. Condensed balance sheets and condensed statements of comprehensive income

Cathay Life Insurance Co., Ltd.

Condensed Balance Sheets (In Thousands of New Taiwan Dollars)

Assets	June 30	
	2026	2025 (Restated)
Cash and cash equivalents	\$ 262,987,779	\$ 449,799,327
Receivables	77,078,035	59,026,773
Financial assets at fair value through profit or loss	475,724,785	1,485,345,274
Financial assets at fair value through other comprehensive income	3,517,900,272	647,546,491
Financial assets at amortized cost	2,623,055,598	3,879,345,974
Financial assets for hedging	-	5,757,657
Investments accounted for using the equity method	181,098,603	135,356,361
Other financial assets, net	5,998,311	-
Investment property	546,891,942	525,742,024
Loans	287,520,655	257,266,389
Insurance assets	606,719	834,738
Reinsurance assets	31,345,587	31,821,993
Property and equipment	29,458,022	28,942,824
Right-of-use assets	538,034	563,652
Intangible assets	19,575,657	21,384,050
Deferred tax assets	119,708,163	131,778,121
Other assets	63,541,211	64,344,867
Separate account insurance product assets	989,852,459	740,870,925
Total	<u>\$ 9,232,881,832</u>	<u>\$ 8,465,727,440</u>
Liabilities		
Payables	\$ 48,130,782	\$ 30,080,273
Current tax liabilities	74,716	74,716
Financial liabilities at fair value through profit or loss	673,251,550	483,392,866
Financial liabilities for hedging	2,094,441	638,561
Bonds payable	164,947,025	164,318,150
Insurance liabilities	7,041,769,723	6,890,260,101
Reinsurance contract liabilities	8,728,798	8,883,014
Provisions	-	56,245
Lease liabilities	13,718,060	13,750,787
Deferred tax liabilities	47,642,657	89,607,158
Other liabilities	273,849,426	187,132,595
Total liabilities	<u>8,274,207,178</u>	<u>7,868,194,466</u>
Equity		
Share capital	63,515,274	63,515,274
Capital surplus	91,925,862	91,914,041
Retained earnings	902,586,919	560,348,443
Other equity	(99,353,401)	(118,244,784)
Total equity	<u>958,674,654</u>	<u>597,532,974</u>
Total	<u>\$ 9,232,881,832</u>	<u>\$ 8,465,727,440</u>

Cathay Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

	For the Six Months Ended	
	June 30	
	2026	2025 (Restated)
Insurance service results	\$ 22,241,172	\$ 13,888,518
Finance results	38,831,756	(138,640,673)
Other operating results	<u>(9,728,070)</u>	<u>38,206,297</u>
Operating income (loss)	51,344,858	(86,545,858)
Non-operating income and expenses	<u>640,639</u>	<u>1,144,650</u>
Profit (loss) before income tax	51,985,497	(85,401,208)
Income tax (expense) benefit	<u>(5,825,630)</u>	<u>532,532</u>
Net income (loss)	46,159,867	(84,868,676)
Other comprehensive income (loss)	<u>413,001,088</u>	<u>(95,430,252)</u>
 Total comprehensive income (loss)	 <u>\$ 459,160,955</u>	 <u>\$(180,298,928)</u>
 Basic earnings (loss) per share	 <u>\$7.27</u>	 <u>\$(13.36)</u>

Cathay Century Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	June 30	
Assets	2026	2025 (Restated)
Cash and cash equivalents	\$ 12,624,910	\$ 13,978,475
Receivables	1,148,546	701,404
Financial assets at fair value through profit or loss	3,131,311	12,531,593
Financial assets at fair value through other comprehensive income	18,407,294	656,816
Financial assets at amortized cost	12,086,939	9,693,541
Investments accounted for using the equity method, net	3,420,870	2,945,199
Loans	63,358	82,242
Insurance assets	6,034	4,224
Reinsurance assets	18,888,085	14,546,065
Property and equipment	242,152	400,830
Right-of-use assets	234,855	139,222
Intangible assets	96,734	72,851
Deferred tax assets	4,203,514	4,498,557
Other assets	<u>497,105</u>	<u>524,574</u>
Total	<u>\$ 75,051,707</u>	<u>\$ 60,775,593</u>
 Liabilities		
Payables	\$ 1,660,518	\$ 2,648,315
Financial liabilities at fair value through profit or loss	274,724	-
Lease liabilities	236,063	138,796
Insurance contract liabilities	41,203,644	34,854,123
Reinsurance contract liabilities	-	44,229
Provisions	283,106	298,535
Deferred tax liabilities	409,469	777,834
Other liabilities	<u>6,016,001</u>	<u>3,613,345</u>
Total liabilities	<u>50,083,525</u>	<u>42,375,177</u>
 Equity		
Share capital	2,000,000	2,000,000
Capital surplus	7,861,133	7,861,133
Retained earnings	11,242,705	9,173,609
Other equity	<u>3,864,344</u>	<u>(634,326)</u>
Total equity	<u>24,968,182</u>	<u>18,400,416</u>
Total	<u>\$ 75,051,707</u>	<u>\$ 60,775,593</u>

Cathay Century Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended	
	June 30	
	2026	2025 (Restated)
Insurance service results	\$ 2,599,870	\$ 1,982,427
Finance results	840,743	(376,735)
Other operating results	<u>(561,966)</u>	<u>(689,751)</u>
Operating income	2,878,647	915,941
Non-operating income and expenses	<u>(2,554)</u>	<u>(2,452)</u>
Profit before income tax	2,876,093	913,489
Income tax expense	<u>(502,823)</u>	<u>(312,105)</u>
Net income	2,373,270	601,384
Other comprehensive income (loss)	<u>4,891,931</u>	<u>(259,237)</u>
 Total comprehensive income	 <u>\$ 7,265,201</u>	 <u>\$ 342,147</u>
 Basic earnings per share	 <u>\$11.87</u>	 <u>\$3.01</u>

Cathay United Bank Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	June 30	
	2026	2025
Cash and cash equivalents	\$ 73,047,972	\$ 70,672,105
Due from the Central Bank and call loans to banks	349,737,496	420,366,834
Financial assets at fair value through profit or loss	350,319,643	296,338,628
Financial assets at fair value through other comprehensive income	408,715,281	330,763,870
Debt instruments at amortized cost	698,444,848	735,128,515
Notes and bonds purchased under resale agreements	37,500,339	19,013,643
Receivables	194,745,532	127,865,135
Current tax assets	11,658	440
Loans	3,011,919,097	2,643,913,072
Investments accounted for using the equity method	29,982,933	26,980,516
Other financial assets	900,421	150,226
Property and equipment	24,842,218	24,079,390
Right-of-use assets	6,318,200	5,821,924
Investment property	2,329,150	2,238,150
Intangible assets	8,056,790	7,934,004
Deferred tax assets	4,150,557	3,997,617
Other assets	<u>36,324,065</u>	<u>30,304,979</u>
Total	<u>\$ 5,237,346,200</u>	<u>\$ 4,745,569,048</u>
Liabilities		
Deposits from the Central Bank and banks	\$ 110,808,810	\$ 75,521,747
Financial liabilities at fair value through profit or loss	99,336,990	130,063,562
Notes and bonds under repurchase agreements	9,273,418	19,394,859
Payables	52,997,607	157,046,274
Current tax liabilities	162,581	103,668
Deposits and remittances	4,548,754,417	3,968,031,215
Financial debentures payable	18,600,000	18,600,000
Other financial liabilities	37,795,362	36,915,730
Provisions	3,556,672	3,483,475
Lease liabilities	6,527,884	5,905,147
Deferred tax liabilities	2,277,320	2,081,904
Other liabilities	<u>14,156,565</u>	<u>33,682,587</u>
Total liabilities	<u>4,904,247,626</u>	<u>4,450,830,168</u>
Equity		
Share capital	137,626,154	120,113,139
Reserve for capitalization	-	8,107,831
Capital surplus	38,869,080	38,869,080
Retained earnings	149,193,390	133,674,914
Other equity	<u>7,409,950</u>	<u>(6,026,084)</u>
Total equity	<u>333,098,574</u>	<u>294,738,880</u>
Total	<u>\$ 5,237,346,200</u>	<u>\$ 4,745,569,048</u>

Cathay United Bank Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2026	2025
Interest income	\$ 63,429,826	\$ 57,646,589
Interest expense	<u>(27,270,444)</u>	<u>(26,150,476)</u>
Net interest income	36,159,382	31,496,113
Net income and gains other than interest income	<u>27,657,944</u>	<u>24,779,981</u>
Profit from operations	63,817,326	56,276,094
Provision for bad debt, commitments and guarantee reserve	(3,530,024)	(2,317,460)
Operating expenses	<u>(28,024,327)</u>	<u>(25,986,651)</u>
Profit before income tax	32,262,975	27,971,983
Income tax expense	<u>(5,469,000)</u>	<u>(4,817,000)</u>
Net income	26,793,975	23,154,983
Other comprehensive income (loss)	<u>9,299,765</u>	<u>(3,425,773)</u>
Total comprehensive income	<u>\$ 36,093,740</u>	<u>\$ 19,729,210</u>
Basic earnings per share	<u>\$1.95</u>	<u>\$1.68</u>

Cathay Securities Corporation
Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	June 30	
Assets	2026	2025
Current assets	\$ 157,569,809	\$ 64,432,405
Financial assets at fair value through other comprehensive income - non-current	426	487
Investments accounted for using the equity method	4,034,371	3,425,804
Property and equipment	557,718	379,204
Right-of-use assets	227,049	286,924
Intangible assets	110,268	74,248
Deferred tax assets	9,167	45,887
Other non-current assets	<u>1,857,969</u>	<u>1,221,625</u>
Total	<u>\$ 164,366,777</u>	<u>\$ 69,866,584</u>
 Liabilities		
Current liabilities	\$ 135,903,985	\$ 53,468,685
Financial liabilities at fair value through profit or loss - non-current	7,547,773	-
Lease liabilities - non-current	108,367	175,816
Deferred tax liabilities	41,562	34,376
Other non-current liabilities	<u>35,088</u>	<u>35,892</u>
Total liabilities	<u>143,636,775</u>	<u>53,714,769</u>
 Equity		
Share capital	7,700,000	7,700,000
Capital surplus	914,810	914,810
Retained earnings	11,088,594	6,360,341
Other equity	<u>1,026,598</u>	<u>1,176,664</u>
Total equity	<u>20,730,002</u>	<u>16,151,815</u>
Total	<u>\$ 164,366,777</u>	<u>\$ 69,866,584</u>

Cathay Securities Corporation

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2026	2025
Revenues	\$ 11,466,171	\$ 5,140,581
Operating costs and expenses	(6,093,642)	(3,275,692)
Operating income	5,372,529	1,864,889
Non-operating income	<u>279,283</u>	<u>270,244</u>
Profit before income tax	5,651,812	2,135,133
Income tax expense	<u>(1,240,292)</u>	<u>(357,337)</u>
Net income	4,411,520	1,777,796
Other comprehensive income (loss)	<u>743,691</u>	<u>(2,001,337)</u>
Total comprehensive income (loss)	<u>\$ 5,155,211</u>	<u>\$ (223,541)</u>
Basic earnings per share	<u>\$5.73</u>	<u>\$2.31</u>

Cathay Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	June 30	
Assets	2026	2025
Current assets	\$ 4,831,314	\$ 6,466,686
Financial assets at fair value through other comprehensive income - non-current	21,986	18,149
Investments accounted for using the equity method	193,776	242,566
Property and equipment	115,561	82,921
Right-of-use assets	35,082	54,926
Intangible assets	85,431	97,849
Deferred tax assets	20,126	20,261
Guarantee deposits paid	491,467	389,798
Other non-current assets	<u>31,029</u>	<u>49,014</u>
Total	<u>\$ 5,825,772</u>	<u>\$ 7,422,170</u>
 Liabilities		
Current liabilities	\$ 1,058,652	\$ 3,113,335
Non-current liabilities	<u>77,519</u>	<u>117,823</u>
Total liabilities	<u>1,136,171</u>	<u>3,231,158</u>
 Equity		
Share capital	1,500,000	1,500,000
Capital surplus	23,169	23,169
Retained earnings	3,243,329	2,754,838
Other equity	<u>(76,897)</u>	<u>(86,995)</u>
Total equity	<u>4,689,601</u>	<u>4,191,012</u>
Total	<u>\$ 5,825,772</u>	<u>\$ 7,422,170</u>

Cathay Securities Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2026	2025
Operating revenue	\$ 4,211,250	\$ 3,056,597
Operating expenses	<u>(1,690,147)</u>	<u>(1,329,247)</u>
Operating profit	2,521,103	1,727,350
Non-operating income and expenses	<u>(461,804)</u>	<u>(64,168)</u>
Profit before income tax	2,059,299	1,663,182
Income tax expense	<u>(405,286)</u>	<u>(355,682)</u>
Net income	1,654,013	1,307,500
Other comprehensive income (loss)	<u>4,404</u>	<u>(8,478)</u>
Total comprehensive income	<u>\$ 1,658,417</u>	<u>\$ 1,299,022</u>
Basic earnings per share	<u>\$11.03</u>	<u>\$8.72</u>

Cathay Venture Inc.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	June 30	
Assets	2026	2025
Current assets	\$ 321,072	\$ 896,631
Financial assets at fair value through profit or loss - non-current	8,002,181	5,992,673
Financial assets at fair value through other comprehensive income - non-current	437,758	461,522
Investments accounted for using the equity method	-	251,989
Property and equipment	2,299	1,609
Right-of-use assets	20,992	4,327
Deferred tax assets	311,840	254,714
Other non-current assets	<u>21,489</u>	<u>2,085</u>
Total	<u>\$ 9,117,631</u>	<u>\$ 7,865,550</u>
 Liabilities		
Current liabilities	\$ 74,665	\$ 621,646
Non-current liabilities	<u>17,431</u>	<u>5,690</u>
Total liabilities	<u>92,096</u>	<u>627,336</u>
 Equity		
Share capital	6,087,212	5,181,730
Capital surplus	576,952	576,952
Retained earnings	2,337,763	1,465,135
Other equity	<u>23,608</u>	<u>14,397</u>
Total equity	<u>9,025,535</u>	<u>7,238,214</u>
Total	<u>\$ 9,117,631</u>	<u>\$ 7,865,550</u>

Cathay Venture Inc.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30	
	2026	2025
Operating revenue	\$ 1,781,859	\$ 1,047,995
Operating costs	(24,085)	(22,365)
Operating expenses	(10,216)	(9,605)
Non-operating income and expenses	(819)	9,748
Profit before income tax	1,746,739	1,025,773
Income tax (expense) benefit	(14,116)	23,720
Net income	1,732,623	1,049,493
Other comprehensive income (loss)	40,562	(21,163)
Total comprehensive income	<u>\$ 1,773,185</u>	<u>\$ 1,028,330</u>
Basic earnings per share	<u>\$2.85</u>	<u>\$1.72</u>

- b. The profitability of the Company, the Group and its insurance subsidiaries, banking subsidiaries and securities subsidiaries.

For the six months ended June 30, 2026

Unit: %

	Return on Assets		Return on Equity		Net Income
	Before Tax	After Tax	Before Tax	After Tax	Ratio
The Group	0.63	0.53	10.05	8.45	47.56
The Company	6.69	6.62	8.57	8.48	96.75
Cathay Life	0.58	0.51	7.11	6.31	60.58
Cathay Century	3.92	3.23	12.79	10.55	11.73
Cathay United Bank	0.63	0.53	9.88	8.21	41.99
Cathay Securities	4.22	3.29	28.65	22.36	38.47

For the six months ended June 30, 2025

Unit: %

	Return on Assets		Return on Equity		Net Income
	Before Tax	After Tax	Before Tax	After Tax	Ratio
The Group (Note 2)	(0.39)	(0.43)	(6.18)	(6.86)	-
The Company (Note 2)	(5.60)	(5.61)	(7.10)	(7.11)	-
Cathay Life (Note 2)	(0.99)	(0.99)	(12.42)	(12.34)	-
Cathay Century (Note 2)	1.53	1.01	4.82	3.17	3.15
Cathay United Bank	0.61	0.51	9.48	7.85	41.15
Cathay Securities	2.83	2.36	12.04	10.02	34.58

Note 1: Net income ratio = Net income/Net revenue.

Note 2: After retrospective application

37. BUSINESS OR TRADING ACTIVITIES WITHIN SUBSIDIARIES

a. Integration of business activities

In order to improve the Group's competitiveness and enhance its operation synergy, the Company integrates various services, such as banking, insurance, and securities, and builds up a full-functioning financial platform; with over 700 operating locations all over Taiwan and about 25,000 professional salespersons, the Company provides comprehensive financial planning and one-stop shopping services to its clients.

b. Cross utilization of information

To provide diversified financial commodities and services to clients, the Company has referred to the Financial Holding Company Act, Personal Data Protection Act, Regulations for Co-selling Activities among Subsidiaries of Financial Holding Company, Self-discipline Standards for Financial Holding Company and its Subsidiaries and other related regulations issued by the FSC, to stipulate the Regulations for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, contracts for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, Non-disclosure Agreement of Business Information and Customers' Personal Data among Subsidiary of Cathay Financial Holdings, Joint Statement for Security Measures of Cathay Financial Holdings and its Subsidiaries, Operation Rules of Cathay Financial Holdings Strategies Communication and Marketing Division for Monitoring Subsidiaries' Selling Activities, and Guidelines of Cathay Financial Holdings' Data Storage Management, Cathay Financial Holdings and Subsidiary Data Sharing Management Policy and the Adoption of Management Measures for Data Sharing among its Subsidiaries by providing customers with exit mechanism, the Company strives to cross-utilize clients' personal data under a legal and safe environment and provide comprehensive and integrated financial commodities and services to clients.

c. Joint business facilities and locations

In order to achieve the target of providing comprehensive financial services through one-stop shopping, the Group keep on expanding the co-selling of products across subsidiaries to the extent allowed by laws and regulations.

- 1) Aside from the insurance agency business and life insurance product promotion, Cathay United Bank has engaged in co-selling activities for securities and property insurance businesses across all branches.
- 2) Cathay Life is engaged in co-selling activities for banking and property insurance businesses across all business locations.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among the Company's subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

38. SEGMENT INFORMATION

a. General information on operating segments

The Group separated operating segments based on the nature of business and classified them into five reportable segments for management purposes:

- 1) Banking operating segment: The banking operating segment is engaged in permitted businesses of commercial banks provided by the Banking Act of the Republic of China, foreign exchange business, guarantee business, advisory service of foreign currency investments, trust business, offshore banking units and other financial business of investments from returning expatriates.
- 2) Life insurance operating segment: The life insurance operating segment is engaged in traditional insurance, investment-linked insurance and interest-sensitive sales of annuity insurance and providing financial planning services and policy loan services.
- 3) Property insurance operating segment: The property insurance operating segment is engaged in fire insurance, marine insurance, land and air insurance, liability insurance, financial guarantee insurance, reinsurance and other insurance.
- 4) Securities operating segment: The securities operating segment is engaged in brokerage, dealership, and underwriting business and is dedicated to capabilities of research, development and design to provide securities financial services with a variety of new financial products.
- 5) Other operating segment: Such segment includes assets, liabilities, revenue and expenditures which cannot be directly attributable to or reasonably allocated to certain operating segments.

To determine allocation of resources and performance measure, the management monitors results of each operating segment. The performance of each operating segment is evaluated based on operating profit or loss. The accounting policies for each operating segment are the same as those stated in Note 4 the summary of material accounting policy information.

b. Information of reporting segment income was as follows:

For the three months ended June 30, 2026

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division and Adjustments Write-offs	Total
Net interest income (loss)	\$ 19,609,548	\$ 60,380,590	\$ 255,506	\$ 513,116	\$ (406,591)	\$ 80,352,169
Net income and gains (loss) other than interest income	14,189,065	(13,278,522)	1,729,478	6,090,517	(747,683)	7,982,855
Profit (loss) from operations	33,798,613	47,102,068	1,984,984	6,603,633	(1,154,274)	88,335,024
Provision for bad debt, commitments and guarantee reserve	(1,773,627)	(165,321)	-	(2,772)	180	(1,941,540)
Insurance other operating costs	-	(11,715,949)	(75,824)	-	-	(11,791,773)
Operating expenses	(15,249,461)	(3,263,684)	(318,152)	(2,972,754)	(164,687)	(21,968,738)
Profit (loss) before income taxes	16,775,525	31,957,114	1,591,008	3,628,107	(1,318,781)	52,632,973
Income tax expense	(2,986,116)	(2,384,949)	(275,226)	(757,094)	(1,369,374)	(7,772,759)
Net income (loss)	13,789,409	29,572,165	1,315,782	2,871,013	(2,688,155)	44,860,214

For the three months ended June 30, 2025

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division and Adjustments Write-offs	Total
Net interest income (loss)	\$ 16,960,835	\$ 47,378,356	\$ 237,872	\$ 216,313	\$ (747,086)	\$ 64,046,290
Net income and gains (loss) other than interest income	11,418,502	(159,683,193)	717,265	2,349,460	(2,141,592)	(147,339,558)
Profit (loss) from operations	28,379,337	(112,304,837)	955,137	2,565,773	(2,888,678)	(83,293,268)
Provision for bad debt, commitments and guarantee reserve	(987,736)	(78,159)	16,247	(870)	-	(1,050,518)
Insurance other operating revenues (costs)	-	45,810,663	(37,928)	-	-	45,772,735
Operating expenses	(13,771,803)	(3,515,024)	(317,883)	(1,429,788)	292,905	(18,741,593)
Profit (loss) before income taxes	13,619,798	(70,087,357)	615,573	1,135,115	(2,595,773)	(57,312,644)
Income tax (expense) benefits	(2,419,027)	7,058,610	(147,948)	(185,701)	377,496	4,683,430
Net income (loss)	11,200,771	(63,028,747)	467,625	949,414	(2,218,277)	(52,629,214)

For the six months ended June 30, 2026

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division and Adjustments Write-offs	Total
Net interest income (loss)	\$ 37,893,788	\$ 118,581,522	\$ 486,013	\$ 674,003	\$ (867,669)	\$ 156,767,657
Net income and gains (loss) other than interest income	27,781,631	(33,745,066)	3,052,064	9,739,632	(2,722,841)	4,105,420
Profit (loss) from operations	65,675,419	84,836,456	3,538,077	10,413,635	(3,590,510)	160,873,077
Provision for bad debt, commitments and guarantee reserve	(3,755,221)	(323,846)	-	(6,880)	180	(4,085,767)
Insurance other operating costs	-	(25,101,740)	(56,724)	-	-	(25,158,464)
Operating expenses	(29,322,060)	(5,852,937)	(603,258)	(4,761,645)	(64,235)	(40,604,135)
Profit (loss) before income taxes	32,598,138	53,557,933	2,878,095	5,645,110	(3,654,565)	91,024,711
Income tax expense	(5,612,099)	(6,055,641)	(504,825)	(1,240,292)	(1,095,708)	(14,508,565)
Net income (loss)	26,986,039	47,502,292	2,373,270	4,404,818	(4,750,273)	76,516,146

For the six months ended June 30, 2025

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division and Adjustments Write-offs	Total
Net interest income (loss)	\$ 33,149,443	\$ 96,969,825	\$ 466,281	\$ 443,975	\$ (999,377)	\$ 130,030,147
Net income and gains (loss) other than interest income	24,775,372	(202,830,246)	1,103,671	4,479,538	(5,098,959)	(177,570,624)
Profit (loss) from operations	57,924,815	(105,860,421)	1,569,952	4,923,513	(6,098,336)	(47,540,477)
Provision for bad debt, commitments and guarantee reserve	(2,308,471)	(94,548)	-	(850)	-	(2,403,869)
Insurance other operating revenues (costs)	-	34,053,443	(64,340)	-	-	33,989,103
Operating expenses	(27,228,115)	(7,476,080)	(591,702)	(2,686,313)	718,913	(37,263,297)
Profit (loss) before income taxes	28,388,229	(79,377,606)	913,910	2,236,350	(5,379,423)	(53,218,540)
Income tax (expense) benefit	(5,009,239)	(357,509)	(312,526)	(357,337)	115,437	(5,921,174)
Net income (loss)	23,378,990	(79,735,115)	601,384	1,879,013	(5,263,986)	(59,139,714)

39. RISK MANAGEMENT FOR INSURANCE CONTRACTS AND FINANCIAL INSTRUMENTS

a. Cathay Life and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Objectives of risk management

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

b) Framework, organizational structure and responsibilities of risk management

i. The board of directors

- i) The board of directors should establish appropriate risk management framework and culture, ratify appropriate risk management policy and review it regularly and allocate resources in the most effective manner.
- ii) The board of directors and senior management should consistently promote, execute risk management and keep the consistency of the operational objectives of Cathay Life as well as operational strategies and operations management.
- iii) The board of directors should review the risk appetite on a yearly basis and make adjustments as deemed appropriate.
- iv) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
- v) The board of directors should delegate authority to risk management department to deal with violation to risk limits by other departments.

ii. Risk management committee

- i) The committee should propose the risk management policies, framework and organizational functions and establish quantitative and qualitative risk management standards. The committee is also responsible for reporting on the implementing of risk management to the board of directors regularly and making necessary suggestions for improvement.
- ii) The committee should execute the risk management policies set by the board of directors and review the development, build-up and performance of overall risk management mechanisms regularly.
- iii) The committee should assist and monitor the risk management activities.
- iv) The committee should assist in reviewing the formulation of risk limits development process.
- v) The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- vi) The committee should coordinate cross-department interaction and communication.

iii. Chief risk officer

- i) The chief risk officer should maintain independence. Besides a position directly related to risk management and without conflict of interest, the chief risk officer should not hold a position in any profit center of Cathay Life.
- ii) The chief risk officer should be able to access any business information which may have an impact on risk overview of Cathay Life.
- iii) The chief risk officer should be in charge of overall risk management of Cathay Life.
- iv) The chief risk officer should participate in Cathay Life's important decision-making process and, as appropriate, provide opinions from a risk management perspective.

iv. Risk management department

- i) The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently of business units.
- ii) The department should perform the following functions with regard to different business activities:
 - Propose and execute the risk management policies set by the board of directors.
 - Propose the risk limits based on risk appetite.
 - Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.
 - Regularly present risk management reports.
 - Regularly review the risk limits and utilization status of each business unit and as authorized by the board of directors, handle any violations of risk limits by the business units.
 - Assist in executing stress testing.
 - Execute back testing if necessary.
 - Other risk management related issues.

v. Business units

- i) Each business unit should assign a risk management coordinator to assist in execution of the risk management of each business unit.
- ii) The duties of the risk management include the following:
 - Identify and measure risks and report risk exposures and potential impacts on time.
 - Regularly review the risks and their limits and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.
 - Assist to develop the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.

- Ensure that internal control procedures are executed effectively to comply with applicable regulations and the risk management policies.
- Assist in collecting data related to operational risk.
- Manager of a business unit is responsible for daily risk management and risk reporting of the unit, and for taking necessary actions.
- Manager of a business unit should supervise the unit to submit risk management information regularly to the risk management department.

vi. Audit department

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

vii. Subsidiaries

Each subsidiary's risk management department or related unit should develop risk management policies based on the nature of its business and needs and submit periodic risk management reports to Cathay Life's risk management committee for future reference.

c) Range and nature of risk assessment or risk reporting

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

i. Market risk

Market risk is the risk of adverse effects on Cathay Life arising from the changes in market prices of financial instruments. Cathay Life adopts measurement method for market risk based on VaR and reviews regularly. In addition, Cathay Life performs back testing to ensure the accuracy of the market risk model regularly. Furthermore, Cathay Life applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly. In response to the implementation of foreign exchange valuation reserve, Cathay Life determines the ceiling of foreign exchange risk, implements warning system and monitors foreign exchange risk regularly.

ii. Credit risk

Credit risk is the risk of adverse effect on Cathay Life's rights due to the counterparty or debtor failing to perform contractual obligations. Cathay Life applies credit rating, credit concentration or VaR for credit risk as measurement indicators which are reviewed regularly. Furthermore, Cathay Life applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly.

iii. Country risk

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

iv. Liquidity risk

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

v. Operational risk

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

vi. Insurance risk

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

vii. Asset and liability matching risk

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

viii. Capital adequacy

Cathay Life regards RBC ratio and equity ratio as a management indicator for capital adequacy. The RBC ratio is the total capital of Cathay Life divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The equity ratio is Cathay Life's equity divided by the total assets excluding the total assets recorded in separate accounts assets for unit-linked products. The RBC ratio and equity ratio shall be calculated on the basis of the entity's separate financial statements.

ix. Risk of information security

The risk of information security management refers to the damage resulted from confidentiality, completeness and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking information assets. Cathay Life has an information security management policy to reduce the impact of information security incidents damage, and regularly reports to the board of directors on the overall implementation of information security and the trend of information security risks.

x. Risk of personal data

The risk of personal data management refers to the damage caused by stealing, tampering, damaging, losing or leaking personal data. Cathay Life has a personal data management policy in place to reduce the impact of information security incidents and personal data damage.

xi. Emerging risks

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

xii. ESG risks

ESG risks include environmental (climate and nature issues), social and corporate governance risks. Climate and nature-related risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate and natural environment changes, including transition risk (a wide range of risks resulting from the trend of low-carbon economy or increased focus on nature sustainability, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to imminent extreme weather events and long-term climate pattern change or degradation of natural systems). To address ESG risks, Cathay Life has developed related risk indicators, conducts risk monitoring, scenario analysis or stress testing, and prepares corresponding risk management reports on a regular basis.

xiii. Reputation risk

Reputation risk refers to the risk that Cathay Life's reputation may be adversely impacted due to improper behavior or negative media reports that may damage brand value and shareholders' interests. Cathay Life has established a reputation risk management policy, which includes risk assessment, adoption of countermeasures, and the implementation of procedures, such as stakeholder communication.

xiv. Group risk

Group risk refers to the risk that the financial condition of the Group as a whole, or of any member within the Group, may be adversely affected by events occurring across the Group, events involving a specific Group member, or developments arising from the external environment. Cathay Life have established Group Risk Management Guidelines to identify other Group members, manage risks associated with significant interrelationships, and oversee the implementation of risk management practices across entities under their supervision.

- d) The process of assuming, measuring, monitoring and controlling risks and the underwriting policies to determine the proper risk classification and premium levels
 - i. The process of assuming, measuring, monitoring and controlling insurance risks
 - i) Stipulate Cathay Life's insurance risk management standards including the definitions and range of risks, management structure, risk management indicators and other risk management measures.
 - ii) Establish methods to evaluate insurance risks.
 - iii) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and for developing insurance risk management strategies.
 - iv) Regularly summarize the results of implementing risk management policies and report to the risk management committee and risk management department of the Company. When an exceptional insurance risk event occurs, the related departments should propose corresponding solutions to the risk management committee of Cathay Life.
 - ii. The underwriting policies to determine proper risk classification and premium levels
 - i) Underwriters should comply with the rules of financial underwriting. For underwriting a new policy of an existing policyholders, the underwriter should consider previous information as well as the exceptional cases from the insurance notification database and total insured amounts in insurance enterprises, to check if the number of policies, the insured amounts and the premiums are reasonable and affordable according to the policyholder's financial resources and socioeconomic status and to determine if the policyholder is capable of paying renewal premiums.
 - ii) Cathay Life has set up an underwriting team to deal with controversial cases with regard to new contracts and to interpret relevant underwriting standards.
 - iii) Cathay Life has established a high-value insurance contract approval procedure to enhance risk management over large policies and avoid adverse selection and moral hazard.

- e) The scope of insurance risk assessment and management from a company-wide perspective
 - i. Insurance risk assessment covers the following risks:
 - i) Product design and pricing risk: The risk arises from improper design of products, inconsistent terms and conditions and pricing or unexpected changes.
 - ii) Underwriting risk: Unexpected losses arise from solicitation activities, underwriting and approval activities, other expenditure activities, etc.
 - iii) Reinsurance risk: This risk occurs when a company fails to reinsure the excess risk over the limits or a reinsurer fails to fulfill its obligations such that premiums, claims or expenses cannot be reimbursed.
 - iv) Catastrophe risk: This risk arises from accidents which lead to considerable losses in one or more categories of insurance and the aggregate amount of such losses is huge enough to affect Cathay Life's credit rating or solvency.
 - v) Claim risk: This risk arises from mishandling claims.
 - vi) Reserve-related risk: This risk occurs when Cathay Life does not have sufficient reserves to fulfill its obligations owing to underestimation of its liabilities.
 - ii. The scope of management of insurance risk
 - i) Develop a risk control framework of Cathay Life's insurance risk to empower related development to execute risk management.
 - ii) Establish Cathay Life's insurance risk management standards including the definitions and types of risks, management structure, risk management indicators and other risk management measures.
 - iii) Develop related response in consideration of Cathay Life's growth strategy and changes in the domestic and global economic and financial environments.
 - iv) Determine methods to measure insurance risks.
 - v) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategies.
 - vi) Other insurance risk management issues.
- f) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

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

g) Asset/liability management

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

Pursuant to the applicable laws and regulations, Cathay Life's RBC ratio and equity ratio should be higher than a certain number. In order to implement Cathay Life's capital management and to maintain a proper RBC ratio and equity ratio, ensure a sound capital structure and facilitate the stable growth of its business, Cathay Life has established a set of capital adequacy management standards as follows:

i. Capital adequacy management

- i) Regularly provide capital adequacy management reports and analysis to the finance department of the Company.
- ii) Regularly provide the analysis report to the risk management committee.
- iii) Conduct simulation analysis to figure out the use of significant funding, the changes of the financial environment or the amendments to applicable laws and regulations affecting RBC ratio and equity ratio.
- iv) Regularly review RBC ratio, equity ratio and related control standards and cooperate with the risk management unit in conducting the own risk and solvency assessment to ensure a solid capital adequacy management.
- v) During the transition period, regularly submit reports to the board of directors regarding the actual implementation status of the transition-period insurance product strategy planning, earnings retention planning, and capital enhancement plans approved by the competent authority.

ii. Exception management process

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

- i) Policies for hedge or mitigation of risk and monitoring procedures on continuous effectiveness of hedging instruments
 - i. Cathay Life enters into derivative transactions to reduce market risk and credit risk of the asset positions including stock index options, index futures, single stock futures, interest rate futures, IRS, forwards, CCS and credit default swaps for hedging the equity risk, interest rate risk, cash flow risk, foreign exchange risk and credit risk from Cathay Life's investments. In addition, anticipated investment hedges use bond forward contracts as hedging instruments to mitigate the risk of price fluctuations for future bond purchases caused by interest rate volatility. These are accounted for under hedge accounting, with the effective portion of the hedge classified as FVOCI, and the ineffective portion classified as FVTPL.
 - ii. Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk taking abilities. Cathay Life executes hedge and exercises authorized financial instruments to adjust the overall risk level to the tolerance levels based on the market dynamics, business strategies, the characteristics of products and risk management policies.
 - iii. Cathay Life assesses and reviews the effectiveness or relevance of the hedge instruments and hedged items regularly. The assessment report is issued and reported to the board of directors or the management, which is delegated by the board of directors; meanwhile, a copy of the assessment report is delivered to the audit department for future reference.
- j) The policies and procedures against the concentration of credit and investment risks

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

2) Information of insurance risk

a) Insurance risk sensitivity analysis

The sensitivity analysis of insurance risk involves stress testing key actuarial assumptions, including mortality rates, morbidity rates, expense ratios, and lapse rates, to assess their impact on profit or loss before tax and changes in equity. However, considering the relevant risk management mechanisms and the absence of significant changes in actuarial assumptions during the interim reporting period, Cathay Life and its subsidiaries did not separately perform quantitative sensitivity analyses for the interim reporting period. Instead, the insurance risk sensitivity analyses are fully disclosed in the annual financial statements in conjunction with the annual update of actuarial assumptions. Such disclosure is sufficient to reflect the material impact of insurance risk on the financial position of Cathay Life and its subsidiaries, while also complying with the principles of relevance and cost-effectiveness in financial reporting.

b) Concentration of insurance risks

The table below presents Cathay Life and its subsidiaries' analysis of insurance risk concentration across various lines of business.

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

c) Claim development trend

i. Cathay Life

i) Direct business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2019Q3-2020Q2	36,712,137	46,740,412	47,904,888	48,227,936	48,485,306	48,625,807	48,681,686	-
2020Q3-2021Q2	38,907,366	48,579,128	49,794,706	50,130,459	50,323,798	50,442,579	50,500,221	57,757
2021Q3-2022Q2	38,560,896	49,453,369	50,735,865	51,356,150	51,531,293	51,701,584	51,719,135	188,217
2022Q3-2023Q2	43,105,955	55,047,395	56,593,455	56,960,509	57,355,548	57,387,717	57,407,430	447,815
2023Q3-2024Q2	45,587,945	58,509,460	60,016,460	60,669,387	60,804,763	60,839,198	60,860,381	845,609
2024Q3-2025Q2	47,854,802	61,010,936	62,810,282	63,090,016	63,296,340	63,381,421	63,403,929	2,397,778
2025Q3-2026Q2	49,714,380	62,604,313	64,161,023	64,555,396	64,824,917	64,980,258	65,053,212	15,369,510
Expected future payments								\$ 19,306,686
Reserve for claims not yet filed								658,833
Add: Claims filed but not yet paid								<u>20,098,035</u>
Loss reserve balance								<u>\$ 40,063,554</u>

ii) Retained business development trend

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

Cathay Life establishes reserves for incurred but not reported (IBNR) claims based on paid claims and reported but unpaid claims, after considering related claims handling expenses. In addition, reserves for reported but unpaid claims are established on a case-by-case basis, while also taking into consideration the risk adjustment for non-financial risks. The aggregate of these three components represents liabilities for incurred claims. The establishment of such liabilities involves significant uncertainty, estimates, and judgments and is therefore highly complex. Any changes in estimates or judgments are treated as changes in accounting estimates, and the resulting impacts are recognized in profit or loss in the current period. Certain claims may be reported to Cathay Life after a delay. In addition, estimating the expected payments for incurred but not reported claims involves substantial past claims experience and subjective judgment. Accordingly, Cathay Life cannot confirm that the claims reserves estimated as of the balance sheet date will ultimately equal the actual claim payments. The incurred claims liabilities are estimated based on currently available information; however, the final results may differ from the original estimates due to subsequent claim developments.

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

ii. Cathay Life (Vietnam)

Direct business loss development trend (same as retained business development trend)

i) Direct business development trend

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

ii) Retained business development trend

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

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

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

3) Credit risk, liquidity risk, and market risk for insurance contracts

a) Credit risk

The credit risk of the insurance contracts arises when the reinsurers fail to perform the obligations of reinsurance contracts, which may result in impairment losses on reinsurance assets.

To reduce this risk, the Company chooses the reinsurance counterparty, reviews its credit rating periodically, and monitors its compliance with applicable statutory requirements in accordance with its Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers, thereby minimizing potential risks.

The credit quality information of reinsurance assets held by the Company is as follows:

	June 30, 2026			
	AAA	AA	A	Total
The portfolio of reinsurance contracts held as assets	\$ <u> -</u>	\$ <u>30,488,743</u>	\$ <u>868,422</u>	\$ <u>31,357,165</u>
	December 31, 2025			
	AAA	AA	A	Total
The portfolio of reinsurance contracts held as assets	\$ <u> -</u>	\$ <u>31,522,326</u>	\$ <u>879,609</u>	\$ <u>32,401,935</u>
	June 30, 2025			
	AAA	AA	A	Total
The portfolio of reinsurance contracts held as assets	\$ <u> -</u>	\$ <u>30,976,497</u>	\$ <u>837,382</u>	\$ <u>31,813,879</u>

b) Liquidity risk

The table below presents the maturity analysis of insurance contract portfolios classified as liabilities, prepared based on undiscounted estimates of future cash flows. It excludes amounts related to the remaining coverage liabilities of insurance contracts measured under the premium allocation approach.

June 30, 2026

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

December 31, 2025

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

June 30, 2025

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

Note: The impact of including subsidiaries in the consolidated disclosure is assessed as immaterial; therefore, separate disclosure of subsidiary-level data is not provided.

The table below illustrates the relationship between the amounts payable on demand and the carrying amounts of the portfolios of insurance contracts.

	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount due Immediately	Carrying Amount	Amount due Immediately	Carrying Amount	Amount due Immediately	Carrying Amount
The portfolio of insurance contracts issued and recognized as liabilities	<u>\$ 5,473,232,010</u>	<u>\$ 7,041,769,723</u>	<u>\$ 5,363,036,024</u>	<u>\$ 7,156,319,706</u>	<u>\$ 5,196,265,223</u>	<u>\$ 6,890,231,825</u>

Note: The impact of including subsidiaries in the consolidated disclosure is assessed as immaterial; therefore, separate disclosure of subsidiary-level data is not provided.

The amounts payable on demand represent the contractual surrender values associated with insurance contracts classified as liabilities and investment contracts with discretionary participation features.

c) Market risk

The operating activities of Cathay Life and its subsidiaries expose them primarily to financial risks arising from fluctuations in foreign exchange rates, interest rates, and equity security prices. Such risks may result in variability in the fulfilment cash flows of insurance contracts and reinsurance contracts.

- i. The table below summarizes the sensitivity analysis of changes in the exchange rate and interest rate.

Risk Factors	Changes (+/-)	June 30, 2026							
		Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currencies/NTD by 1%	\$ (14,151,849)	\$ 1,716	\$ 13,297,143	\$ (852,990)	\$ -	\$ -	\$ 9,127,704	\$ 9,127,704
Interest rate risk	Upward parallel all currencies shift of the yield curve by 1bp	(114,585)	(88)	(170,599)	(285,272)	6,817,430	(13,030)	(2,830,472)	3,973,928

Risk Factors	Changes (+/-)	December 31, 2025							
		Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currencies/NTD by 1%	\$ (13,686,129)	\$ 1,653	\$ 36,027,439	\$ 22,342,963	\$ -	\$ -	\$ 10,377,075	\$ 10,377,075
Interest rate risk	Upward parallel all currencies shift of the yield curve by 1bp	(95,571)	(170)	-	(95,741)	6,976,991	(16,003)	(1,803,625)	5,157,363

Risk Factors	Changes (+/-)	June 30, 2025							
		Change in Profit or Loss				Change in Equity			
		Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total	Insurance Contracts Issued	Reinsurance Financial Held	Financial Instruments	Total
Foreign currency risk	Appreciation of all currencies/NTD by 1%	\$ (12,597,823)	\$ 1,416	\$ 31,826,519	\$ 19,230,112	\$ -	\$ -	\$ 9,142,254	\$ 9,142,254
Interest rate risk	Upward parallel all currencies shift of the yield curve by 1bp	(84,337)	(91)	-	(84,428)	6,941,273	(17,580)	(1,337,727)	5,585,966

Note 1: The impacts of changes in credit spreads and income tax were not considered.

Note 2: The effects of hedging and hedge accounting were considered.

Note 3: The profit or loss impact of exchange rate sensitivity does not take into account the effects of provisioning or utilization of the foreign exchange fluctuation reserve. Since May 2025, under the new regime for the foreign exchange fluctuation reserve, the provisioning and offset ratios have been 100%. The current balance of the foreign exchange reserve is currently sufficient, and therefore the impact of exchange rate fluctuations on profit or loss is 0.

Note 4: From January 1, 2026, the profit or loss impact of exchange rate risk sensitivity takes into account debt instruments measured at amortized cost for which no foreign currency risk component has been designated as a hedging item. The exchange differences on such instruments are amortized on a straight-line basis, security by security, over the expected remaining life of the debt instruments and recognized in exchange gains or losses. However, the actual amortized amounts may vary depending on exchange rate movements.

Note 5: Changes in equity were excluded from the calculation of impacts on profit or loss.

Note 6: The impact of including subsidiaries in the consolidated disclosure is assessed as immaterial; therefore, separate disclosure of subsidiary-level data is not provided.

ii. Equity price risk

Cathay Life and subsidiaries' equity price exposure arising from the issuance of insurance contracts primarily relates to insurance contracts with direct participation features, where benefits are linked to the fair value of underlying items. However, as the majority of such positions are attributable to separate account business, equity price risk does not have a material financial impact on Cathay Life and subsidiaries.

Equity Product Price Sensitivity Analysis

June 30, 2026		
Changes (+/-)	Changes in Profit or Loss	Changes in Equity
Equity product price by 1%	<u>\$ 1,021,979</u>	<u>\$ 9,749,974</u>
December 31, 2025		
Changes (+/-)	Changes in Profit or Loss	Changes in Equity
Equity product price by 1%	<u>\$ 35,768</u>	<u>\$ 7,206,824</u>
June 30, 2025		
Changes (+/-)	Changes in Profit or Loss	Changes in Equity
Equity product price by 1%	<u>\$ (45,976)</u>	<u>\$ 6,600,565</u>

Note 1: Changes in equity were excluded from the calculation of impacts on profit or loss.

Note 2: The impact of including subsidiaries in the consolidated disclosure is assessed as immaterial; therefore, separate disclosure of subsidiary-level data is not provided.

b. Cathay Century and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Framework, organizational structure and responsibilities

i. Board of directors

- i) 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.
- ii) The board of directors should establish an appropriate risk management framework and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.
- iii) The board of directors should consider the effect of the aggregated risks from Cathay Century'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.

ii. Risk management department

i) Risk management committee

- The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.
- The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of overall management mechanisms regularly.
- The committee should assist and monitor the risk management activities performed by each department.
- The committee should assist in deliberating related procedures for formulating risk limits.
- The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- Coordinate cross-department interaction and communication among risk management functions.

ii) Chief risk officer

The appointment of chief risk officers of Cathay Century should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role, and has the right to access any information which may affect Cathay Century's risk overview.

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

iii) Risk management department

Cathay Century established a risk management department, which is responsible for monitoring, measuring and evaluating major risks, performed independently of business units.

Duties of risk management department are as follows:

- Propose and execute the risk management policies set by the board of directors.
- Propose the risk limits based on risk appetite.
- Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.

- Regularly present risk management reports.
- Regularly review the risk limits and its use of each business unit.
- Assist in executing stress testing and back testing if necessary.
- Other risk management related issues.

iii. Business unit

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

- Manage and report daily risk of the business unit and take necessary responsive actions.
- Supervise regular submission of risk management information to the risk management department.

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

- Identify and measure risks and report risk exposures and impacts.
- Regularly review various risks and their corresponding limits to ensure the effective implementation of risk limit policies within each business unit.
- Monitor risk exposures and report any breaches of risk limits, including the remedial actions taken by the respective business units.
- Assist in developing the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
- Ensure that internal control procedures are executed effectively to comply with applicable rules and risk management policies of Cathay Century.
- Assist in collecting data related to operational risk.

iv. Audit department

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

b) Risk reporting and the scope and nature of risk assessment for property insurance business

i. Risk management reports

- Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when risk exposure exceeds the limit.
- The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limit, submits a monthly risk management report to the chairman, and makes quarterly report to the risk management committee and the board of directors.

ii. The scope and nature of risk assessment

The market risk management unit of Cathay Century and the risk management department of the Company jointly maintain the market risk management system, including functions such as value-at-risk measurement and stress testing. The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system.

For other risks, including credit risk, liquidity risk, underwriting risk, catastrophe risk, and capital adequacy risk, risk measurement indicators have been established, and such risks are measured and monitored monthly through manual review of reports. For underwriting risk, the Company has additionally implemented the CoRadar Insurance Panorama Radar System, which provides monthly information on the risk levels of various lines of insurance in accordance with the Company's underwriting risk indicator requirements.

- c) Processes to undertake, evaluate, supervise and control insurance risk of property insurance business and underwriting policies to ensure proper risk classification and premium level

In Cathay Century, risk management department is responsible for monitoring and integrating insurance risks as a whole, and setting up risk indicators, risk limit, and managing mechanism. Each related department is the execution unit of insurance risk control and regularly reports execution to risk management department in accordance with 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.

- d) The scope of insurance risk assessment and management from a company-wide perspective

Insurance risk management of Cathay Century covers product design and pricing, underwriting, reinsurance, catastrophe, claim, and reserve. Proper management mechanisms are set up and executed thoroughly.

- e) Methods to limit insurance risk exposure and avoid inappropriate concentration risk

When Cathay Century implements 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 and reduce the exposure.

In addition, for reinsurance business, 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 with 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 contract limit or self-retain limit, risk is diversified through facultative reinsurance.

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

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

f) Asset-liability management

i. Asset-liability coordinated with risk identification and measurement

Financial accounting and actuarial department 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.

ii. Asset-liability coordinated with risk response

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

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

Cathay Century has established a set of capital adequacy management standards, including RBC management indicators for regular review, under which RBC is calculated each quarter and RBC management report is prepared every half year as implementation of RBC management.

If the risk-based capital ratio exceeds the control criteria (risk limit) or other exceptions occur, the related departments should propose a response and inform the Company to review the impact on the Group's risk-based capital.

2) Insurance risk information

a) Cathay Century

For the six months ended June 30, 2026

	Effect on Profit or Loss		Effect on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
5% increase in outstanding claims liabilities	\$ (1,353,959)	\$ (513,726)	\$ (1,083,167)	\$ (410,981)
5% decrease in outstanding claims liabilities	1,353,960	513,726	1,083,168	410,981

For the six months ended June 30, 2025

	Effect on Profit or Loss		Effect on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
5% increase in outstanding claims liabilities	\$ (1,051,106)	\$ (417,242)	\$ (840,885)	\$ (333,794)
5% decrease in outstanding claims liabilities	1,052,277	411,861	841,822	329,488

The above table shows that with a 5% increase in the outstanding claims of Cathay Century, profit or loss may be affected to a certain extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

b) Cathay Insurance (Vietnam)

For the six months ended June 30, 2026

	Effect on Profit or Loss		Effect on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
5% increase in outstanding claims liabilities	\$ (11,009)	\$ (4,777)	\$ (8,807)	\$ (3,821)
5% decrease in outstanding claims liabilities	11,009	4,777	8,807	3,821

For the six months ended June 30, 2025

	Effect on Profit or Loss		Effect on Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
5% increase in outstanding claims liabilities	\$ (12,427)	\$ (5,084)	\$ (9,942)	\$ (4,067)
5% decrease in outstanding claims liabilities	12,427	5,084	9,942	4,067

The above table shows that with a 5% increase in the outstanding claims of Cathay Insurance (Vietnam), profit or loss may be affected to a certain extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

3) Reserve required for specific assets

The accounting of the compulsory automobile liability insurance (“CAL Insurance”) held by Cathay Century is based on Article 4 of the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to Article 47, Paragraph 3 of 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:

- a) Government bonds, not including exchangeable government bonds.
- b) 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 insurer’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 it deems appropriate based on the insurer’s operational status.

If the balance of the Cathay Century’s special reserve becomes less than the 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 special reserve mentioned above, held by an insurer for this insurance (various reserve, payables and temporary receipts and amounts pending transfer) shall be deposited with financial institutions in the form of demand deposits and time deposits. With the approval of the competent authority, such funds may also be invested in the following domestic marketable securities:

- a) Treasury bills.
- b) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds under repurchase agreement.

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 Cathay Century due to the operation of CAL Insurance, and (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 Cathay Century to a level they deem appropriate on the basis of Cathay Century's operating status.

If the total amount of unearned premium reserve and loss reserve of Cathay Century for the 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 Cathay Century 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 another insurer undertaking such business if the Group suspends its business operations or ceases to provide this type of insurance. Where no insurer assumes such business and all obligations under the insurance have been fully settled, any assets attributable to a positive balance of the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

Where the Group is ordered to suspend operations and undergo liquidation, is ordered to dissolve, or has its approval to conduct compulsory automobile liability insurance business revoked, and no other insurer assumes such business, any assets attributable to a positive balance of the special reserve shall, upon full settlement of all obligations under such insurance, be transferred to the Motor Vehicle Accident Compensation Fund.

4) Disclosure of insurance contract - related information

a) Gross retained earned premiums for compulsory insurance

For the six months ended June 30, 2026

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

For the six months ended June 30, 2025

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

b) Retained claims payments for compulsory insurance

For the six months ended June 30, 2026

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

For the six months ended June 30, 2025

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

5) Risk concentration

a) Cathay Century

i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

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

ii) Exposure to unanticipated changes in trend

As of June 30, 2026, the solar photovoltaic business under the engineering insurance portfolio of Cathay Century was significantly affected by Typhoon Danas. No unexpected changes in exposure were identified in other lines of insurance.

- 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

At Cathay Century, each unit has appointed a compliance officer to minimize possible legal risk. Additionally, contracts signed externally by each unit must use a “Legal Opinion Inquiry Form” to draft specific issues and consult the Legal Affairs Office for legal advice. As of June 30, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

- iv) Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid operations being severely endangered by these derived risks from a catastrophe, Cathay Century has established “Points for Handling Teams of Catastrophe and Major Events” and “Operation Standards under Crisis”. Additionally, Cathay Century has 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 the insured and Cathay Century and to 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 rate took effect, Cathay Century has conducted regular reviews the accordance with regulations. When the actual loss rate exceeds the expected loss rate to a certain percentage, premium rates will be properly adjusted to avoid persistent enlargement of losses. In addition, the insurance department and actuarial department observes the changes in trend of loss rates of each product continuously 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 understand the major risk factors to response in advance.

- vi) Concentration of geographic regions and operating segments

Cathay Century’s catastrophe insurance for earthquakes, typhoon and floods are mainly in the areas of Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Pingtung, Hualien and Taitung.

- ii. 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 reinsurance by insurance type:

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

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

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

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

- iii. Disclosure of the past management of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statements assess the uncertainty of cash flows related to such risks.

Catastrophes such as earthquake, typhoon, and flood along with related huge claims, as well as the occurrence of a series of major claims, may have a significant impact on their operations.

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

b) Cathay Insurance (Vietnam)

- i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

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

ii) Exposure to unanticipated changes in trend

As of June 30, 2026, the loss ratio for engineering insurance was relatively high due to the small business base of the engineering insurance portfolio and the impact of a large-scale claim event in June 2026. Due to the effective risk diversification measures implemented by Cathay Insurance (Vietnam), there has been no impact on overall business risk. Cathay Insurance (Vietnam) will continue to monitor 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 (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claim. In addition, each unit has appointed a staff for compliance matters to minimize possible legal risk. As of June 30, 2026, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

- iv) Correlation and interaction among different risks

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

- v) Concentration of geographical regions and operating segments

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

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

The following table summarizes the Cathay Insurance (Vietnam)’s concentration of risk before and after reinsurance by insurance type:

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

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

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

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

- 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, as well as the occurrence of a series of major claims. To control and manage risk with low frequency of occurrence but enormous impact, Cathay Insurance (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.

4) Development trends of claims

a) Cathay Century

June 30, 2026

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

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 claims 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	<u>\$ 303,297</u>	<u>\$ 36,317</u>	<u>\$ 118,352</u>	<u>\$ 333,695</u>	<u>\$ 505,913</u>	<u>\$ 927,378</u>	<u>\$ 3,815,330</u>	<u>\$ 19,789,182</u>	<u>\$ 25,829,464</u>

June 30, 2025

Accident Year	≤ 2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	\$ 10,155,515	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	17,148,044	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,729,502	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,365,744	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,370,710	-	-	-	-	
After the fifth year	-	10,188,477	10,942,317	-	-	-	-	-	
After the sixth year	-	10,186,298	-	-	-	-	-	-	
Final estimated claim payments	-	10,186,298	10,942,317	10,370,710	44,365,744	13,729,502	17,148,044	10,155,515	
Accumulated claims disbursed	-	10,148,832	10,823,656	9,871,790	43,554,723	12,512,395	12,032,110	1,919,484	
	275,721	37,466	118,661	498,920	811,021	1,217,107	5,115,934	8,236,031	\$ 16,310,861
Adjustment	39,569	4,475	15,134	54,369	154,869	154,850	660,706	684,423	1,768,395
Amount recognized in balance sheet	<u>\$ 315,290</u>	<u>\$ 41,941</u>	<u>\$ 133,795</u>	<u>\$ 553,289</u>	<u>\$ 965,890</u>	<u>\$ 1,371,957</u>	<u>\$ 5,776,640</u>	<u>\$ 8,920,454</u>	<u>\$ 18,079,256</u>

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

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

b) Cathay Insurance (Vietnam)

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

5) Credit risk for insurance contracts

The credit risk of insurance contracts primarily arises from outward reinsurance business, where reinsurers may default or experience financial deterioration, resulting in the inability to recover reinsurance claims. Cathay Century's reinsurance arrangements are conducted in accordance with the Regulations Governing Reinsurance Cessions, Assumptions, and Other Risk Diversification Mechanisms of Insurance Enterprises. Most reinsurance counterparties maintain certain credit ratings and meet the eligibility requirements for qualified reinsurers. In addition, relevant risk control measures have been implemented to regularly monitor and review changes in the credit ratings of reinsurance counterparties.

- a) As of June 30, 2026, December 31, 2025 and June 30, 2025, the maximum exposure amount arising from insurance contracts issued was \$4,735,430 thousand, \$2,751,246 thousand and \$4,364,179 thousand, respectively.
- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, the maximum exposure amount arising from reinsurance contracts held was \$3,588,902 thousand, \$3,705,499 thousand and \$3,509,048 thousand, respectively.
- c) For transactions with non-eligible reinsurance counterparties, and in accordance with Point 5 of the Regulations governing the provision of reserves for non-eligible reinsurance, the following disclosure is provided in the notes to the financial statements:
 - i. A summary of the reinsurance contract and the relevant counterparties in its outward reinsurance arrangements

June 30, 2026

Ceding Reinsurer	Summary of Contents
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

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

June 30, 2025

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

- ii. Reconciliation statement of reinsurance contract assets and liabilities held under reinsurance contracts

For the six months ended June 30, 2026

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

For the six months ended June 30, 2025

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

- d) The estimated future cash flows used in measuring groups of reinsurance contracts held, together with the assumptions reflecting the non-performance risk of the issuers of the reinsurance contracts.

As of June 30, 2026 and 2025, the estimated future cash flows used in measuring groups of non-eligible reinsurance contracts held amounted to \$34 thousand and \$(2,615) thousand, respectively, and the assumptions reflecting the non-performance risk of the issuers of the reinsurance contracts were 18.82% and 18.82%, respectively.

- e) Sensitivity analysis of changes in non-performance risk assumptions (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, as well as changes from the prior period and the reasons for such changes.

The above reinsurance contract assets relating to non-eligible reinsurers are measured using the Premium Allocation Approach; therefore, the sensitivity analysis is not applicable.

6) The liquidity risk inherent in insurance contracts

The table below presents the maturity analysis of portfolios of insurance contracts classified as liabilities, prepared based on the estimated present value of future cash flows. It excludes amounts related to the remaining coverage liabilities of insurance contracts that are measured under the premium allocation approach.

June 30, 2026

	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
Insurance contract liabilities	<u>\$ 18,679,558</u>	<u>\$ 4,249,311</u>	<u>\$ 1,631,585</u>	<u>\$ 581,287</u>	<u>\$ 216,166</u>	<u>\$ 133,150</u>	<u>\$ 25,491,057</u>

December 31, 2025

	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
Insurance contract liabilities	<u>\$ 19,144,560</u>	<u>\$ 4,971,240</u>	<u>\$ 1,536,050</u>	<u>\$ 560,672</u>	<u>\$ 210,115</u>	<u>\$ 135,415</u>	<u>\$ 26,558,052</u>

June 30, 2025

	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
Insurance contract liabilities	<u>\$ 14,683,757</u>	<u>\$ 3,512,142</u>	<u>\$ 1,341,629</u>	<u>\$ 441,416</u>	<u>\$ 142,408</u>	<u>\$ 112,583</u>	<u>\$ 20,233,935</u>

7) Market risk of insurance contracts

a) Cathay Century

For the six months ended June 30, 2026

Risk factor	Change in Profit or Loss		Change in Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Upward parallel shift of the yield curve by 1bp	<u>\$ 2,467</u>	<u>\$ 1,142</u>	<u>\$ 1,974</u>	<u>\$ 914</u>

For the six months ended June 30, 2025

Risk factor	Change in Profit or Loss		Change in Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Upward parallel shift of the yield curve by 1bp	<u>\$ 2,541</u>	<u>\$ (1,962)</u>	<u>\$ 2,033</u>	<u>\$ (1,570)</u>

b) Cathay Insurance (Vietnam)

For the six months ended June 30, 2026

Risk factor	Change in Profit or Loss		Change in Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Upward parallel shift of the yield curve by 1bp	<u>\$ 14</u>	<u>\$ 2</u>	<u>\$ 11</u>	<u>\$ 1</u>

For the six months ended June 30, 2025

Risk factor	Change in Profit or Loss		Change in Equity	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Upward parallel shift of the yield curve by 1bp	\$ 41	\$ (12)	\$ 32	\$ (10)

40. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 875,189,118	\$ 1,997,543,473	\$ 1,867,469,166
Financial assets at FVTOCI	4,044,282,606	1,287,714,996	1,126,654,563
Financial assets for hedging	26,415	36,010	5,771,006
Financial assets at amortized cost			
Cash and cash equivalents	359,453,216	361,911,485	501,950,724
Due from the Central Bank and call loans to banks	357,563,359	428,777,214	433,311,700
Debt instruments at amortized cost	3,381,437,285	4,777,286,517	4,681,950,769
Notes and bonds purchased under resale agreements	49,762,113	42,827,566	29,252,387
Discounts and loans, net	3,407,656,975	3,145,269,108	2,986,637,035
Receivables, net	422,389,716	315,519,497	274,936,956
Other financial assets, net	1,031,186,946	859,481,064	757,630,097
Guarantee deposits paid	45,398,055	77,057,204	101,036,112
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	795,785,329	689,047,562	608,167,925
Financial liabilities for hedging	2,235,955	919,871	1,631,823
Financial liabilities at amortized cost			
Deposits from the Central Bank and banks	202,978,394	178,790,871	138,398,975
Notes and bonds sold under repurchase agreements	21,244,738	14,199,142	31,627,574
Commercial paper payable, net	123,848,089	85,062,693	90,854,335
Payables	194,970,809	102,594,760	232,826,250
Deposits and remittances	4,541,091,785	4,331,649,468	3,947,093,884
Bonds payable	301,183,844	288,903,582	255,592,184
Other borrowings	52,848,943	47,378,891	65,011,373
Other financial liabilities	77,532,723	76,529,366	64,914,774
Guarantee deposits received	10,476,331	7,142,499	82,928,469

b. The valuation technique and assumptions used in determining the fair value of financial instruments

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

- 1) The carrying amount of cash and cash equivalents, due from the central bank and call loans to banks, accounts receivable, notes and bonds purchased under resale agreements, discount and loans, partial other financial assets, deposits from the central bank and banks, notes and bonds sold under repurchase agreements, accounts payable, deposits and remittances, commercial paper payable, bonds payable, other borrowings and other financial liabilities approximates their fair value due to their short maturities; therefore, the carrying amount is regarded as fair value.
- 2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- 3) Fair values of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of liquidity, P/E ratio of similar entities and Price-Book ratio of similar entities).
- 4) Fair value of debt instruments without market quotations is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk information).
- 5) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using the interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- 6) The Group evaluates the credit risk of the derivative contract traded over-the-counter through the following calculation. Under the assumption that the Group will not default, the Group determines its credit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default, of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Group calculates the debit valuation adjustment (DVA) based on the Group's probability of default (PD), loss given default (LGD), and exposure at default (EAD). The Group decides the estimated probability of default by referring to the probability of default announced by external credit rating agencies. The Group sets estimated loss given default at 60% by considering the experiences of Jon Gregory, a scholar, and foreign financial institutions. The estimated exposure at default for current period is evaluated by considering the fair value of the derivative instruments traded on the Taipei Exchange.

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

1) Fair value hierarchy

Items	June 30, 2026				December 31, 2025				June 30, 2025			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>												
Assets												
Financial assets at FVTPL												
Stocks	\$ 30,582,019	\$ 27,636,648	\$ 659,043	\$ 2,286,328	\$ 481,481,925	\$ 476,604,527	\$ 521,424	\$ 4,355,974	\$ 392,841,858	\$ 387,346,235	\$ 725,068	\$ 4,770,555
Bonds	316,288,192	32,331,220	283,935,750	21,222	344,219,701	31,709,457	301,428,710	11,081,534	318,907,308	29,786,643	279,526,622	9,594,043
Others	463,267,927	50,550,386	211,825,745	200,891,796	1,098,374,426	677,385,798	227,391,181	193,597,447	963,622,222	611,287,678	172,146,166	180,188,378
Financial assets at FVTOCI												
Stocks	879,287,956	862,496,522	-	16,791,434	182,145,555	168,819,890	-	13,325,665	199,540,337	186,287,970	-	13,252,367
Bonds (Note)	2,541,612,529	259,902,002	2,269,855,023	11,855,504	1,109,010,992	238,863,732	869,260,924	886,336	923,342,341	226,361,369	696,947,779	33,193
Others	632,914,659	627,788,427	5,126,232	-	8,748,773	-	8,748,773	-	5,897,512	-	5,897,512	-
Liabilities												
Financial liabilities at FVTPL												
Financial liabilities designated as at FVTPL	42,891,446	-	42,891,446	-	41,480,624	-	41,480,624	-	39,617,181	-	39,617,181	-
Held for trading	1,038,556	1,038,556	-	-	578,149	578,149	-	-	23,502	23,502	-	-
<u>Derivative instruments</u>												
Assets												
Financial assets at FVTPL	65,050,980	4,988,460	59,991,461	71,059	73,467,421	2,196,136	71,190,793	80,492	192,097,778	26,744	191,941,024	130,010
Financial assets for hedging	26,415	26,415	-	-	36,010	28,289	7,721	-	5,771,006	13,349	5,757,657	-
Liabilities												
Financial liabilities at FVTPL	751,855,327	613,198,095	138,586,173	71,059	646,988,789	525,685,148	121,223,149	80,492	568,527,242	472,986,710	95,410,522	130,010
Financial liabilities for hedging	2,235,955	141,514	2,094,441	-	919,871	166,925	752,946	-	1,631,823	993,262	638,561	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

- a) For the six months ended June 30, 2026 and 2025, Cathay Life, Cathay United Bank, Cathay Century, Cathay Securities, Cathay Securities Investment Trust and its subsidiaries had no transfers between Level 1 and Level 2 fair value measurements.
- b) For the six months ended June 30, 2026 and 2025, due to the availability of market quotes, Cathay Venture transferred its investment of \$82,448 thousand and \$766,324 thousand in fair value stocks from Level 2 to Level 1, respectively.

2) Reconciliation for movements in Level 3 fair value measurements

	For the Six Months Ended June 30, 2026		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 209,115,447	\$ 14,212,001	\$ 80,492
Effects of redesignation of financial assets	<u>(13,378,126)</u>	<u>13,378,126</u>	<u>-</u>
Carrying amount after redesignation of financial assets	<u>195,737,321</u>	<u>27,590,127</u>	<u>80,492</u>
Recognized in profit or loss			
Gain (loss) on financial assets and liabilities at FVTPL	8,795,846	(15,490)	(9,433)
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	-	300,049	-
Loss on financial assets at FVTOCI	-	(56,523)	-
Acquisitions or issuances	9,387,424	1,112,404	-
Capital reduction, return of shares	(35,200)	(7,962)	-
Disposals or settlements	(10,510,586)	(275,667)	-
Transfers out of Level 3	<u>(104,400)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 203,270,405</u>	<u>\$ 28,646,938</u>	<u>\$ 71,059</u>

	For the Six Months Ended June 30, 2025		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 204,088,350	\$ 16,362,918	\$ 566,879
Recognized in profit or loss			
Loss on financial assets and liabilities at FVTPL	(13,554,713)	-	(54,258)
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	119,071	(263,225)	-
Loss on financial assets at FVTOCI	-	(2,814,133)	-
Acquisitions or issuances	13,134,561	-	-
Capital reduction, return of shares	(13,600)	-	-
Disposals or settlements	(9,062,167)	-	(382,611)
Transfers out of Level 3	<u>(28,516)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 194,682,986</u>	<u>\$ 13,285,560</u>	<u>\$ 130,010</u>

Regarding the above amounts recognized in profit or loss for the six months ended June 30, 2026 and 2025, unrealized profits of \$3,869,930 thousand and unrealized losses of \$960,322 thousand were related to financial assets held at the end of the period, respectively.

Regarding the above amounts recognized in profit or loss for the six months ended June 30, 2026 and 2025, unrealized gains of \$9,433 thousand and \$46,975 thousand were related to financial liabilities held at the end of the period, respectively.

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

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

Cathay Life and its subsidiaries

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

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

Cathay United Bank and its subsidiaries

June 30, 2026				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Trading getting started quotes	N/A	N/A	N/A

December 31, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value
	Trading getting started quotes	N/A	N/A	N/A

June 30, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value

Cathay Securities and its subsidiaries

June 30, 2026				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

December 31, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

June 30, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

4) Valuation process for Level 3 fair value measurements.

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

d. Fair values of financial instruments not measured at fair value

Other than the items in the following table, the financial assets and liabilities of the Group not measured at fair value have the carrying amounts approximate to their fair values, or the fair values cannot be measured reliably:

June 30, 2026

		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 3,396,779,036	\$ 90,281,875	\$ 2,659,633,991	\$ 5,653,059	\$ 2,755,568,925
Other financial assets	5,998,311	-	5,887,790	-	5,887,790

December 31, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,818,846,488	\$ 61,732,207	\$ 3,918,592,712	\$ 6,924,096	\$ 3,987,249,015
Other financial assets	1,499,643	-	1,499,637	-	1,499,637

June 30, 2025

		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,712,649,745	\$ 83,869,506	\$ 3,770,276,251	\$ 273,975	\$ 3,854,419,732

Note: Including those serving as refundable deposits.

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

e. Hedge accounting disclosures

Cathay Life and its subsidiaries

1) Cash flow hedges

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

a) Hedging instruments

June 30, 2026					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 807,497	\$ 26,415	\$ -	Financial assets for hedging	\$ (1,873)
IRS	25,246,663	-	141,514	Financial liabilities for hedging	25,412
December 31, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 830,223	\$ 28,289	\$ -	Financial assets for hedging	\$ 21,874
IRS	25,527,896	-	166,925	Financial liabilities for hedging	(143,701)
June 30, 2025					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 788,886	\$ 13,349	\$ -	Financial assets for hedging	\$ 6,934
IRS	39,413,734	-	993,262	Financial liabilities for hedging	(970,038)

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

		Period Till Maturity				
		1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
<u>June 30, 2026</u>						
IRS						
Nominal principal	\$	-	\$ -	\$ -	\$ -	\$ 26,054,160
Average fixed rate		-	-	-	-	2.23%

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

c) Hedged items

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

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

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

2) Fair value hedges

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

a) Hedging instruments

June 30, 2026					Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	
		Assets	Liabilities		
Forward	\$ 44,433,720	\$ -	\$ 2,094,441	Financial liabilities for hedging	\$ (582,540)
December 31, 2025					Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	
		Assets	Liabilities		
Forward	\$ 44,433,720	\$ 7,721	\$ -	Financial assets for hedging	\$ 3,548,209
		-	752,946	Financial liabilities for hedging	
June 30, 2025					Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	
		Assets	Liabilities		
Forward	\$ 55,705,620	\$ 5,757,657	\$ -	Financial assets for hedging	\$ 5,512,405
		-	638,561	Financial liabilities for hedging	

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

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

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

c) Hedged items

	For the Six Months Ended June 30, 2026							
	Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in Statement of Financial Position That Includes Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes The Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 44,433,720	\$ -	\$ 582,540	\$ -	Financial assets at amortized cost	\$ 582,540	\$ -	\$ -
	For the Six Months Ended June 30, 2025							
	Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in Statement of Financial Position That Includes Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes The Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 55,705,620	\$ -	\$ (5,512,405)	\$ -	Financial assets at amortized cost	\$ (5,512,405)	\$ -	\$ -

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

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

f. Offsetting of financial assets and financial liabilities

Cathay Life and its subsidiaries

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

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

June 30, 2026

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

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

December 31, 2025

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

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

June 30, 2025

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

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

Cathay United Bank and its subsidiaries

Cathay United Bank and its subsidiaries engages in financial instrument transactions that are offset in accordance with IAS 32, section 42, and the financial assets and financial liabilities that are relevant to such transactions are presented in the balance sheets at net amounts.

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

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

June 30, 2026

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 55,883,751	\$ -	\$ 55,883,751	\$ 55,883,751	\$ -	\$ -

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 57,098,764	\$ -	\$ 57,098,764	\$ 55,883,751	\$ 1,215,013	\$ -
Repurchase bonds	12,946,430	-	12,946,430	11,589,803	1,356,627	-

December 31, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 58,748,632	\$ -	\$ 58,748,632	\$ 58,748,632	\$ -	\$ -

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 62,755,494	\$ -	\$ 62,755,494	\$ 58,748,632	\$ 4,006,862	\$ -
Repurchase bonds	2,110,900	-	2,110,900	1,231,297	879,603	-

June 30, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 85,288,506	\$ -	\$ 85,288,506	\$ 85,288,506	\$ -	\$ -

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)= (a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 91,523,981	\$ -	\$ 91,523,981	\$ 85,288,506	\$ 6,235,475	\$ -
Repurchase bonds	20,229,831	-	20,229,831	19,084,139	1,145,692	-

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

Cathay Securities and its subsidiaries

Cathay Securities and its subsidiaries enter into secured repurchase agreements with counterparties, for which Cathay Securities and its subsidiaries provide securities as collateral. Only in the event of delinquency, insolvency or bankruptcy, these transactions are allowed to be offset, which does not meet the offsetting criteria of financial instrument transactions, Article 42 of IAS 32, and they are not subject to enforceable master netting arrangements or other similar agreements and should be settled at gross amounts. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

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

June 30, 2026

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet	Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet		
				Financial Instruments (Note)	Cash Collateral Pledged	Net Amount
Repurchase bonds	\$ 8,298,308	\$ -	\$ 8,298,308	\$ 8,426,529	\$ 386,858	\$ (515,079)

December 31, 2025

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet	Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet		
				Financial Instruments (Note)	Cash Collateral Pledged	Net Amount
Repurchase bonds	\$ 12,088,242	\$ -	\$ 12,088,242	\$ 12,202,195	\$ 341,418	\$ (455,371)

June 30, 2025

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet		Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet	
					Financial Instruments (Note)	Cash Collateral Pledged
						Net Amount
Repurchase bonds	\$ 11,397,743	\$	-	\$ 11,397,743	\$ 12,048,108	\$ 310,730
						\$ (961,095)

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

g. Transfers of financial assets

Financial assets transferred that have not been fully removed

Cathay United Bank and its subsidiaries

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

The following table analyses financial assets and financial liabilities that have not been fully removed:

June 30, 2026					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 10,582,535	\$ 10,739,553	\$ 10,582,535	\$ 10,739,553	\$ (157,018)
Securities lending agreements	500,480	-	500,480	-	500,480
Debt instruments at amortized cost					
Repurchase agreements	2,255,108	2,206,877	2,320,334	2,206,877	113,457

December 31, 2025					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 1,315,012	\$ 1,661,079	\$ 1,315,012	\$ 1,661,079	\$ (346,067)
Debt instruments at amortized cost					
Repurchase agreements	459,267	449,821	463,768	449,821	13,947

June 30, 2025					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTPL					
Repurchase agreements	\$ 3,465,010	\$ 3,407,013	\$ 3,465,010	\$ 3,407,013	\$ 57,997
Financial assets at FVTOCI					
Repurchase agreements	10,522,339	10,588,459	10,522,339	10,588,459	(66,120)
Debt instruments at amortized cost					
Repurchase agreements	7,512,866	6,234,359	6,336,229	6,234,359	101,870

Cathay Securities and its subsidiaries

Transferred financial assets that are part of Cathay Securities and its subsidiaries' daily operations that do not meet the criteria for full derecognition are mostly made up of notes and bonds sold under repurchase agreements. The cash flows of these transactions have been transferred, and reflects the liability where Cathay Securities and its subsidiaries are obligated to buy back the transferred financial assets according to fixed prices in future periods. With respect to such transactions, Cathay Securities and its subsidiaries will not be able to use, sell or pledge the said transferred financial assets during the effective period. However, Cathay Securities and its subsidiaries are still exposed to interest rate risk and credit risk, hence the assets are not fully derecognized.

The following table analyses Cathay Securities and its subsidiaries' financial assets and financial liabilities that have not been fully derecognized:

June 30, 2026

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
<u>Financial assets at FVTOCI</u>					
Repurchase agreements	\$ 8,269,891	\$ 8,141,671	\$ 8,269,891	\$ 8,141,671	\$ 128,220
<u>Securities purchased under resell agreements</u>					
Repurchase agreements	156,638	156,638	156,638	156,638	-

December 31, 2025

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
<u>Financial assets at FVTPL</u>					
Repurchase agreements	\$ 383,567	\$ 395,803	\$ 383,567	\$ 395,803	\$ (12,236)
<u>Financial assets at FVTOCI</u>					
Repurchase agreements	11,659,894	11,533,724	11,659,894	11,533,724	126,170
<u>Securities purchased under resell agreements</u>					
Repurchase agreements	158,734	158,715	158,734	158,715	19

June 30, 2025

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
<u>Financial assets at FVTPL</u>					
Repurchase agreements	\$ 196,240	\$ 194,536	\$ 196,240	\$ 194,536	\$ 1,704
<u>Financial assets at FVTOCI</u>					
Repurchase agreements	11,698,158	11,049,610	11,698,158	11,049,610	648,548
<u>Securities purchased under resell agreements</u>					
Repurchase agreements	153,710	153,597	153,710	153,597	113

h. Financial risk management objectives and policies

Cathay Life and its subsidiaries

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

1) Market risk

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

Cathay Life and its subsidiaries continuously utilizes market risk management instruments such as Value at Risk ("VaR") and Sensitivity Analysis to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

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

b) Sensitivity analysis

For information on the sensitivity of the financial instruments of Cathay Life and its subsidiaries to changes in market risk variables, please refer to Note 39 (a) Cathay Life - (3) Credit risk, liquidity risk, and market risk for insurance contracts - (c) Market risk.

2) Credit risk

a) Sources of credit risk

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

- i. Issuer credit risk is the risk that Cathay Life may suffer financial losses on debt instruments (excluding the fund) or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations on agreed conditions due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Life 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 Cathay Life may suffer losses due to deterioration of the credit quality, increase of credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Concentration risk

- i. Regional distribution of maximum risk exposure for Cathay Life's financial assets:

June 30, 2026

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

December 31, 2025

Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 170,817,981	\$ 2,957,390	\$ 1,333,274	\$ 87,769,949	\$ -	\$ -	\$ 9,982,897	\$ 272,861,491
Financial assets at FVTPL	39,934,129	7,810,082	102,350,746	92,395,508	3,747,012	1,546,082	385,836	248,169,395
Financial assets at FVTOCI	22,922,032	87,983,206	100,843,590	418,959,709	40,475,212	37,082,342	28,766,810	737,032,901
Financial assets for hedging	-	2,671	5,050	-	-	-	-	7,721
Financial assets at amortized cost	116,297,937	534,582,830	599,665,049	2,085,763,899	281,155,862	299,497,630	126,038,104	4,043,001,311
Other financial assets	1,499,643	-	-	-	-	-	-	1,499,643
	<u>\$ 351,471,722</u>	<u>\$ 633,336,179</u>	<u>\$ 804,197,709</u>	<u>\$ 2,684,889,065</u>	<u>\$ 325,378,086</u>	<u>\$ 338,126,054</u>	<u>\$ 165,173,647</u>	<u>\$ 5,302,572,462</u>
Proportion	6.60%	11.90%	15.20%	50.70%	6.10%	6.40%	3.10%	100%

June 30, 2025

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

Note 1: Taiwan is presented separately; ‘others’ encompasses supranational institutions, such as the European Investment Bank, the Asian Development Bank, and the International Finance Corporation (IFC), among others.

Note 2: This represents beneficiary certificates of debt instrument investments measured at fair value through other comprehensive income, primarily invested across multiple countries rather than concentrated in a single country, amounting to \$237,494,726 thousand. Accordingly, such investments are not included in the above geographical breakdown.

ii. Regional distribution of maximum risk exposure for Cathay Life’s secured loans:

June 30, 2026

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

December 31, 2025

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

June 30, 2025

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 157,814,378	\$ 38,486,705	\$ 46,492,980	\$ 185,715	\$ 242,979,778
Non-accrual receivables	<u>344,571</u>	<u>31,175</u>	<u>44,568</u>	<u>1,077,489</u>	<u>1,497,803</u>
	<u>\$ 158,158,949</u>	<u>\$ 38,517,880</u>	<u>\$ 46,537,548</u>	<u>\$ 1,263,204</u>	<u>\$ 244,477,581</u>
Proportion	64.7%	15.8%	19.0%	0.5%	100.0%

c) Categories for credit risk quality

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

- Low credit risk indicates that an entity or a subject has a robust ability to perform financial commitment. Even though it encounters material uncertainty or exposes to unfavorable conditions, its ability to perform financial commitment obligations will be kept and maintained.

- ii. Medium credit risk indicates that an entity or a subject has a weak ability to perform financial commitment. Unfavorable operational, financial or economic conditions will diminish its ability to perform financial commitment.
 - iii. High credit risk indicates that an entity or a subject has a fragile ability to perform financial commitment. The capability to perform financial commitment depends on the favorability of its business environment and financial conditions.
 - iv. Credit impaired indicates that an entity or a subject fails to fulfill its obligations, and Cathay Life evaluates the potential losses and determines it as impaired.
- d) Determination on the credit risk that has increased significantly since initial recognition
- i. Cathay Life assesses whether there is a significant increase in credit risk of a financial instrument applicable for impairment requirements under IFRS 9 since initial recognition at each reporting date. To make this assessment, Cathay Life 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 of a financial instrument is determined to be low at the reporting date, it indicates that the credit risk of the financial instrument has not increased significantly since initial recognition.
- e) The definition of default and credit-impaired financial assets

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

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

f) Measurement of expected credit loss

i. The methodology and assumptions applied

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

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

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

ii. Forward-looking information considerations

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

g) Gross carrying amounts of maximum credit risk exposure and categories for credit quality

i. Financial assets of Cathay Life

	June 30, 2026					
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
Investment grade						
Debt instruments at FVTOCI	\$ 2,677,973,839	\$ -	\$ -	\$ -	\$ -	\$ 2,677,973,839
Financial assets at amortized cost	2,622,507,512	-	-	-	(810,280)	2,621,697,232
Other financial assets	6,000,000	-	-	-	(1,689)	5,998,311
Non-investment grade						
Debt instruments at FVTOCI	3,763,797	-	17,699,460	-	-	21,463,257
Financial assets at amortized cost	417,639	1,003,519	-	-	(62,792)	1,358,366

December 31, 2025						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Investment grade						
Debt instruments at FVTOCI	\$ 725,085,692	\$ -	\$ -	\$ -	\$ -	\$ 725,085,692
Financial assets at amortized cost	4,012,668,342	-	-	-	(1,501,993)	4,011,166,349
Other financial assets	1,500,000	-	-	-	(357)	1,499,643
Non-investment grade						
Debt instruments at FVTOCI	5,381,553	1,387,056	5,178,600	-	-	11,947,209
Financial assets at amortized cost	13,616,629	1,214,020	19,110,807	-	(2,106,494)	31,834,962

June 30, 2025						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Investment grade						
Debt instruments at FVTOCI	\$ 484,786,413	\$ -	\$ -	\$ -	\$ -	\$ 484,786,413
Financial assets at amortized cost	3,850,098,077	-	-	-	(1,543,923)	3,848,554,154
Non-investment grade						
Debt instruments at FVTOCI	5,440,600	1,526,883	3,219,097	-	-	10,186,580
Financial assets at amortized cost	13,427,267	1,156,612	18,197,484	-	(1,989,543)	30,791,820

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

ii. Secured loans and non-accrual receivables of Cathay Life

June 30, 2026						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 283,016,606	\$ 237,351	\$ 2,818,336	\$ -	\$ (276,862)	\$ (3,895,990)

December 31, 2025						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 255,523,986	\$ 211,302	\$ 2,990,716	\$ -	\$ (476,219)	\$ (3,275,548)

June 30, 2025						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 240,090,296	\$ 238,151	\$ 4,149,134	\$ -	\$ (974,492)	\$ (2,991,940)

h) Reconciliation for loss allowance is summarized below:

i. Debt instruments at FVTOCI for Cathay Life

	12-month Expected Credit Losses	Collectively Assessed	Lifetime Expected Credit Losses		Total of Impairment Charged in Accordance with IFRS 9
			Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 218,884	\$ 277,745	\$ 987,829	\$ -	\$ 1,484,458
Effect of redesignation of financial assets	<u>635,706</u>	<u>(201,920)</u>	<u>1,951,211</u>	<u>-</u>	<u>2,384,997</u>
Carrying amount after redesignation of financial assets	854,590	75,825	2,939,040	-	3,869,455
Changes due to financial instruments recognized as on January 1					
Transferred to a 12-month expected credit losses	75,825	(75,825)	-	-	-
New financial assets originated or purchased	211,596	-	-	-	211,596
Financial assets that have been derecognized during the period	(33,655)	-	-	-	(33,655)
Changes in models/risk parameters	(183,563)	-	40,253	-	(143,310)
Foreign exchange and other movements	<u>10,044</u>	<u>-</u>	<u>38,793</u>	<u>-</u>	<u>48,837</u>
June 30, 2026	<u>\$ 934,837</u>	<u>\$ -</u>	<u>\$ 3,018,086</u>	<u>\$ -</u>	<u>\$ 3,952,923</u>
January 1, 2025	\$ 164,757	\$ 224,414	\$ 985,882	\$ -	\$ 1,375,053
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(778)	778	-	-	-
Transferred to a 12-month expected credit losses	13,699	(13,699)	-	-	-
New financial assets originated or purchased	29,974	-	-	-	29,974
Financial assets that have been derecognized during the period	(29,935)	(55)	-	-	(29,990)
Changes in models/risk parameters	20,668	111,459	11,681	-	143,808
Foreign exchange and other movements	<u>(15,916)</u>	<u>(22,068)</u>	<u>(68,914)</u>	<u>-</u>	<u>(106,898)</u>
June 30, 2025	<u>\$ 182,469</u>	<u>\$ 300,829</u>	<u>\$ 928,649</u>	<u>\$ -</u>	<u>\$ 1,411,947</u>

ii. Financial assets at amortized cost for Cathay Life

	12-month Expected Credit Losses	Collectively Assessed	Lifetime Expected Credit Losses		Total of Impairment Charged in Accordance with IFRS 9
			Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2026	\$ 1,540,200	\$ 117,076	\$ 1,951,211	\$ -	\$ 3,608,487
Effects of redesignation of financial assets	<u>(695,055)</u>	<u>74,183</u>	<u>(1,951,211)</u>	<u>-</u>	<u>(2,572,083)</u>
Carrying amount after redesignation of financial assets	845,145	191,259	-	-	1,036,404
New financial assets originated or purchased	26,658	-	-	-	26,658
Financial assets that have been derecognized during the period	(177,489)	-	-	-	(177,489)
Changes in models/risk parameters	106,750	(132,078)	-	-	(25,328)
Foreign exchange and other movements	<u>9,913</u>	<u>2,914</u>	<u>-</u>	<u>-</u>	<u>12,827</u>
June 30, 2026	<u>\$ 810,977</u>	<u>\$ 62,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,072</u>
January 1, 2025	\$ 1,544,817	\$ 864	\$ 1,979,485	\$ -	\$ 3,525,166
Changes due to financial instruments recognized as on January 1					
Transferred to lifetime expected credit losses	(2,098)	2,098	-	-	-
New financial assets originated or purchased	19,111	-	-	-	19,111
Financial assets that have been derecognized during the period	(468,195)	(939)	-	-	(469,134)
Changes in models/risk parameters	645,847	118,944	24,814	-	789,605
Foreign exchange and other movements	<u>(155,538)</u>	<u>(1,895)</u>	<u>(173,849)</u>	<u>-</u>	<u>(331,282)</u>
June 30, 2025	<u>\$ 1,583,944</u>	<u>\$ 119,072</u>	<u>\$ 1,830,450</u>	<u>\$ -</u>	<u>\$ 3,533,466</u>

iii. Other financial assets for Cathay Life

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

iv. Secured loans and non-accrual receivables for Cathay Life

		Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2026	\$ 59,595	\$ 3,464	\$ 413,160	\$ -	\$ 476,219	\$ 3,275,548	\$ 3,751,767
Changes due to financial instruments recognized as on January 1							
Transferred to lifetime expected credit losses	(16)	16	-	-	-	-	-
Transferred to credit-impaired financial assets	(35)	(2)	37	-	-	-	-
Transferred to 12-month expected credit losses	972	(30)	(942)	-	-	-	-
New financial assets originated or purchased	2,561	-	1,149	-	3,710	-	3,710
Financial assets that have been derecognized during the period	(394)	-	-	-	(394)	-	(394)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	620,442	620,442
Foreign exchange and other movements	(35,767)	(446)	(166,460)	-	(202,673)	-	(202,673)
June 30, 2026	<u>\$ 26,916</u>	<u>\$ 3,002</u>	<u>\$ 246,944</u>	<u>\$ -</u>	<u>\$ 276,862</u>	<u>\$ 3,895,990</u>	<u>\$ 4,172,852</u>
January 1, 2025	\$ 51,050	\$ 4,657	\$ 1,186,186	\$ -	\$ 1,241,893	\$ 2,821,399	\$ 4,063,292
Changes due to financial instruments recognized as on January 1							
Transferred to lifetime expected credit losses	(9)	9	-	-	-	-	-
Transferred to credit-impaired financial assets	(31)	(12)	43	-	-	-	-
Transferred to 12-month expected credit losses	1,206	(37)	(1,169)	-	-	-	-
New financial assets originated or purchased	4,585	-	9,794	-	14,379	-	14,379
Financial assets that have been derecognized during the period	(790)	-	-	-	(790)	-	(790)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	170,541	170,541
Changes in models/risk parameters	1,559	(777)	(281,772)	-	(280,990)	-	(280,990)
June 30, 2025	<u>\$ 57,570</u>	<u>\$ 3,840</u>	<u>\$ 913,082</u>	<u>\$ -</u>	<u>\$ 974,492</u>	<u>\$ 2,991,940</u>	<u>\$ 3,966,432</u>

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

i) Exposure to credit risk and loss allowance of receivables

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

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

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

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

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

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

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

The loss allowance was reconciled as follows:

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

3) Liquidity risk

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

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

December 31, 2025					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 16,665,249	\$ 602,813	\$ -	\$ -	\$ -
Short-term debt	1,484,601	-	-	-	-
Other financial liabilities	1,787,539	2,181,299	3,339,120	10,106,467	34,218,542
Bonds payable (Note 1)	2,018,043	37,897,545	6,509,572	15,763,715	181,809,876
Lease liabilities (Note 2)	459,951	396,960	759,845	2,092,910	31,704,563
<u>Derivative financial liabilities</u>					
SWAP	8,663,320	38,847,818	9,152,800	-	-
Forward	15,641,333	4,315,570	138,400	-	1,190,360

June 30, 2025					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 31,554,518	\$ 515,281	\$ -	\$ -	\$ -
Short-term debt	1,414,335	-	-	-	-
Other financial liabilities	24,526,204	999,127	3,147,367	8,722,598	28,124,525
Bonds payable (Note 1)	1,527,454	3,696,831	7,659,096	15,432,289	216,655,571
Lease liabilities (Note 2)	390,963	458,370	851,107	2,233,570	32,034,802
<u>Derivative financial liabilities</u>					
SWAP	7,311,773	-	-	-	-
Forward	5,177,683	-	-	-	-

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

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

Cathay United Bank and its subsidiaries

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

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

- 1) To amend the risk management policies, risk appetite or risk tolerance and periodic presentations of the important risk management reports, are submitted to the board of directors for approval.
- 2) To manage and decide the strategy about Cathay United Bank's credit risk, market risk and operational risk.
- 3) To report the significant risk management issues, such as credit ratings, market assessment, risk indicators, capital adequacy, and other relevant project summaries, are reviewed comprehensively.
- 4) Development, establishment, validation, and monitoring of credit rating models.
- 5) The results of stress testing execution.
- 6) Important research and discussion matters raised by various risk management-related units of the Bank.
- 7) Other issues.

Cathay United Bank organized a risk management group to monitor, lead, develop, and establish the integral risk management framework.

1) Credit risk

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

a) Credit risk policy and implementation

i. Cathay United Bank, Indovina Bank and CUBCN Bank

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

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

ii. CUBC Bank

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

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

b) Judgment of significant increase in credit risk after initial recognition

i. Cathay United Bank

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

i) Quantitative indicators

- Changes in credit rating

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

- Information on the overdue status of contract

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

ii) Qualitative indicators

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

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.

- Auditors' opinion - adverse opinion.
- Auditors' opinion - disclaimer of opinion.
- The stock was placed in full-cash delivery stock.
- Other changes in the internal or external information on judging the credit quality changes.

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

ii. Indovina Bank

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

i) Quantitative indicators

- Changes in credit rating

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

- Low credit risk criteria

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

- Information on the overdue status of a contract

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

- Internal credit assessment indicators

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

ii) Qualitative indicators

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- Other changes in the internal or external information on judging the credit quality.

iii. CUBC Bank

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

i) Information on the overdue status of a contract

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

ii) Loan classification from National Bank of Cambodia

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

iii) Internal credit assessment indicators

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

iv. CUBCN Bank

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

i) Quantitative indicators

- Changes in credit rating

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

- Information on the overdue status of contract

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

ii) Qualitative indicators

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

- Any financial instruments are classified as special mention.
- Information from credit records obtained from the People's Bank of China

On the reporting date, the financial instruments have not yet become overdue, but the credit subject has been classified by financial institutions as non-performing (classified as substandard, doubtful, or loss) based on the credit records obtained from the People's Bank of China and remain unsettled, or the principal and interest payments are overdue for more than 90 days.

- The obligor has been designated as a 'watchlist account' subject to heightened monitoring and control.
- Other changes in the internal or external information on judging the credit quality changes.

c) Default and credit impairment of financial asset

i. Cathay United Bank

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

i) Quantitative indicator

- Changes in credit rating

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

- Information on the overdue status of a contract

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

ii) Qualitative indicator

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

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

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

ii. Indovina Bank

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

i) Quantitative indicator

- Changes in credit rating

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

- Information on the overdue status of a contract

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

ii) Qualitative indicator

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

iii. CUBC Bank

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

i) Information on the overdue status of a contract

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

ii) Loan classification from National Bank of Cambodia

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

iii) Internal credit assessment indicators

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

iv. CUBCN Bank

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

i) Quantitative indicator

- Changes in credit rating

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

- Information on the overdue status of a contract

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

ii) Qualitative indicator

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

- Any financial instruments are classified as substandard, doubtful or loss.
- Minimum risk for clients is classified as substandard, doubtful or loss.
- Other internal rating is determined to have fallen into default level.

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

d) Measurement of expected credit loss

i. Cathay United Bank

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

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

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

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

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

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

Cathay United Bank performs impairment assessment of debt instruments measured at FVTOCI and those measured at amortized cost in accordance with related requirements:

- i) The EAD is measured at the amortized cost of a financial asset plus its interest receivable.
- ii) The PD is based on the credit ratings of the bonds, guarantors, or issuers, with reference to information regularly published by Moody’s, and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).
- iii) The LGD is selected according to the type of debt instrument based on the information regularly published by Moody’s.

ii. Indovina Bank

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

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

i) Loan portfolio

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

ii) Bond portfolio

The segmentation of Indovina Bank's bond portfolio is based on its product class, external rating and payment rank. The probability of default and loss given default were built using external information with sufficient historical default data and recovery rates and calibrated with selected global macroeconomic factor data and scenario analysis for forward-looking adjustment. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

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

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

iii. CUBC Bank

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

Category	Definition
Loan	Grouped by product characteristics, industry, counterparty type and overdue days under the five-tier asset classification system
Credit card	Grouped by product characteristics and overdue days under the five-tier asset classification system

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

iv. CUBCN Bank

For the purpose of assessing the expected credit losses, CUBCN Bank grouped the credit assets by business segments and forward-looking models:

- i) Financial assets are classified into the following categories according to their assessment methods and business segments:

Business Category	Method
Loan activities	Grouped by assessment methods and business segments
Interbank borrowing business	Grouped by assessment methods and business segments
Bills forfaiting business	Grouped by assessment methods and business segments
Off-balance sheet credit business	Grouped by assessment methods and business segments
Bond business and other debt investments businesses	Grouped by assessment methods and business segments
Interbank business (excluding interbank borrowing business and debt investment activities)	Grouped by assessment methods and business segments
Fees receivable and other receivables	Grouped by assessment methods and business segments

- ii) Financial assets are classified into non-retail on the basis of forward-looking model requirements.

- a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:

- For financial instruments in Stage 1, the allowance for losses is measured by the 12-month expected credit losses.
- For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.
- For financial instruments in Stage 3, the discounted cash flow method can be used for individual assessment; if individual assessment is not used, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.

b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:

- The PD is based on the internal/external credit rating of the borrower or the issuer and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information.
- The LGD is based on LGD regulated in the Capital of Commercial Banks published by China Banking Regulatory Commission as a reference for the evaluation, the values are determined based on product or bond type mapping and calculated using methods such as linear interpolation.
- The EAD is measured at the current exposure method. Besides, off-balance sheet credit business also converts using credit conversion factor regulated in the Capital of Commercial Banks published by China Banking Regulatory Commission.

e) Write-off policy

In cases of overdue credit, if any of the following situations occur, the estimated recoverable portion should be deducted and then transferred to non-performing loans:

- i. The debtor is dissolved, absconded, settled, declared bankrupt, or for other reasons, resulting in the total or partial unrecoverability of the debt.
- ii. The collateral and the assets of the primary and secondary debtors have been appraised at a very low value or, after deducting the priority mortgage rights, it is impossible to recover, or the execution costs are close to or may exceed the recoverable amount by Cathay United Bank, rendering the execution futile.
- iii. The collateral and the assets of the primary and secondary debtors have been auctioned multiple times at reduced prices without any buyers, and Cathay United Bank have also failed to acquire any beneficial interest.
- iv. Overdue loans and collections overdue for more than two years, which remain uncollected after collection efforts.

Cathay United Bank may still be engaged in ongoing recovery activities for written-off financial assets, including overdue loans and collections, and continues to pursue legal proceedings in accordance with relevant policies.

f) Consideration of forward-looking information

i. Cathay United Bank

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

The significant economic factors identified by Cathay United Bank are as follows:

Business Category	Probability of Default (PD)
Enterprise loan	Ratio of external debt amortization to GDP (%) Inflation rate (%)
Consumer loan	Total government debt Annual growth rate of nominal GDP (%) Consumer price index
Credit card	Consumer price index

ii. Indovina Bank

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

The macroeconomic factors selected by Indovina Bank for the forward-looking adjustments are as follows:

Segment	Selected Factors
Loan portfolio	Vietnam GDP growth rate
Bond portfolio	Global GDP growth rate Global inflation index

iii. CUBC Bank

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

The macroeconomic factors selected by CUBC Bank for the forward-looking adjustments are as follows:

Segment	Selected Factors
Loans	Change of GDP (%) Ratio of the general fiscal balance (net lending/net borrowing) to GDP (%) Change of volume of export (%) General government revenue amount
Credit card	Inflation rate (%) Ratio of gross national savings to GDP (%) Total general government debt as percent of GDP (%)

iv. CUBCN Bank

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

The relevant economic factors identified by CUBCN Bank include but are not limited to GDP (gross domestic product), CPI (consumer price index), and currency in circulation (M0), as published by authoritative government institutions such as China's National Bureau of Statistics.

The valuation techniques or significant assumptions used by the Cathay United Bank and its subsidiaries for assessing the expected credit losses have no significant change.

g) Credit risk management policy

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

i. Category of credit asset

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

ii. Grade of credit quality

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

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

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

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

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

iii. Hedge of credit risk and easing policy

i) Collateral

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

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

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

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

iii) Net settlement agreement

Cathay United Bank usually settles by the gross balance, but signs contract with some counterparties to settle by net balance. If a default happens, Cathay United Bank will terminate all transactions with the counterparty and settle on a net basis to reduce credit risk.

iv. Maximum exposure to credit risk

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

i) Cathay United Bank

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

ii) Indovina Bank

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

iii) CUBC Bank

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

iv) CUBCN Bank

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

To reduce the risk from any business, Cathay United Bank conducts an overall assessment and takes appropriate risk reduction measures before undertaking the business, such as obtaining collateral and guarantors, with respect to both on-balance sheet and off-balance sheet activities. Regarding collateral obtained, Cathay United Bank has established Guidelines Governing Collateral to ensure that collateral meets the specific criteria and has the effect of reducing the business risk.

The management deems Cathay United Bank and its subsidiaries are able to control and minimize the credit risk exposures in off-balance-sheet items as Cathay United Bank and its subsidiaries use stricter rating procedures when extending credits and conducting reviews regularly.

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

June 30, 2026

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

	Receivable			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses		
Total carrying amount	\$ 195,656,742	\$ 1,874,133	\$ 2,396,746	\$ -	\$ 199,927,621
Less: Allowance for impairment	(767,967)	(354,474)	(1,766,583)	-	(2,889,024)
Less: Differences from impairment charged in accordance with regulations	-	-	-	(181,307)	(181,307)
	<u>\$ 194,888,775</u>	<u>\$ 1,519,659</u>	<u>\$ 630,163</u>	<u>\$ (181,307)</u>	<u>\$ 196,857,290</u>

December 31, 2025

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

	Receivable			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses		
Total carrying amount	\$ 146,942,338	\$ 1,993,718	\$ 2,388,929	\$ -	\$ 151,324,985
Less: Allowance for impairment	(805,296)	(374,682)	(1,790,300)	-	(2,970,278)
Less: Differences from impairment charged in accordance with regulations	-	-	-	(99,998)	(99,998)
	<u>\$ 146,137,042</u>	<u>\$ 1,619,036</u>	<u>\$ 598,629</u>	<u>\$ (99,998)</u>	<u>\$ 148,254,709</u>

June 30, 2025

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

	Receivable			Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses		
Total carrying amount	\$ 127,654,077	\$ 2,487,590	\$ 2,275,241	\$ -	\$ 132,416,908
Less: Allowance for impairment	(673,836)	(367,341)	(1,718,103)	-	(2,759,280)
Less: Differences from impairment charged in accordance with regulations	-	-	-	(70,774)	(70,774)
	<u>\$ 126,980,241</u>	<u>\$ 2,120,249</u>	<u>\$ 557,138</u>	<u>\$ (70,774)</u>	<u>\$ 129,586,854</u>

v. Credit concentration risk of Cathay United Bank and its subsidiaries

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

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

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

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

2) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk refers to the risk that Cathay United Bank may be unable to obtain sufficient funds at an acceptable cost in a timely manner to meet existing or impending payment obligations.

b) Liquidity risk management strategy and principles

The principle of liquidity risk management strategy of Cathay United Bank and its subsidiaries is to stabilize the liquidity of funds. The primary focus of funding sources is diversification and stability, and Cathay United Bank and its subsidiaries adopt the conservative principle to estimate the funds. The use of funds should take into account both safety and profitability, and pay attention to diversifying liquidity risks, to ensure sufficient capacity to meet payment obligations in a timely manner under both normal and specific stress scenarios. Cathay United Bank and its subsidiaries have established an Asset and Liability Management Committee, which is responsible for planning and oversight of liquidity risk management strategy and controlling liquidity risk with risk limits from different measuring dimensions and early warning indicators. In the event of actual or anticipated significant changes in liquidity positions, relevant authorities and responsible units jointly analyze the reasons and discuss solutions to deal with the impact of emergent events on liquidity risk. If necessary, the Asset and Liability Management Committee may be convened to discuss solutions.

c) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities.

i. Financial assets held to manage liquidity risk

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

ii. Maturity analysis of non-derivative financial liabilities of Cathay United Bank

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

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

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

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

Additional information about the maturity analysis of lease liabilities:

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

iii. Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Non-delivery forwards and cash-settled exchange options.
- ii) Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

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

June 30, 2026					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 11,303	\$ 9,912	\$ -	\$ -	\$ 21,215
Interest rate derivative instruments	<u>45,886</u>	<u>409,021</u>	<u>229,987</u>	<u>30,802,391</u>	<u>31,487,285</u>
	<u>\$ 57,189</u>	<u>\$ 418,933</u>	<u>\$ 229,987</u>	<u>\$ 30,802,391</u>	<u>\$ 31,508,500</u>
December 31, 2025					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 13,051	\$ 22,998	\$ 7,177	\$ -	\$ 43,226
Interest rate derivative instruments	<u>117,263</u>	<u>1,175,338</u>	<u>626,968</u>	<u>31,110,621</u>	<u>33,030,190</u>
	<u>\$ 130,314</u>	<u>\$ 1,198,336</u>	<u>\$ 634,145</u>	<u>\$ 31,110,621</u>	<u>\$ 33,073,416</u>
June 30, 2025					
	0-30 Days	31-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 36,324	\$ 49,384	\$ 60,238	\$ -	\$ 145,946
Interest rate derivative instruments	<u>142,282</u>	<u>258,300</u>	<u>777,275</u>	<u>28,265,473</u>	<u>29,443,330</u>
	<u>\$ 178,606</u>	<u>\$ 307,684</u>	<u>\$ 837,513</u>	<u>\$ 28,265,473</u>	<u>\$ 29,589,276</u>

Gross settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Forwards, swaps and total return exchange options;
- ii) Interest rate derivative instruments: CCS.
- iii) Credit derivative instruments: All credit default swaps are presented in gross amount, with periodic payments made to the protection seller and a one-time payment made to the protection buyer when a credit risk event occurs.

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

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

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

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

iv. Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of off-balance-sheet items for Cathay United Bank based on the number of days remaining from the balance sheet date until the contractual maturity date. This analysis is presented according to the earliest period in which each item may be required for payment or guarantee fulfillment.

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

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

	June 30, 2026				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 196,753,549	\$ -	\$ -	\$ -	\$ 196,753,549
Unused credit card line commitments	755,572,096	-	-	-	755,572,096
Financial guarantee contracts	34,746,985	-	-	-	34,746,985

	December 31, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 192,525,022	\$ -	\$ -	\$ -	\$ 192,525,022
Unused credit card line commitments	738,966,067	-	-	-	738,966,067
Financial guarantee contracts	26,742,060	-	-	-	26,742,060

	June 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 182,501,473	\$ -	\$ -	\$ -	\$ 182,501,473
Unused credit card line commitments	723,521,720	-	-	-	723,521,720
Financial guarantee contracts	24,230,484	-	-	-	24,230,484

3) Market risk

a) Source and definition of market risk

Market risk primarily arises from changes in the prices of financial instruments such as interest rates, exchange rates, or equity securities, which may result in gains or losses for Cathay United Bank.

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

b) Market risk management strategy and process

i. Identification and measurement

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

ii. Monitoring and reporting

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

c) Risk management policy of the trading book

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

i. Strategy

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

ii. Policy and procedure

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

iii. Valuation policy

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

iv. Risk measuring methods

- i) Value-at-risk (VaR): The assumptions and calculation method are described in the VaR section of the trading books.
- ii) Sensitivity analysis: The assumptions and calculation methods are described in the section on market risk sensitivity analysis.
- iii) Cathay United Bank executes the stress testing monthly and reports the results regularly to the risk management committee.

d) Interest risk management of trading book

i. Definition of interest risk

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

ii. Interest risk management procedure of trading book

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

iii. Method of measurement

The management of trading book interest rate risk is primarily based on positions and profit and loss.

e) Interest risk management of banking book

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

i. Strategy

Based on the principle of prudent and conservative operations, primary emphasis is placed on the diversification and stability of assets and liabilities, and then on safety and profitability, and Cathay United Bank and its subsidiaries should ensure risk diversification.

ii. Management procedure

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

iii. Method of measurement

Measurement methods of banking book interest risk include repricing gap analysis, earnings viewpoint (ΔNII) analysis, and economic value viewpoint (ΔEVE) analysis. Cathay United Bank and its subsidiaries adopt appropriate measurement methods to manage banking book interest risk in accordance with local regulatory requirements or internal management needs.

f) Foreign exchange risk management

i. Definition of foreign exchange risk

Foreign exchange risk is the gain/loss caused by two currencies exchange at different times. Cathay United Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc.

ii. Policy, procedure and measurement method of foreign exchange risk management

In order to control foreign exchange risk, Cathay United Bank sets the limits of positions and stop-loss limits for the dealing room and traders. Meanwhile, Cathay United Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is primarily managed based on positions and profit and loss.

g) Risk management of equity securities price

i. Definition of risk of equity securities price

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

ii. Purpose of risk management of equity securities price

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

iii. Procedure of risk management of equity securities price

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

iv. Measurement method

The risk of equity securities price in trading book is mainly controlled by positions and profit and loss.

h) Value-at-risk of the trading books

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

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

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

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

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

i) Market risk stress testing

Stress testing is a method that assumes significant extreme scenarios to measure the potential losses of a risk asset portfolio. Cathay United Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

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

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

j) Market risk sensitivity analysis

i. Interest rate risk

Assuming parallel shifts in the yield curves, the impact on the present value of interest rate products (such as government bonds, corporate bonds, interest rate swaps, interest rate caps and floors, and interest rate swap options).

ii. Foreign exchange risk

The impact of currency exchange rate fluctuation on the profit and loss of the foreign exchange portfolios (i.e., forward exchange transactions and currency swaps).

iii. Equity securities price risk

The impact of equity security price fluctuations on the profit and loss of equity products (such as stocks and stock index options).

iv. Commodity risk

The impact on gains or losses resulted from changes in the prices of underlying commodities (carbon credits, crude oil, etc.) associated with commodity positions (such as commodity futures, commodity swaps, etc.).

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

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

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

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

Cathay Century and its subsidiaries

Cathay Century and its subsidiaries' 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 resulting from changes in market risk factors, such as exchange rate, product price, interest rate, credit spread, and stock price, which may decrease Cathay Century and its subsidiaries' income or value of investment portfolio.

Cathay Century and its subsidiaries 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 over a specified period and confidence level when the market risk factors change. Cathay Century and its subsidiaries calculate VaR on the next day (week or two weeks) at 99% confidence level.

b) Stress testing

In addition to the VaR model, Cathay Century and its subsidiaries periodically use stress testing to assess the potential risk of extreme and abnormal events.

Cathay Century and its subsidiaries conduct stress testing regularly on positions by simple sensitivity analysis test 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 the 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 follows scenarios:

i) Historical scenario

By considering the fluctuations in risk factors during a specific historical event, Cathay Century and its subsidiaries evaluate whether the event would result in losses to the current investment portfolio in the event.

ii) Hypothetical scenario

Cathay Century and its subsidiaries simulate 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. Cathay Century and its subsidiaries' risk analysis, early warning, and business management are in accordance with the stress testing report.

Table of Stress Testing

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

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Information of Cathay Insurance (Vietnam) is not disclosed due to its immaterial effect on the consolidated financial statements.

- Foreign currency risk

Cathay Century and its subsidiaries has foreign currency-denominated assets and liabilities, which expose Cathay Century and its subsidiaries to foreign currency risk.

- Price risk

Cathay Century and its subsidiaries was exposed to equity price risk through its investments in listed shares and beneficiary certificates.

- Sensitivity analysis

Summary of Sensitivity Analysis			
For the Six Months Ended June 30, 2026			
Risk Factors	Variation (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk sensitivity	Appreciation of USD/NTD by 1%	\$ 51,897	\$ 1,995
	Appreciation of CNY/NTD by 1%	819	-
	Appreciation of HKD/NTD by 1%	887	1,402
	Appreciation of EUR/NTD by 1%	9	-
	Appreciation of VND/NTD by 1%	-	6,907
Interest rate risk sensitivity	Upward parallel shift of the yield curve (USD) by 1bp	(7,917)	-
	Upward parallel shift of the yield curve (CNY) by 1bp	(7)	-
	Upward parallel shift of the yield curve (NTD) by 1bp	(2,848)	(340)
Equity securities price sensitivity	Increase in equity price by 1%	21,038	173,163

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

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

Note 4: Information of Cathay Insurance (Vietnam) is not disclosed due to its immaterial effect on the consolidated financial statements.

2) Credit risk

a) Sources of credit risk

Cathay Century and its subsidiaries' credit risk exposure of financial transactions include issuer credit risk, counterparty credit risk and credit risk of underlying assets.

- i. Issuer's credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses on debt instruments or bank deposits because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
- iii. Credit risk of the underlying assets is the risk that Cathay Century and its subsidiaries 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

- i. Regional distribution of maximum risk exposure for Cathay Century and its subsidiaries' financial assets:

June 30, 2026

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

December 31, 2025

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

June 30, 2025

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

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

- i. Cathay Century and its subsidiaries assess 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, Cathay Century and its subsidiaries consider reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit ratings, 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 Cathay Century and its subsidiaries 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 factors: An 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 Cathay Century and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.
- 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, Cathay Century and its subsidiaries measure 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, Cathay Century and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Century and its subsidiaries multiply exposure at default by the 12-month and lifetime probability of default of issuers, guarantee agencies or borrowers and loss given default. Cathay Century and its subsidiaries also consider the effect of the time value of money when calculating the 12-month and lifetime expected credit losses.

The default rate is the rate that 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 Cathay Century and its subsidiaries 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

Cathay Century and its subsidiaries take 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 Cathay Century and its subsidiaries

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

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

ii. Secured loans of Cathay Century and its subsidiaries

June 30, 2026						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans	\$ 64,266		\$ -		\$ -	\$ 63,358
					\$ (908)	
December 31, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans	\$ 69,776		\$ -		\$ -	\$ 68,789
					\$ (987)	
June 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	
						Gross Carrying Amount
Secured loans	\$ 83,431		\$ -		\$ -	\$ 82,242
					\$ (1,189)	

g) Reconciliation for loss allowance is summarized below:

i. Debt instruments 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	<u>551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551</u>
June 30, 2026	<u>\$ 607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>
		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, 2025	\$ 51	\$ -	\$ -	\$ -	\$ 51
Changes in models/risk parameters	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
June 30, 2025	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>

ii. Financial assets measured at amortized cost

		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	\$ 14,141	\$ -	\$ -	\$ -	\$ 14,141
Changes in models/risk parameters	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505</u>
June 30, 2026	<u>\$ 14,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,646</u>
		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, 2025	\$ 14,054	\$ -	\$ -	\$ -	\$ 14,054
Changes in models/risk parameters	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>
June 30, 2025	<u>\$ 14,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,021</u>

iii. Secured loans

		Lifetime Expected Credit Losses				Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	
	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		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	-	-	-	-	-	(74)	(74)
June 30, 2026	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 906</u>	<u>\$ 908</u>

		Lifetime Expected Credit Losses				Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	
	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		Total
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	-	-	-	-	-	(211)	(211)
June 30, 2025	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 1,178</u>	<u>\$ 1,189</u>

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

Cathay Century and its subsidiaries apply the simplified approach to providing for expected credit loss prescribed by IFRS 9, are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under a simplified approach is as follows:

June 30, 2026	Due	Overdue	Total
Carrying amount	\$ 194,423	\$ 311	\$ 194,734
Expected credit loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,944	\$ 311	\$ 2,255

December 31, 2025	Due	Overdue	Total
Carrying amount	\$ 180,749	\$ 377	\$ 181,126
Expected credit loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,808	\$ 377	\$ 2,185

June 30, 2025	Due	Overdue	Total
Carrying amount	\$ 195,913	\$ 205	\$ 196,118
Expected credit loss rate	1.00%	100.00%	
Lifetime expected credit losses	\$ 1,959	\$ 205	\$ 2,164

3) Liquidity risk

a) Sources of liquidity risk

The liquidity risks of the financial instruments are classified as funding liquidity risk and market liquidity risk. Funding liquidity risk represents the default risk of being 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

Cathay Century and its subsidiaries established a completed 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, Cathay Century and its subsidiaries use cash flow model and stress testing to assess cash flow risk. Moreover, Cathay Century and its subsidiaries have 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 Cathay Century and its subsidiaries 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.

June 30, 2026

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

December 31, 2025

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

June 30, 2025

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

Cathay Securities and its subsidiaries

1) Risk management system

a) Risk management objectives

Adhering to the risk management policies of the Company, Cathay Securities and its subsidiaries manage the risks during their operating activities in compliance with domestic and foreign regulations as well as in an efficient and flexible manner to maximize the profit.

b) Risk management policies

Cathay Securities and its subsidiaries comply with the risk management policies as a guiding principle to establish significant risk management matters such as objectives, coverage, organization duties and operating, management principles and reports.

The management policies of Cathay Securities and its subsidiaries cover different types of risk including market risk, credit risk, operating risk, liquidity risk, capital adequacy management, regulation risk and other risks related to operating activities. Before initiating a business, Cathay Securities and its subsidiaries identify relevant risks and have integrated planning of risk management mechanism and methods to ensure that such business is compliant with the management policies.

c) Risk management organization

i. Board of directors

The board of directors takes the ultimate responsibilities for risk management. The board of directors approves the risk management policy, ensures that approved risk management policies are in accordance with the nature of operating activities and types of business and cover different types of risk and monitors the effective implementation of risk management policies.

ii. Risk management committee

The risk management committee is responsible for reviewing risk management policies, principles, and rules of trading transactions, and for determining the appropriate degree of risk exposure and monitoring the implementation of the risk management policies. The risk management committee is under the board of directors and the chairman of board of directors takes chair of the committee, and the members include the general manager, department supervisor, director for compliance matters, information security officer, finance supervisor, accounting manager, risk management supervisor, and strategic planning supervisor. The meetings of the committee are typically held quarterly and provisional meetings are called by the chairman of the board.

iii. Risk management department

The risk management department is under the board of directors. The supervisor and staff of the department are prohibited from holding positions at the trading or settlement department. Their responsibilities are to plan and implement risk management policies, principles and directions, review policies regularly to ensure that those policies are suitable for business development. The risk management department also establishes online monitoring and prevention systems and reaction mechanisms, according to the development of Cathay Securities and its subsidiaries.

iv. Business unit

Each business unit participates in the establishment of the risk management mechanism and executes daily risk management and reporting to ensure that the risk model used by the business unit is implemented with the consistent credibility and is in accordance with the internal control procedures to comply with the regulations and risk management policies.

v. Auditing office

The auditing office executes risk management and internal control procedures regularly, and traces and documents findings and deviations of internal control procedures periodically to ensure that the appropriate actions of improvement have been taken in time.

vi. Finance department

The finance department participates in the establishment of the risk management mechanism. The department is responsible for executing liquidity risk management and providing the liquidity risk report to the risk management department regularly.

vii. Accounting department

The accounting department participates in the establishment of the risk management mechanism and provides the form of capital adequacy to the risk management department monthly.

viii. Legal affairs office

The legal affairs office executes legal risk management to ensure that business operations and risk management procedures are all in compliance with the regulations.

d) Risk management workflows

Risk management workflow for Cathay Securities and its subsidiaries includes risk identification, risk measurement, risk management mechanism, and risk reporting. Risk assessment and response strategies to each risk are addressed as follows:

i. Market risk

i) Definition

Market risk is the risk of losses in Cathay Securities and its subsidiaries' investment positions, including shares, bonds, and derivatives etc. arising from changes in the market prices of financial instruments.

ii) Controls

Cathay Securities and its subsidiaries set up rules of trading transactions including the limits of authorization, risk limitation, stop-loss rules, and responses to the exceeded limits by each product or service line and implement those control procedures efficiently through the front desk risk control staff and on-line monitoring system. Furthermore, Cathay Securities and its subsidiaries provide the market risk management report regularly that includes market price assessments, the dollar amounts of surplus/shortfall and arbitrage, Value at Risk, and back-testing model and perform stress testing by each extreme scenario to control the risks that Cathay Securities and its subsidiaries face and manage all risks as a whole efficiently.

ii. Credit risk

i) Definition

Credit risk is the risk of loss incurred by Cathay Securities and its subsidiaries as a result of a counterparty or debtor not being able to perform its contract obligations due to deterioration of financial conditions or other factors.

ii) Controls

Cathay Securities and its subsidiaries check and review the credit position of each counterparty before trading and manage risk exposure after trading. Risks arising from securities trading are monitored and controlled based on the credit rating model. Investment concentration and risks are analyzed and documented regularly. Investment limit to each counterparty is established by its credit rating (TCRI, Taiwan Ratings, S&P, Moody's, and Fitch). In addition, the customers covered by the high-risk range of self-managed credit integrity and the credit balance of the underlying account for a certain percentage of the market credit balance are regularly reviewed and the credit risk emergency notification mechanism for the Company is established.

iii. Operational risk

i) Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, but excludes strategy risk and reputation risk.

ii) Controls

Cathay Securities and its subsidiaries establish authority levels and the segregation of duties for the processes of front, middle and back offices. Trading, confirmation, settlement, financial accounting, and trading documents are archived for future reference. The strict processes are also established to prevent fraud and negligence. Cathay Securities and its subsidiaries request each department to establish and implement internal audit and control policies authentically. The reporting mechanism for loss events from operational risk and database are established to understand the causes of the loss.

In addition, the auditing office is established under the board of directors. The functions of the office are to implement daily process checks to establish completed internal audit control and provide internal review reports periodically to lower the loss arising from the operational failures.

iv. Liquidity risk

i) Definition

Fund liquidity refers to Cathay Securities and its subsidiaries' acquisition of funds to maintain its needed flexibility to support asset growth or to repay liabilities; market liquidity refers to the managing and avoidance of risk of loss resulting from significant changes in the market price of held positions due to the lack of market depth or market disruption.

ii) Controls

The measurement index for liquidity risk is established and Cathay Securities and its subsidiaries compile the liquidity risk management report regularly to review the capital conditions and cash flow gap as of the balance sheet date and liquidity of overall foreign currency. Capital allocation planning is based on the compiled structure analysis as of the balance sheet date. In addition, capital liquidity simulation operations are regularly conducted to ensure that there are corresponding contingency measures in the extreme situations which can cover the funding gap. Meanwhile, credit lines of short-term financing are acquired from other financial institutions and receipts and payments are managed properly to sustain appropriate liquidity and ensure payment ability. Investment business units should conduct market liquidity risk control when buying in accordance with market liquidity management index.

v. Legal risk

i) Definition

Legal risk is the risk of loss that results from a counterparty being unable to legally enter into a contract due to the contract or eligibility of the counterparty being defective.

ii) Controls

The procedures of making and reviewing legal documentation are established. All the documents related to the contracts are required to be reviewed and approved by the legal office and may be reviewed with reference to external lawyers' opinions if needed.

vi. Capital adequacy management

i) Definition

Cathay Securities and its subsidiaries implement capital management to maintain an appropriate capital adequacy ratio, promote business growth and ensure a robust capital structure.

ii) Controls

Cathay Securities established the capital adequacy index and compile the capital adequacy management report regularly to evaluate the appropriateness of the capital adequacy ratio and the robustness of the capital structure.

vii. Reputation risk and strategy risk

i) Definition

Reputation risk is the risk of loss resulting from negative aspects of Cathay Securities and its subsidiaries' operations, leading to the loss of customers or revenue, and the need for Cathay Securities and its subsidiaries to bear large amounts of legal fees or other losses from damages. Strategy risk is another risk of current or potential loss to revenue or capital resulting from a strategy that turns out to be defective or inappropriate, or lack of proper responses to the competitors and changes in industry.

ii) Controls

In response to significant events related to reputation and strategy risk, Cathay Securities and its subsidiaries establish internal regulations to mitigate the risk of losses when significant events occur.

Risk management policies and principles are established based on the above-mentioned risks and management mechanisms from each risk source are set out specifically. Cathay Securities and its subsidiaries also establish the constraints for each risk and review the appropriateness of each constraint regularly. Moreover, the risk management implementation reports are reported to the risk management committee, board of directors, and risk management office of Cathay Securities and its subsidiaries every half year to assess risk tolerance and the appropriateness of the current risk management scheme.

e) Hedging and mitigation of risk strategies

The hedging and mitigation risk strategies for Cathay Securities and its subsidiaries refer to the implementation of dynamic hedging through the purchase and sale of target investment products to duplicate the same cash flows when derivatives mature. The hedging for outstanding stock warrants and structured products is based on the principle of Delta Neutral. If the prices of those investment positions fluctuate significantly in the financial markets, when the regulations for hedging operations are breached due to the impact from significant events, or when the trader's implementation of hedging strategies are in violation of the regulations of hedging operations, the business department is required to explain in writing, report to the risk management department and be approved by general manager.

Cathay Securities and its subsidiaries establish the approval limit and stop-loss mechanism based on the attributes of each product. When the position meets the stop-loss point, the risk management department will inform the supervisor or position administrator (including e-mail) in time and monitor the change in the position. In addition, the business department should operate in accordance with the approval limits. If the stop-loss point is met, the investment should be sold or the business department is required to provide an exception report detailing the reason and specific response measures and report to the responsible supervisor for approval based on authorized decision-making powers.

2) Market risk

Cathay Securities and its subsidiaries assess, monitor, and manage market risks completely and effectively by applying market risk management tools such as sensitivity analysis, Value at Risk (“VaR”) and stress testing continuously.

a) Sensitivity analysis

Sensitivity analysis is used to measure the degree of impact on each product and investment portfolio due to fluctuations in specific market factors. The relevant monitoring and control regulations are set based on the differences in the types of risk and business attributes of Cathay Securities and its subsidiaries. The degree of risk exposure is monitored and measured by the sensitivities of interest and commodity factors:

i. Measurement based on interest factors

Price value of basis point (PVBP): Denoting the change in the value of a position given a 1 basis point parallel shift in the yield curve.

ii. Measurement based on commodity factors

i) Delta: Measuring the change in the value of a position given a 1% price change of a certain underlying asset.

ii) Gamma: Measuring the dollar amount of change in Delta of a position given a 1% price change of a certain underlying asset.

iii) Vega: Denoting the change in the value of a position given a 1% price volatility change of a certain underlying asset.

b) VaR

VaR is used to measure the risk of the largest potential loss of the investment portfolio arising from movements in market risk factors over a specific time frame and at a certain confidence level. Cathay Securities and its subsidiaries currently measure the VaR of an investment portfolio for the next day at a 99% confidence level. Also, back testing of the VaR model is performed each year to ensure the accuracy of this model.

VaR on one single trading day within the 99% confidence level by Cathay Securities and its subsidiaries

	For the Six Months Ended June 30, 2026			
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 149,726</u>	<u>\$ 261,476</u>	<u>\$ 66,534</u>	<u>\$ 67,785</u>
	For the Six Months Ended June 30, 2025			
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 88,815</u>	<u>\$ 178,144</u>	<u>\$ 71,455</u>	<u>\$ 128,772</u>

c) Stress testing

Cathay Securities and its subsidiaries perform stress testing on a monthly basis to assess the degree of impact on the asset portfolio arising from foreign and domestic significant events, find the risk factors which exert greater significant influence on the asset portfolio, follow up review and report. In addition, when significant changes occur in domestic or international economic and financial conditions, ad hoc stress testing based on customized or extreme scenarios may be conducted to measure the maximum potential loss of the asset portfolio under extreme conditions and to effectively manage risk.

Stress testing scenarios, which include the historical scenario and hypothesis scenario, are described as follows:

i. Historical Scenario

Cathay Securities and its subsidiaries assess the dollar amount of losses for the investment portfolio by choosing a specific time frame of historical events and taking the fluctuations of risk factors into the consideration of the immediate, significant, and comprehensive impact on financial markets.

ii. Hypothesis Scenario

Cathay Securities and its subsidiaries make reasonable expected hypotheses on possible future extreme market fluctuations, include movements of the related risk factors in the current investment portfolio, and measure the loss amount generated from such events on the investment position, including the 10% drop in the total stock market value arising from the breakdown of the global system.

For the Six Months Ended June 30, 2026
Stress Test Table

(In Thousands of New Taiwan Dollars)

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (233,076)
Interest rate risk (yield curve)	+50bps	(211,560)
Exchange rate risk (exchange rate)	+3%	16,738
Product risk (price)	-10%	(77)

For the Six Months Ended June 30, 2025
Stress Test Table

(In Thousands of New Taiwan Dollars)

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (260,691)
Interest rate risk (yield curve)	+50bps	(320,692)
Exchange rate risk (exchange rate)	+3%	10,814
Product risk (price)	-10%	(409)

3) Credit risk

a) Source of credit risk

Credit risk refers to the credit risk that Cathay Securities and its subsidiaries may encounter due to engagement in financial transactions which include the credit risks from issuers, counterparties, and underlying assets:

- i. Issuer credit risk refers to the risk of financial loss that Cathay Securities and its subsidiaries may incur from holding debt instruments or bank deposits placed as a result of issuers, guarantors or banks not fulfilling their payment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk of financial loss that Cathay Securities and its subsidiaries may incur when a counterparty does not fulfill its settlement or payment obligations on the designated date.
- iii. Underlying asset credit risk refers to the risk of loss that Cathay Securities and its subsidiaries may encounter when the credit quality of the target financial instrument turns weak, credit spreads increase, credit rating reduces or when the terms of the contracts are violated.

Financial assets that expose Cathay Securities and its subsidiaries to credit risk include bank accounts, debt securities, trading of over-the-counter derivatives, repurchase and resale of debts, trading from the securities lending, refundable deposits, futures deposits in banks, other refundable deposits and accounts receivable etc.

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

- i. Cathay Securities and its subsidiaries assess, 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, Cathay Securities and its subsidiaries consider 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, issuers and guarantee agencies has increased significantly.
- ii. Low credit risk: 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.

c) 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 Cathay Securities and its subsidiaries is the same as that of 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. Qualitative factor: An evidence indicates that the issuers or counterparty cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers, guarantee institutions or counterparties have entered bankruptcy or are probable to close, undergo financial reorganization, file bankruptcy, dissolve or have a significant impact on the entity's ability to continue.

- ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
 - ii. The abovementioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by Cathay Securities and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to the related impairment assessment model.
- d) 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, Cathay Securities and its subsidiaries measure 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, Cathay Securities and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Securities and its subsidiaries multiply exposure at default by the 12-month and the lifetime probability of default of the issuers, guarantee agencies or counterparties and loss given default. Cathay Securities and its subsidiaries also consider the effect of the time value of money when calculating the 12-month expected credit losses and the lifetime expected credit losses.

Probability of default is the rate that an issuer, guarantee agency and a counterparty defaults. Loss given default is the loss rate that results from the default of issuers, guarantee agencies and counterparties. Loss given default used by Cathay Securities and its subsidiaries in impairment assessment is based on information regularly issued by Moody's. Probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (i.e., gross domestic product and economic growth rate) after adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of the financial assets.

- ii. Consideration of forward-looking information

Cathay Securities and its subsidiaries take forward-looking information into consideration while measuring expected credit losses of the financial assets.

- e) Loss allowance of accounts receivable

The movements of the loss allowance of accounts receivable were as follows:

	Debt Instrument Investments	Receivables	Other Receivables	Overdue Receivables	Securities Financing Receivables	Receivables from Lending - Unrestricted Use	Security Lending Receivables	Futures Trading Margins Receivables	Total
Balance on January 1, 2026	\$ 5,651	\$ 324	\$ 63	\$ 10,624	\$ 754	\$ 508	\$ -	\$ 1,374	\$ 19,298
(Decrease) increase	(2,192)	766	8	4,865	594	643	4	(180)	4,508
Recoveries of credits written off	-	-	-	174	-	-	-	-	174
Balance on June 30, 2026	<u>\$ 3,459</u>	<u>\$ 1,090</u>	<u>\$ 71</u>	<u>\$ 15,663</u>	<u>\$ 1,348</u>	<u>\$ 1,151</u>	<u>\$ 4</u>	<u>\$ 1,194</u>	<u>\$ 23,980</u>
Balance on January 1, 2025	\$ 5,124	\$ 241	\$ 52	\$ 9,212	\$ 670	\$ 431	\$ -	\$ 74	\$ 15,804
Increase (decrease)	1,207	243	15	529	78	(14)	-	-	2,058
Recoveries of credits written off	-	-	-	38	-	-	-	-	38
Balance on June 30, 2025	<u>\$ 6,331</u>	<u>\$ 484</u>	<u>\$ 67</u>	<u>\$ 9,779</u>	<u>\$ 748</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 17,900</u>

4) Capital liquidity risk

Bank loans are an important liquidity resource for Cathay Securities and its subsidiaries. As of June 30, 2026, December 31, 2025 and June 30, 2025, the unused credits of short-term bank loans of Cathay Securities and its subsidiaries amounted to \$22,657,596 thousand, \$18,224,208 thousand and \$12,601,566 thousand, respectively.

a) Cash flow analysis

Capital liquidity risk is the risk that Cathay Securities and its subsidiaries are unable to acquire sufficient capital at a reasonable cost within a reasonable time frame and which results in a cash flow gap, or the risk that Cathay Securities and its subsidiaries sell assets below market prices to meet the cash flow requirements.

June 30, 2026					
Cash Flows Analysis of Financial Liabilities					
	Payment Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
<u>Financial liabilities</u>					
Short-term borrowings	\$ 1,636,348	\$ -	\$ -	\$ -	\$ 1,636,348
Commercial paper payable	17,677,129	24,331,592	2,038,286	2,137,305	46,184,312
Financial liabilities at FVTPL	9,738,253	5,818,963	1,371,346	-	16,928,562
Bonds sold under repurchase agreements	8,245,623	52,685	-	-	8,298,308
Short sale margins and payables for short sale collateral received	89,559	179,118	268,677	1,074,706	1,612,060
Securities lending margin - deposit received	84,148	168,296	252,444	1,009,776	1,514,664
Futures trader's equity	39,606,401	-	-	-	39,606,401
Customer rights of special account and sub-account	306,054	-	-	-	306,054
Accounts payable	56,161,561	-	4,183	3,359,924	59,525,668
Collection payable	1,113,649	-	-	-	1,113,649
Lease liabilities	11,590	22,927	33,101	68,229	135,847
Others	48,921	-	-	-	48,921
Total	<u>\$ 134,719,236</u>	<u>\$ 30,573,581</u>	<u>\$ 3,968,037</u>	<u>\$ 7,649,940</u>	<u>\$ 176,910,794</u>
% to the total	76.15%	17.28%	2.24%	4.33%	100%

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

	June 30, 2026				
	Cash Flow Gap				
	Fund Receipt Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
<u>Financial assets</u>					
Cash and cash equivalents	\$ 8,193,094	\$ -	\$ -	\$ -	\$ 8,193,094
Financial assets at FVTPL					
Operation securities	28,327,834	-	-	-	28,327,834
Open-end funds and beneficiary certificates	54,642	-	-	-	54,642
Futures trading margin	3,796,343	-	-	-	3,796,343
Financial assets at FVTOCI - current	9,763,368	-	-	-	9,763,368
Bonds purchased under resale agreements	156,638	-	-	-	156,638
Securities financing receivables	2,082,838	4,155,302	6,232,953	24,931,815	37,402,908
Refinancing margin and refinancing deposits receivable	3	6	9	39	57
Security lending receivable	1,918,414	3,836,828	5,755,240	-	11,510,482
Customer's margin accounts	39,629,296	-	-	-	39,629,296
Security lending deposits price and security lending margin deposits paid	119,384	238,768	358,152	1,432,614	2,148,918
Receivables	52,015,088	-	-	96,662	52,111,750
Others	<u>5,875,514</u>	<u>-</u>	<u>-</u>	<u>1,578,217</u>	<u>7,453,731</u>
Total	<u>\$ 151,932,456</u>	<u>\$ 8,230,904</u>	<u>\$ 12,346,354</u>	<u>\$ 28,039,347</u>	<u>\$ 200,549,061</u>
Residual cash	\$ 17,213,220	\$ (22,342,677)	\$ 8,378,317	\$ 20,389,407	\$ 23,638,267

December 31, 2025

Cash Flows Analysis of Financial Liabilities

	Payment Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial liabilities</u>					
Short-term borrowings	\$ 269,131	\$ -	\$ -	\$ -	\$ 269,131
Commercial paper payable	9,995,412	4,442,680	-	-	14,438,092
Financial liabilities at FVTPL	3,567,873	2,612,173	1,184,586	6,678,667	14,043,299
Bonds sold under repurchase agreements	11,464,493	177,330	-	446,419	12,088,242
Short sale margins and payables for short sale collateral received	201,988	403,976	605,964	2,423,854	3,635,782
Securities lending margin - deposit received	42,834	85,668	128,502	514,004	771,008
Futures trader's equity	25,509,519	-	-	-	25,509,519
Customer rights of special account and sub-account	209,548	-	-	-	209,548
Accounts payable	36,327,593	1,276,457	105	1,285,712	38,889,867
Collection payable	968,644	-	-	-	968,644
Lease liabilities	17,716	20,128	30,471	58,008	126,323
Others	66,308	-	-	-	66,308
Total	<u>\$ 88,641,059</u>	<u>\$ 9,018,412</u>	<u>\$ 1,949,628</u>	<u>\$ 11,406,664</u>	<u>\$ 111,015,763</u>
Percentage to the total	79.85%	8.12%	1.76%	10.27%	100%

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

December 31, 2025

Cash Flow Gap

	Fund Receipt Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
<u>Financial assets</u>					
Cash and cash equivalents	\$ 4,377,317	\$ -	\$ -	\$ -	\$ 4,377,317
Financial assets at FVTPL					
Operation securities	16,284,687	-	-	-	16,284,687
Open-end funds and beneficiary certificates	53,811	-	-	-	53,811
Futures trading margin	1,903,121	-	-	-	1,903,121
Derivative assets - OTC	1,891	-	-	-	1,891
Financial assets at FVTOCI - current	12,517,099	-	-	-	12,517,099
Bonds purchased under resale agreements	158,734	-	-	-	158,734
Securities financing receivables	1,126,836	2,243,372	3,365,058	13,460,240	20,195,506
Refinancing margin and refinancing deposits receivable	847	1,694	2,541	10,160	15,242
Security lending receivable	846,764	1,693,528	2,540,294	-	5,080,586
Customer's margin accounts	25,541,654	-	-	-	25,541,654
Security lending deposits price and security lending margin deposits paid	18,542	37,084	55,626	222,499	333,751
Receivables	34,963,619	-	-	150,648	35,114,267
Collected payment of shares underwritten	783,146	-	-	-	783,146
Others	<u>2,007,668</u>	<u>-</u>	<u>-</u>	<u>1,541,418</u>	<u>3,549,086</u>
Total	<u>\$ 100,585,736</u>	<u>\$ 3,975,678</u>	<u>\$ 5,963,519</u>	<u>\$ 15,384,965</u>	<u>\$ 125,909,898</u>
Residual cash	\$ 11,944,677	\$ (5,042,734)	\$ 4,013,891	\$ 3,978,301	\$ 14,894,135

June 30, 2025

Cash Flows Analysis of Financial Liabilities

	Payment Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
<u>Financial liabilities</u>					
Short-term borrowings	\$ 440,530	\$ -	\$ -	\$ -	\$ 440,530
Financial liabilities at FVTPL	9,469,846	-	-	-	9,469,846
Bonds sold under repurchase agreements	10,679,918	444,670	137,654	135,501	11,397,743
Short sale margins and payables for short sale collateral received	117,003	234,006	351,009	1,404,034	2,106,052
Securities lending margin - deposit received	22,448	44,896	67,344	269,384	404,072
Futures trader's equity	18,612,639	-	-	-	18,612,639
Customer rights of special account and sub-account	94,227	-	-	-	94,227
Accounts payable	24,582,418	-	1	4,487,748	29,070,167
Collection payable	747,902	-	-	-	747,902
Lease liabilities	10,163	20,380	30,707	66,805	128,055
Others	34,970	-	-	-	34,970
Total	<u>\$ 64,812,064</u>	<u>\$ 743,952</u>	<u>\$ 586,715</u>	<u>\$ 6,363,472</u>	<u>\$ 72,506,203</u>
% to the total	89.39%	1.02%	0.81%	8.78%	100%

Short-term borrowings and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

June 30, 2025

Cash Flow Gap

	Fund Receipt Period				Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	
<u>Financial assets</u>					
Cash and cash equivalents	\$ 3,824,210	\$ -	\$ -	\$ -	\$ 3,824,210
Financial assets at FVTPL					
Operation securities	3,661,649	-	-	-	3,661,649
Open-end funds and beneficiary certificates	1,045,900	-	-	-	1,045,900
Futures trading margin	12,731	-	-	-	12,731
Derivative assets - OTC	42	-	-	-	42
Financial assets at FVTOCI - current	11,698,158	-	-	-	11,698,158
Bonds purchased under resale agreements	153,710	-	-	-	153,710
Securities financing receivables	684,753	1,359,948	2,039,922	8,159,685	12,244,308
Refinancing margin and refinancing deposits receivable	501	1,002	1,503	6,006	9,012
Security lending receivable	693,206	1,386,412	2,079,619	-	4,159,237
Customer's margin accounts	18,636,440	-	-	-	18,636,440
Security lending deposits price and security lending margin deposits paid	55,401	110,802	166,203	664,812	997,218
Receivables	23,919,188	-	-	125,280	24,044,468
Others	2,362,848	-	-	2,200,947	4,563,795
Total	<u>\$ 66,748,737</u>	<u>\$ 2,858,164</u>	<u>\$ 4,287,247</u>	<u>\$ 11,156,730</u>	<u>\$ 85,050,878</u>
Residual cash	<u>\$ 1,936,673</u>	<u>\$ 2,114,212</u>	<u>\$ 3,700,532</u>	<u>\$ 4,793,258</u>	<u>\$ 12,544,675</u>

b) Capital liquidity risk stress testing

Cathay Securities and its subsidiaries perform stress testing regularly to measure and evaluate the changes of capital liquidity under extreme and abnormal events to ensure that Cathay Securities and its subsidiaries maintain capital liquidity. Stress scenarios include significant fluctuations in the financial markets, the occurrence of various credit events, the unexpected tightening of capital liquidity in the financial markets and other assumptions that may cause financial liquidity stress, and are used to measure Cathay Securities and its subsidiaries' abilities to meet the demand for cash and the changes in cash flow gap.

If the cash flow gap arises under the specific stress scenario, the following procedures are performed to prevent the occurrence of the stress events:

- i. Cathay Securities and its subsidiaries make fund raising and balance sheet adjustments in accordance with the Crisis Management Principles and Regulations of Emergency Management.
- ii. Financing: (i) short-term loan credit line (ii) collateralized time deposits (iii) issuance of commercial paper
- iii. Balance sheet adjustments: (i) sale of securities (ii) recovery of short-term capital invested in the money market.

i. Structured entities

1) Consolidated structured entities

The consolidated structured entities in Cathay Life and its subsidiaries consolidated financial statements are the real estate investments and management organizations. As of June 30, 2026, December 31, 2025 and June 30, 2025, Cathay Life and its subsidiaries provided loans amounting to GBP31,300 thousand, GBP331,300 thousand and GBP331,300 thousand, respectively, as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

Cathay Life and its subsidiaries

- a) Cathay Life and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Life and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay Life and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

<u>Type of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entities

- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of Cathay Life and its subsidiaries' assets related to its interests in unconsolidated structured entities are disclosed as follows:

	<u>June 30, 2026</u>	
	<u>Private Equity Funds</u>	<u>Asset-backed Securities</u>
Financial assets at FVTPL	\$ 200,823,482	\$ 3,994,590
Financial assets at FVTOCI	-	164,204,799
Debt instruments at amortized cost	-	112,899,232
	<u>\$ 200,823,482</u>	<u>\$ 281,098,621</u>
	<u>December 31, 2025</u>	
	<u>Private Equity Funds</u>	<u>Asset-backed Securities</u>
Financial assets at FVTPL	\$ 193,515,737	\$ 15,210,617
Financial assets at FVTOCI	-	95,328,888
Debt instruments at amortized cost	-	165,782,348
	<u>\$ 193,515,737</u>	<u>\$ 276,321,853</u>
	<u>June 30, 2025</u>	
	<u>Private Equity Funds</u>	<u>Asset-backed Securities</u>
Financial assets at FVTPL	\$ 180,099,000	\$ 16,826,470
Financial assets at FVTOCI	-	53,173,799
Debt instruments at amortized cost	-	159,339,228
	<u>\$ 180,099,000</u>	<u>\$ 229,339,497</u>

Cathay United Bank and its subsidiaries

- a) Cathay United Bank and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay United Bank and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay United Bank and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

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

- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of assets recognized by Cathay United Bank and its subsidiaries' asset relating to its interests in unconsolidated structured entities are disclosed as follows:

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

Cathay Century and its subsidiaries

- a) Cathay Century and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Century and its subsidiaries' maximum exposure to loss from its interests in the unconsolidated structured entities is limited to the carrying amount of assets recognized by Cathay Century and its subsidiaries. The information of the recognized unconsolidated structured entities is disclosed as follows:

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

- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of assets relating to its interests in unconsolidated structured entities are disclosed as follows:

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

41. CAPITAL MANAGEMENT

The Group's capital adequacy ratios meet the statutory requirements currently. Under the premise that the Group meets the statutory capital adequacy requirements, dynamic capital management mechanism is utilized to increase the capital efficiency of the subsidiaries. After reallocation of capital, the subsidiaries' capabilities of risk-taking are not affected due to lower level of retained core capital. Accordingly, the Company conducts overall planning based on the status of the subsidiaries' capital in order to improve the capital efficiency of the Group.

a. Capital adequacy ratio of the Group

June 30, 2026			
Item	Shareholding Proportion of the Company	Eligible Capital	Statutory Capital Requirements
Cathay Financial Holdings	100%	\$ 1,122,015,019	\$ 1,372,024,639
Cathay United Bank	100%	380,776,909	257,742,759
Cathay Securities	100%	15,377,781	5,337,833
Cathay Life	100%	1,064,020,406	764,825,434
Cathay Century	100%	23,112,312	12,280,159
Cathay Venture	75%	6,769,151	3,419,112
Cathay Securities Investment Trust	100%	4,689,601	2,912,886
Less: Deduction items		<u>(1,350,172,098)</u>	<u>(1,337,826,801)</u>
		<u>\$ 1,266,589,081</u>	<u>\$ 1,080,716,021</u>
Capital adequacy ratio of the Group			117.20%

June 30, 2025			
Item	Shareholding Proportion of the Company	Eligible Capital	Statutory Capital Requirements
Cathay Financial Holdings	100%	\$ 763,018,579	\$ 1,008,581,942
Cathay United Bank	100%	347,138,943	230,162,304
Cathay Securities	100%	12,217,519	4,079,021
Cathay Life	100%	901,008,253	548,636,370
Cathay Century	100%	16,797,233	9,850,924
Cathay Venture	75%	5,428,661	2,949,581
Cathay Securities Investment Trust	100%	4,191,012	3,711,085
Less: Deduction items		<u>(1,023,749,283)</u>	<u>(954,470,744)</u>
		<u>\$ 1,026,050,917</u>	<u>\$ 853,500,483</u>
Capital adequacy ratio of the Group			120.22%

b. Eligible capital

	June 30, 2026
Item	Amount
Ordinary shares	\$ 146,692,102
Non-cumulative perpetual preferred stock and non-cumulative subordinated debt without maturity dates - qualifying as bank-level Tier I Capital	15,333,000
Other preferred stock and subordinated financial debentures	-
Capital received in advance	-
Capital surplus	203,131,012
Legal reserve	100,401,396
Special reserve	423,983,252
Retained earnings	310,749,544
Equity adjustments	(76,382,069)
Less: Goodwill and other intangible assets	(525)
Less: Deferred assets	(1,892,693)
Less: Treasury stock	-
Total eligible capital	<u>\$ 1,122,015,019</u>

	June 30, 2025
Item	Amount
Ordinary shares	\$ 146,692,102
Non-cumulative perpetual preferred stock and non-cumulative subordinated debt without maturity dates - qualifying as bank-level Tier I Capital	15,333,000
Other preferred stock and subordinated financial debentures	-
Capital received in advance	-
Capital surplus	203,119,191
Legal reserve	89,275,069
Special reserve	422,149,878
Retained earnings	61,989,009
Equity adjustments	(173,660,731)
Less: Goodwill and other intangible assets	(525)
Less: Deferred assets	(1,878,414)
Less: Treasury stock	-
Total eligible capital	<u>\$ 763,018,579</u>

42. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 26, 2025, Cathay Life Insurance and its subsidiaries acquired a 27% equity interest in CM Energy, thereby raising its shareholding ratio from 70% to 97%. Additionally, on May 5, 2026, Cathay Life Insurance and its subsidiaries acquired a 3% equity interest in CM Energy, thereby raising its shareholding ratio from 97% to 100%.

	May 5, 2026	June 26, 2025
Consideration paid	\$ (36,724)	\$ (386,100)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>32,813</u>	<u>310,237</u>
Differences from equity transactions	<u>\$ (3,911)</u>	<u>\$ (75,863)</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - recognition of changes in ownership interests in subsidiaries	\$ -	\$ (8,320)
Unappropriated earnings	<u>(3,911)</u>	<u>(67,543)</u>
Differences from equity transactions	<u>\$ (3,911)</u>	<u>\$ (75,863)</u>

43. OTHERS

a. 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 the functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

		June 30, 2026	
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 185,532,056	31.8370	\$ 5,906,784,067
AUD	11,495,790	21.8943	251,692,332
Non-monetary items			
USD	9,475,672	31.8370	301,676,969
<u>Financial liabilities</u>			
Monetary items			
USD	23,756,847	31.8370	756,346,738

December 31, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 183,014,641	31.4380	\$ 5,753,614,284
AUD	10,763,229	21.0273	226,321,710
Non-monetary items			
USD	9,373,020	31.4380	294,669,003
<u>Financial liabilities</u>			
Monetary items			
USD	23,027,602	31.4380	723,941,752
June 30, 2025			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 178,588,326	29.9020	\$ 5,340,148,124
AUD	9,505,959	19.5365	185,713,168
Non-monetary items			
USD	9,410,807	29.9020	281,401,951
<u>Financial liabilities</u>			
Monetary items			
USD	24,396,191	29.9020	729,494,903

It is not possible to disclose foreign exchange gains (losses) of monetary financial instruments by each significant foreign currency due to the variety of the foreign currencies of the Group. The foreign currency exchange for the six months ended June 30, 2026 and 2025 were gains of \$15,249,246 thousand and losses of \$303,847,985 thousand, respectively.

b. Information on discretionary investments

1) Cathay Life and its subsidiaries

- a) As of June 30, 2026, December 31, 2025 and June 30, 2025, Cathay Life entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Domestic shares	\$ 610,139,127	\$ 182,504,720	\$ 139,691,408
Overseas shares	161,017,035	21,736,781	41,560,093
Cash in banks	70,600,156	84,660,038	75,498,275
Corporate bonds	30,286,737	27,660,213	25,089,610
Notes and bonds purchased under resale agreements	8,316,300	1,010,000	700,000
Beneficiary certificates	2,716,847	2,409,944	2,075,529
Futures and options	<u>-</u>	<u>48</u>	<u>46</u>
	<u>\$ 883,076,202</u>	<u>\$ 319,981,744</u>	<u>\$ 284,614,961</u>

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

- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, the discretionary investments limits are as follows (in thousands of each currency):

	June 30, 2026	December 31, 2025	June 30, 2025
NTD	\$ 439,350,000	\$ 81,498,000	\$ 101,448,000
USD	5,209,749	1,255,500	1,255,500

2) Cathay Century and its subsidiaries

- a) Cathay Century and its subsidiaries enter into contracts with securities investment trust companies or consulting companies for discretionary investment management. The investment details are disclosed as follows:

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

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

- b) As of June 30, 2026, December 31, 2025 and June 30, 2025, Cathay Century and its subsidiaries entered into discretionary management contracts with investment limits of \$1,200,000 thousand.

c. Disclosure information as required by Article 16 of Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality - loans

(In Thousands of New Taiwan Dollars, %)

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

- Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans.” Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau’s letter dated July 6, 2005 (Ref. No. 0944000378).
- Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.
- Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for credit losses for credit card receivables ÷ Nonperforming credit card receivables.
- Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.
- Note 5: Based on the Banking Bureau’s letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.
- Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans, excluding credit cards.
- Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Not reported as nonperforming loans or nonperforming receivables

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

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

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

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

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

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

3) Information on interest rate sensitivity

Interest Rate Sensitivity (New Taiwan Dollar)
June 30, 2026

(In Thousands of New Taiwan Dollars, %)

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

June 30, 2025

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

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

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

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

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

Interest Rate Sensitivity (U.S. Dollars)

June 30, 2026

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

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

June 30, 2025

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

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

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

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

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

4) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollar)

June 30, 2026

(In Thousands of New Taiwan Dollars)

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

June 30, 2025

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

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
June 30, 2026

(In Thousands of U.S. Dollars)

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

June 30, 2025

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

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

d. Disclosures according to Article 46 of the Financial Holding Company Act

The total balance of transactions with counterparties specified in Paragraph 2 of Article 46 of the Financial Holding Company Act, as regulated by Paragraph 1 of the same article, for all subsidiaries of the financial holding company and the financial holding company itself was as follow:

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
1) Same person		
Conning & Company	\$ 1,490,220,012	132.59
Central Bank of the Republic of China (Taiwan)	447,116,285	39.78
United States Treasury Note/Bond	286,439,537	25.49
Taiwan Semiconductor Manufacturing Company Limited	161,589,704	14.38
Capital Investment Trust Corporation	146,073,050	13.00
Treasury bond/treasury bills	138,979,956	12.37
Fannie Mae	131,503,690	11.70
Freddie Mac	125,775,235	11.19
Ginnie Mae II pool	115,497,411	10.28
Ctbc Securities Co., Ltd.	95,944,898	8.54
Yuanta Securities Investment Trust Co., Ltd.	92,892,195	8.27
Nomura Investment Management Advisers	79,789,397	7.10
Fubon Asset Management Co., Ltd.	77,524,093	6.90
Quanta Computer Inc.	77,098,193	6.86
CTBC Financial Holding Co., Ltd.	76,964,451	6.85
KGI Securities Investment Trust Co., Ltd.	64,602,255	5.75
Indonesia Government International Bond	61,020,672	5.43
Israel Government International Bond	59,785,463	5.32

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Mediatek Inc.	\$ 57,502,528	5.12
JPMorgan Chase & Co	56,627,353	5.04
Qatar Government International Bond	51,259,658	4.56
Mexico Government International Bond	50,072,145	4.46
Fidelity Worldwide Investment	48,169,240	4.29
Wells Fargo & Co	47,856,902	4.26
Goldman Sachs Group Inc	47,245,840	4.20
United Microelectronics Corporation	45,074,746	4.01
Barclays PLC	42,613,343	3.79
AT&T Inc	42,572,796	3.79
Government National Mortgage Association	38,454,674	3.42
BNP Paribas	37,059,935	3.30
Australian Government Bonds	35,165,451	3.13
Verizon Communications Inc	34,850,989	3.10
Fuh Hwa Securities Investment Trust Co., Ltd.	34,230,069	3.05
Citigroup Inc	33,620,203	2.99
Petronas Capital Ltd	33,117,756	2.95
Fubon Financial Holding Co., Ltd.	31,803,503	2.83
Morgan Stanley	31,417,664	2.80
Goldman Sachs Finance Corp International Ltd	31,005,164	2.76
Bank of America, N.A.	30,667,621	2.73
ASUSTeK Computer Inc.	30,304,991	2.70
Hon Hai Precision Industry Co., Ltd.	28,542,981	2.54
Citigroup Global Markets Holdings Inc	28,005,208	2.49
Taishin Financial Holding Co., Ltd.	27,155,375	2.42
Societe Generale	26,559,160	2.36
Qatar Petroleum	26,464,063	2.35
Lexington Partners L.P.	25,350,089	2.26
Saudi Government International Bond	24,592,623	2.19
SG Issuer	24,569,533	2.19
Vanguard International Semiconductor Corporation	24,399,501	2.17
UBS Ag	24,153,334	2.15
Global Evolution Holding ApS	24,148,442	2.15
ASE Technology Holding Co., Ltd.	23,933,736	2.13
Sinopec Group Overseas Development Ltd	23,804,407	2.12
Uni-President Enterprises Corporation	23,791,571	2.12
Realtek Semiconductor Corp.	23,114,939	2.06
Strategic Partners Fund Solutions Advisors L.P	23,037,921	2.05
Credit Agricole Sa	22,464,987	2.00
Abu Dhabi Government International Bond	22,426,658	2.00
Delta Electronics, Inc.	22,332,436	1.99
Tencent Holdings Ltd	22,118,790	1.97
London Clearing House	21,585,463	1.92
Alibaba Group Holding Ltd	21,476,297	1.91
CTBC Bank Co., Ltd.	21,205,564	1.89

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Bank of America Corp	\$ 21,144,979	1.88
Zhen Ding Technology Holding Limited	21,080,105	1.88
Elevance Health Inc.	21,042,905	1.87
Yageo Corporation	20,839,184	1.85
Comcast Corp	20,795,195	1.85
T-Mobile Usa Inc	20,699,710	1.84
EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	20,696,103	1.84
Pertamina Pt	20,691,916	1.84
Chile Government International Bond	20,596,917	1.83
E.Sun Commercial Bank, Ltd.	20,413,058	1.82
UnitedHealth Group Inc	20,409,900	1.82
Commonwealth Bank of Australia	20,235,414	1.80
America Movil SAB De CV	19,701,106	1.75
Taiwan Mobile Co., Ltd.	19,668,237	1.75
Anheuser-Busch InBev Worldwide Inc	19,521,192	1.74
Merrill Lynch B.V.	19,482,990	1.73
LITE-ON Technology Corp.	19,441,996	1.73
MONETARY AUTHORITY OF SINGAPORE	19,384,456	1.72
President Chain Store Corporation	19,358,936	1.72
Elite Material Co., Ltd.	19,287,698	1.72
Novatek Microelectronics Corp.	18,968,231	1.69
BlackRock Inc	18,697,323	1.66
Saudi Arabian Oil Co	18,454,175	1.64
Yuanta Financial Holding Co., Ltd.	18,302,385	1.63
Far Eastone Telecommunications Co., Ltd.	17,611,292	1.57
Alphabet Inc	17,484,398	1.56
European Investment Bank	17,439,230	1.55
GIGA-BYTE Technology Co., Ltd.	17,406,106	1.55
AbbVie Inc	17,286,153	1.54
New South Wales Treasury Corp	17,186,680	1.53
Mega Financial Holding Co., Ltd.	17,046,498	1.52
Reliance Industries Ltd	16,888,256	1.50
Russian Foreign Bond - Eurobond	16,832,376	1.50
Republica Orient Uruguay	16,832,083	1.50
Westpac Banking Corp	16,750,174	1.49
Chunghwa Telecom Co., Ltd.	16,723,349	1.49
CNOOC Ltd	16,611,288	1.48
AIA Group Ltd	16,562,051	1.47
Republic of Korea	16,421,165	1.46
Fomento Economico Mexicano SAB De CV	16,209,477	1.44
MDC-GMTN B.V.	16,178,824	1.44
State Grid Overseas Investment Ltd	16,163,542	1.44
Amazon.com Inc	16,066,937	1.43
Standard Chartered Bank	15,884,169	1.41
Inventec Corporation	15,862,695	1.41

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Bank of Montreal	\$ 15,804,254	1.41
Intel Corp	15,682,187	1.40
Amgen Inc	15,679,945	1.40
Bank of Taiwan	15,666,719	1.39
Catcher Technology Co., Ltd.	15,590,121	1.39
Sumitomo Mitsui DS Asset Management Company	15,507,280	1.38
Wistron Corporation	15,500,622	1.38
Mega International Commercial Bank Co., Ltd.	15,394,035	1.37
PT Perusahaan Listrik Negara (Persero)	15,320,720	1.36
Mega Bills Finance Co., Ltd.	15,175,129	1.35
TSMC Arizona Corp	15,144,549	1.35
Southern Copper Corp	15,096,824	1.34
Philippine Government International Bond	14,650,009	1.30
Hua Nan Financial Holdings Co., Ltd.	14,465,159	1.29
Finance Bureau, Kaohsiung City Government	14,401,356	1.28
Taipei Fubon Commercial Bank Co., Ltd.	14,360,111	1.28
Unimicron Technology Corp.	14,306,172	1.27
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands	14,235,274	1.27
Raytheon Technologies Corp	14,178,241	1.26
Sumitomo Mitsui Financial Group Inc	14,121,382	1.26
Queensland Treasury Corp	13,903,756	1.24
Abbott Laboratories	13,883,732	1.24
EVA Airways Corporation	13,868,118	1.23
CVS Health Corp	13,761,549	1.22
HSBC Holdings PLC	13,626,867	1.21
Sinopec Group Overseas Development 2018 Ltd	13,302,657	1.18
Telefonica Emisiones Sau	13,233,197	1.18
Oracle Corp	12,973,261	1.15
Land Bank of Taiwan Co., Ltd.	12,941,235	1.15
The Shanghai Commercial & Savings Bank, Ltd.	12,859,976	1.14
Chroma ATE Inc.	12,845,872	1.14
The Cigna Group	12,844,937	1.14
Nvidia Corp	12,795,172	1.14
Walt Disney Co/The	12,602,012	1.12
UBS Group Ag	12,428,363	1.11
Panama Government International Bond	12,303,767	1.09
Berkshire Hathaway Energy Co	12,263,772	1.09
Treasury Corporation of Victoria	12,103,364	1.08
IBM Corp	12,088,035	1.08
National Australia Bank Ltd	11,978,417	1.07
MPI Corporation	11,914,744	1.06
Corp Nacional del Cobre de Chile	11,842,695	1.05
Bristol-Myers Squibb Co	11,760,934	1.05
International Games System Co., Ltd.	11,741,199	1.04

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Vodafone Group PLC	\$ 11,725,386	1.04
Cnooc Petroleum Na Ulc	11,715,556	1.04
Union Pacific Corp	11,645,381	1.04
Taishin Securities Investment Trust Company Limited	11,542,452	1.03
Merck & Co Inc	11,510,868	1.02
National Bank of Canada	11,499,148	1.02
Dragon Steel Corporation	11,428,066	1.02
Apple Inc	11,411,378	1.02
Intercontinental Exchange Inc	11,381,924	1.01
BOC Aviation Limited	11,190,507	1.00
Chailease Holding Company Limited	11,136,818	0.99
Fubon Securities Co., Ltd.	10,993,061	0.98
First Commercial Bank Co., Ltd.	10,947,325	0.97
PepsiCo Inc	10,922,759	0.97
Accton Technology Corporation	10,903,160	0.97
Taiwan Business Bank, Ltd.	10,862,971	0.97
Burlington Northern Santa Fe LLC	10,860,452	0.97
Gilead Sciences Inc	10,743,524	0.96
Advanced Semiconductor Engineering, Inc	10,659,424	0.95
Meta Platforms Inc	10,647,777	0.95
CITIC Limited	10,625,491	0.95
Advanced Micro Devices, Inc.	10,326,932	0.92
Broadcom Inc	10,156,308	0.90
State Street Bank and Trust Company	10,138,450	0.90
Enel Finance International NV	10,130,328	0.90
Chailease Finance Co., Ltd.	10,101,856	0.90
Uae International Government Bond	10,073,455	0.90
Prudential Financial Inc	10,045,568	0.89
GlobalWafers Co., Ltd.	9,976,635	0.89
BP Capital Markets America Inc	9,877,557	0.88
HKT Capital No 1 Ltd	9,852,403	0.88
Shinhan Bank	9,799,799	0.87
Asia Vital Components Co., Ltd.	9,734,025	0.87
Enbridge Inc	9,687,106	0.86
Banco Santander SA	9,607,158	0.85
Mitsubishi UFJ Financial Group Inc	9,592,020	0.85
Phillips 66	9,511,808	0.85
Eli Lilly & Co	9,388,756	0.84
Taishin Securities Co., Limited	9,371,545	0.83
Nan Ya Plastics Corporation	9,230,856	0.82
Colombia Government International Bond	9,189,113	0.82
Bundesrepublik Deutschland	9,129,819	0.81
SMBC AVIATION CAPITA HONG KONG 2 LIMITED	9,117,321	0.81
Yuanta Securities Co., Ltd.	9,050,162	0.81
Capital Securities Corp.	9,013,380	0.80

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Texas Instruments Inc	\$ 8,972,873	0.80
ARDIAN Investment UK Ltd.	8,936,946	0.80
Peruvian Government International Bond	8,808,325	0.78
Fu Yu Construction Co., Ltd.	8,779,640	0.78
Baillie Gifford Overseas Limited	8,733,275	0.78
Morgan Stanley Finance LLC	8,543,589	0.76
Brookfield Asset Management Inc	8,507,022	0.76
Consolidated Edison Co of New York Inc	8,315,495	0.74
China Development Bank Corp	8,299,532	0.74
Kazakhstan Government International Bond	8,231,909	0.73
Walmart Inc	8,137,754	0.72
Florida Power & Light Co	8,076,469	0.72
China Steel Corporation	7,993,150	0.71
Altria Group Inc	7,940,257	0.71
Alexandria Real Estate Equities Inc	7,927,312	0.71
Santander International Products PLC	7,859,319	0.70
Oaktree Capital Management, L.P.	7,849,627	0.70
Coca-Cola Co	7,734,740	0.69
Enterprise Products Operating LLC	7,669,434	0.68
BPCE Sa	7,581,501	0.67
Korea Development Bank	7,570,778	0.67
Energy Transfer Equity LP	7,555,442	0.67
TransCanada PipeLines Ltd	7,512,751	0.67
CSX CORP	7,471,007	0.66
UniCredit SpA	7,376,161	0.66
Standard Chartered Bank Taiwan	7,356,027	0.65
Taishin International Bank Co., Ltd.	7,339,568	0.65
Hamilton Lane Advisors, L.L.C	7,292,111	0.65
GOLD CIRCUIT ELECTRONICS LTD.	7,200,137	0.64
Micron Technology Inc	7,158,351	0.64
Norfolk Southern Corp	7,074,984	0.63
European Union	7,054,569	0.63
Bell Canada	7,022,187	0.62
BBVA Global Markets BV	7,009,419	0.62
JPMorgan Liquidity Funds	7,004,140	0.62
JAPAN GOVERNMENT	6,980,663	0.62
Lloyds Bank PLC	6,973,333	0.62
Royal Bank of Canada	6,966,393	0.62
Dow Chemical Co	6,913,923	0.62
Deutsche Telekom AG	6,878,944	0.61
ConocoPhillips	6,878,131	0.61
Uni-President Asset Management Corporation	6,875,715	0.61
Berkshire Hathaway Finance Corp	6,872,464	0.61
United Kingdom Gilt	6,868,662	0.61
MetLife Inc	6,795,940	0.60

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Giga Computing Technology Co., Ltd.	\$ 6,693,741	0.60
PTT Treasury Center Co Ltd	6,641,275	0.59
Bat Capital Corp	6,614,194	0.59
Tainan City Government	6,571,400	0.58
San Miguel Corporation	6,562,402	0.58
Abu Dhabi National Energy Co	6,555,592	0.58
NextEra Energy Capital Holdings Inc	6,513,409	0.58
Fubon Life Insurance Co., Ltd.	6,505,182	0.58
Spain Government Bond	6,476,232	0.58
Nationwide Building Society	6,471,002	0.58
Landesbank Baden-Wuerttemberg	6,402,131	0.57
MDGH GMTN RSC Ltd	6,378,711	0.57
United Technologies Corp	6,302,381	0.56
Prosus NV	6,272,895	0.56
Vale Overseas Ltd	6,262,612	0.56
Coatue Management, L.L.C.	6,256,567	0.56
Formosa Plastics Corporation	6,193,778	0.55
N.F. Smith & Associates, L.P.	6,191,303	0.55
Rio Tinto Finance USA PLC	6,169,831	0.55
Deutsche Bank AG	6,155,857	0.55
BHP Billiton Finance USA Ltd	6,106,658	0.54
Rogers Communications Inc	6,068,669	0.54
Macquarie Group Ltd	6,018,598	0.54
Port Authority of New York & New Jersey	5,995,002	0.53
Visa Inc	5,974,153	0.53
Humana Inc	5,933,881	0.53
Boeing Co	5,870,130	0.52
Williams Cos Inc/The	5,864,538	0.52
Wiwynn Corporation	5,856,072	0.52
Sinopac Financial Holdings Co., Ltd.	5,805,651	0.52
GB Government	5,779,678	0.51
Grupo Bimbo SAB de CV	5,741,838	0.51
Sinopac Futures Corporation	5,718,753	0.51
Asian Development Bank	5,673,525	0.50
Kookmin Bank	5,602,540	0.50
ING Groep NV	5,601,150	0.50
President Securities Corporation	5,580,993	0.50
Tsmc Global Ltd	5,552,367	0.49
Wells Fargo Bank, N.A.	5,549,978	0.49
IBF Securities Co., Ltd.	5,549,888	0.49
KLA-Tencor Corp	5,548,456	0.49
Macquarie Bank Ltd	5,545,882	0.49
Takeda Pharmaceutical Co Ltd	5,526,460	0.49
Hotal Finance Co., Ltd.	5,525,800	0.49
CK Hutchison International 19 II Ltd	5,502,563	0.49

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Bank of Nova Scotia	\$ 5,499,649	0.49
Hua Nan Securities Co., Ltd.	5,484,815	0.49
PCCW Capital No 5 Ltd	5,474,350	0.49
Bangkok Bank Public Company Limited.	5,452,796	0.49
Blackstone Real Estate Advisors L.P.	5,428,926	0.48
Nuveen Asset Management	5,416,934	0.48
ONEOK Inc	5,396,986	0.48
Orbimed Advisors LLC	5,394,599	0.48
BARCLAYS BANK PLC	5,370,823	0.48
Deutsche Bahn Finance Gmbh	5,356,833	0.48
Pfizer Investment Enterprises Pte. Ltd.	5,344,140	0.48
NEA Management Company, LLC	5,335,150	0.47
Shell finance US Inc.	5,332,055	0.47
ASPEED TECHNOLOGY INC.	5,331,332	0.47
Pfizer Inc	5,320,860	0.47
Exxon Mobil Corp	5,292,191	0.47
KKR Alternative Investment Management Unlimited Company	5,282,626	0.47
Home Depot Inc	5,252,009	0.47
SinoPac Securities Corporation	5,216,067	0.46
Minera Mexico SA De CV	5,170,171	0.46
Yuan Lih Constructions Co., Ltd.	5,166,906	0.46
JUT Land Development Company Limited	5,155,890	0.46
Shinshin Credit Corporation	5,146,776	0.46
KING SLIDE WORKS CO., LTD.	5,117,918	0.46
South Australian Government Financing Authority	5,092,959	0.45
Bayer US Finance LLC	5,085,488	0.45
Comision Federal de Electricidad	5,070,669	0.45
Korea Expressway Corp	5,065,171	0.45
Microsoft Corp	5,033,834	0.45
Dallas/Fort Worth International Airport	5,023,291	0.45
Mercury Taiwan Holdings Limited	4,975,061	0.44
Vivo Capital LLC	4,928,447	0.44
Indian Railway Finance Corp Ltd	4,921,167	0.44
Industrias Penoles SAB de CV	4,910,980	0.44
Kroger Co	4,892,372	0.44
Hungary Government International Bond	4,883,347	0.43
Italy Buoni Poliennali Del Tesoro	4,857,817	0.43
PayPal Holdings Inc	4,847,836	0.43
Lam Research Corp	4,839,591	0.43
Freeport-McMoRan Copper & Gold Inc	4,835,631	0.43
EOG Resources Inc	4,798,940	0.43
Marsh & McLennan Cos Inc	4,784,454	0.43
SinoPac Securities Investment Trust Co., Ltd.	4,784,050	0.43
ADCB Finance Cayman Ltd	4,766,396	0.42
Natwest Group PLC	4,748,263	0.42

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
American Tower Corp	\$ 4,733,914	0.42
Lowe's Cos Inc	4,733,772	0.42
Yuanta Securities Finance Co., Ltd.	4,708,386	0.42
International Bills Finance Corporation	4,689,772	0.42
King Yuan Electronics Co., Ltd.	4,665,478	0.42
Kinder Morgan Inc/DE	4,636,134	0.41
Blackstone Infrastructure Advisors L.L.C.	4,630,365	0.41
Bay Area Toll Authority	4,571,853	0.41
Crown Castle Intl Corp	4,570,786	0.41
Applied Materials Inc	4,566,465	0.41
Occidental Petroleum Corp	4,557,449	0.41
BAIDU INC	4,553,162	0.41
Australia And New Zealand Banking Group Ltd	4,536,557	0.40
First Securities Incorporation	4,533,051	0.40
Himax Technologies, Inc.	4,530,405	0.40
NOVARTIS CAPITAL CORP	4,511,451	0.40
Global Evolution Manco S.A.	4,500,793	0.40
KGI Financial Holding Co., Ltd.	4,479,055	0.40
GLOBAL UNICHIP CORP.	4,476,548	0.40
Duke Energy Carolinas	4,473,965	0.40
Taiwan Cooperative Bank Co., Ltd.	4,445,110	0.40
Marvell Technology Group Ltd	4,442,970	0.40
Pou Chen Corporation	4,411,047	0.39
Export-Import Bank Of India	4,408,164	0.39
Indofood CBP Sukses Makmur Tbk PT	4,394,483	0.39
Italy Govt Int Bond	4,393,804	0.39
Standard Chartered Bank London	4,383,142	0.39
Yunneng Wind Power Co., Ltd.	4,381,738	0.39
East Pride Group Limited	4,377,588	0.39
CYBER COMPANY INC	4,358,485	0.39
Grand Bills Finance Corporation	4,319,170	0.38
Electricite De France	4,298,851	0.38
AstraZeneca PLC	4,260,391	0.38
China Overseas Land & Investment Ltd	4,248,147	0.38
KGI Securities Co., Ltd.	4,248,087	0.38
National Retail Properties Inc	4,230,876	0.38
QUALCOMM Inc	4,229,190	0.38
Kraft Heinz Food Company	4,196,753	0.37
Canadian Pacific Railway Ltd	4,145,670	0.37
Total Capital International SA	4,145,182	0.37
Export-Import Bank of China	4,102,286	0.37
Orange SA	4,101,422	0.36
Hua Nan Commercial Bank Co., Ltd.	4,099,904	0.36
Orsted Wind Power TW Holding A/S	4,044,942	0.36
Valero Energy Corp	4,037,810	0.36

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
ENI SpA	\$ 4,022,598	0.36
DuPont de Nemours, Inc	3,996,408	0.36
CK Hutchison International 20 Ltd	3,988,472	0.35
Canadian Natural Resources Ltd	3,953,835	0.35
China Government Bond	3,938,160	0.35
Deutsche Telekom International Finance BV	3,902,028	0.35
Octagon Credit Investors, LLC	3,889,630	0.35
Yue Bow Enterprise Co., Ltd.	3,880,000	0.35
PECO ENERGY CO	3,877,920	0.35
Taiwan Union Technology Corporation	3,873,302	0.34
Manulife Financial Corp	3,850,271	0.34
State Bank of India	3,837,576	0.34
Southern Co	3,813,677	0.34
PTTEP Canada International Finance Ltd	3,799,297	0.34
Athene Holding Ltd	3,786,187	0.34
China Bills Finance Corporation	3,782,526	0.34
Mega Securities Co., Ltd.	3,781,874	0.34
QNB Finance Ltd	3,769,383	0.34
Insight Venture Management, LLC	3,765,391	0.34
E. Sun Financial Holding Company, Ltd.	3,758,227	0.33
Infraestructura Energetica Nova SAB de CV	3,748,440	0.33
Formosa Ha Tinh (Cayman) Limited	3,724,929	0.33
Suncor Energy Inc	3,714,681	0.33
Credit Agricole Cib, London	3,697,677	0.33
Citigroup Global Markets Limited	3,663,584	0.33
Dr Pepper Snapple Group Inc	3,662,158	0.33
The Export-Import Bank of the Republic of China	3,660,212	0.33
Intesa Sanpaolo SpA	3,652,448	0.32
Zurich Finance Ireland Designated Activity Co	3,652,079	0.32
Nanya Technology Corporation	3,640,747	0.32
Hong Kong Government	3,637,950	0.32
Hotai Leasing Corporation	3,591,541	0.32
Allianz SE	3,585,096	0.32
Allianz Global Investors Gmbh	3,573,604	0.32
Aon North America Inc	3,564,083	0.32
CHONG HONG DEVELOPMENT CO., LTD.	3,559,099	0.32
Allstate Corp	3,548,544	0.32
Kaiyue Construction Co., Ltd.	3,519,875	0.31
Min Hui Industrial Co., Ltd.	3,477,000	0.31
China Cinda 2020 I Management Ltd	3,475,539	0.31
HCA INC	3,470,520	0.31
Sumisho Air Lease Corp	3,467,251	0.31
Moody's Corp	3,456,523	0.31
Bimbo Bakeries USA Inc	3,456,343	0.31
Banque Federative du Credit Mutuel SA	3,452,937	0.31

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Asia Alternatives Management LLC	\$ 3,422,473	0.30
FRASERS PROPERTY TREASURY PTE LTD	3,406,270	0.30
Tripod Technology Corporation	3,405,512	0.30
Western Australian Treasury Corp	3,400,918	0.30
ASML HOLDING NV	3,396,041	0.30
Temasek Financial I Ltd	3,391,864	0.30
SUNRISE RESORT, INC.	3,391,037	0.30
GOLDEN SUPREME INTERNATIONAL LIMITED	3,384,273	0.30
BBVA Bancomer SA	3,381,783	0.30
CIC	3,381,142	0.30
JPMorgan Chase Bank, National Association	3,380,717	0.30
SRISAWAD CORPORATION PUBLIC COMPANY LIMITED	3,365,311	0.30
Sociedad Quimica y Minera de Chile SA	3,363,798	0.30
Banco de Chile	3,355,131	0.30
Ares Capital Management LLC	3,346,713	0.30
Nisource Finance Corp	3,326,317	0.30
First Financial Holding Co., Ltd.	3,304,510	0.29
Clayton, Dubilier & Rice, LLC	3,298,746	0.29
Charter Comm Opt LLC/CAP	3,296,632	0.29
Mapletree Treasury Services Limited	3,266,097	0.29
Winbond Electronics Corporation	3,255,740	0.29
Mega Union Technology Incorporated	3,253,410	0.29
Nestle Holdings Inc	3,251,464	0.29
Grand Parkway Transportation Corp	3,219,272	0.29
Thoma Bravo, LLC	3,209,772	0.29
Homeplus Digital Co., Ltd.	3,205,650	0.29
China Cinda Asset Management Co Ltd	3,197,966	0.28
WINWAY TECHNOLOGY CO., LTD.	3,195,380	0.28
Marathon Petroleum Corp	3,194,579	0.28
Mitsubishi Corp	3,186,859	0.28
Credit Suisse AG, London Branch	3,183,700	0.28
AUCKLAND COUNCIL	3,183,700	0.28
Sinopec Capital Ltd	3,181,621	0.28
Yuanta Commercial Bank	3,167,870	0.28
Ho-Chen International Development Co., Ltd.	3,154,676	0.28
Mondelez International Inc	3,152,320	0.28
Carrier Global Corp	3,151,047	0.28
TOTAL ENGINE ASSET MANAGEMENT PTE. LTD.	3,124,106	0.28
Duke Energy Progress LLC	3,122,113	0.28
Hartford Financial Services Group Inc	3,113,091	0.28
Halliburton Co	3,111,817	0.28
RELIANCE INDUSTRIES LIMITED	3,076,575	0.27
Acer Incorporated	3,073,159	0.27
Newmont Corp	3,072,856	0.27

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Capital Futures Corp.	\$ 3,069,955	0.27
WISE DECADE INVESTMENTS LIMITED	3,069,241	0.27
MTR Corp	3,066,103	0.27
Australia And New Zealand Banking Group Ltd Australia	3,053,187	0.27
Pttep Treasury Center Co	3,043,467	0.27
Dominion Energy Inc	3,036,404	0.27
BizLink Holding Inc.	3,032,358	0.27
Compal Electronics, Inc.	3,020,368	0.27
7-Eleven Inc	3,008,967	0.27
Mitac Computing Technology Corporation	3,001,911	0.27
Shen Yun Technology Co., Ltd.	3,000,000	0.27
Taoyuan City Government	3,000,000	0.27
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	3,000,000	0.27
2) Enterprises where the same natural person and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge		
Enterprises where Huang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	46,947,665	4.18
Enterprises where Chang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	19,590,376	1.74
Enterprises where Hung and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	19,453,739	1.73
Enterprises where Liang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	15,634,825	1.39
Enterprises where Yang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	9,464,021	0.84
Enterprises where Lee and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	9,135,411	0.81
Enterprises where Qu and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	5,800,390	0.52
Enterprises where Chen and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	5,354,016	0.48
Enterprises where Kung and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	5,166,217	0.46

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Enterprises where Chao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	\$ 4,623,634	0.41
Enterprises where Chao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,510,784	0.40
Enterprises where Ruan and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,457,730	0.40
Enterprises where Chang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	4,189,407	0.37
Enterprises where Yu and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,873,079	0.34
Enterprises where Wang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,712,232	0.33
Enterprises where Wang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,504,687	0.31
Enterprises where Wang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,398,110	0.30
Enterprises where Yang and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,309,352	0.29
Enterprises where Liao and his/her spouse, blood relative within the second degree of kinship, oneself or his/her spouse is the person-in-charge	3,266,236	0.29
3) Affiliates with same juridical person		
Federal Government of the United States and its supervisory agency	703,630,677	62.61
The government of the Republic of China and its supervisory agency	611,743,997	54.43
TSMC Group	211,550,162	18.82
Group of CTBC Financial Holdings	197,389,963	17.56
Fubon Group	165,829,399	14.75
Capital Financial Group	158,156,385	14.07
Group of Yuanta Financial Holdings	130,541,205	11.61
The government of the Australia government and its supervisory agency	83,452,210	7.43
Goldman Sachs Group Inc and its related parties	79,292,020	7.06
KGI GROUP	78,794,921	7.01

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
UMC Group	\$ 78,492,220	6.98
JPMorgan Chase & Co and its related parties	73,634,695	6.55
Bank of America Corp and its related parties	72,435,251	6.44
Citigroup Inc. and its related parties	67,750,503	6.03
Uni-President Group	66,165,937	5.89
The government of the Republic of Indonesia and its supervisory agency	61,241,943	5.45
Group of TS Financial Holdings	58,777,596	5.23
Group of Mega Financial Holdings	53,639,690	4.77
Wells Fargo & Co and its related parties	53,406,880	4.75
The government of the United Mexican States and its supervisory agency	52,941,758	4.71
Societe Generale Sa and its related parties	51,297,592	4.56
Fidelity and its related parties	48,523,245	4.32
Barclays Plc and its related parties	47,984,166	4.27
At&T Inc and its related parties	42,663,129	3.80
Morgan Stanley and its related parties	41,104,941	3.66
Ubs Group Ag and its related parties	40,881,729	3.64
Evergreen Group	40,443,061	3.60
China Petrochemical Corp and its related parties	40,307,613	3.59
ASE Technology Holding Group	39,478,924	3.51
Foxconn Technology Group	38,800,630	3.45
Bnp Paribas Sa and its related parties	37,732,653	3.36
Sumitomo Group and its related parties	33,092,307	2.94
Berkshire Hathaway Inc and its related parties	30,707,402	2.73
ASUSTeK Computer Group	30,350,636	2.70
Credit Agricole Group and its related parties	29,908,369	2.66
Hon Tai Group	28,771,541	2.56
China National Offshore Oil Corp and its related parties	28,326,844	2.52
Standard Chartered Plc and its related parties	27,666,511	2.46
The government of the Kingdom of Saudi Arabia and its supervisory agency	26,784,272	2.38
Wistron Group	26,496,974	2.36
Chailease Holding Group	25,647,496	2.28
Group of E.Sun Financial Holdings	25,318,506	2.25
Group of Hua Nan Financial Holdings	24,399,012	2.17
GIGA-BYTE Technology Group	24,199,671	2.15
London Stock Exchange Group Plc and its related parties	23,561,858	2.10
The Far Eastern Group	23,465,854	2.09
Realtek Semiconductor Group	23,414,939	2.08
Commonwealth Bank of Australia and its related parties	23,122,328	2.06
Mubadala Investment Co and its related parties	22,557,535	2.01
Emirate of Abu Dhabi United Arab Emirates and its related parties	22,460,044	2.00
Yuen Foong Yu Group	22,089,214	1.97

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Anheuser-Busch Inbev Sa/Nv and its related parties	\$ 22,077,771	1.96
Yageo Group	21,913,184	1.95
China Steel Group	21,899,845	1.95
Elite Material Group	21,290,919	1.89
T-Mobile Us Inc and its related parties	20,906,328	1.86
CHT Group	20,797,472	1.85
Lite-On Technology Group	20,454,482	1.82
Grupo Mexico Sab De Cv and its related parties	20,267,573	1.80
Reliance Industries Ltd and its related parties	19,964,831	1.78
Group of First Financial Holdings	19,534,155	1.74
Blackrock Inc and its related parties	19,353,028	1.72
HSBC Holdings Plc and its related parties	19,091,377	1.70
Banco Santander Sa and its related parties	18,794,983	1.67
Fomento Economico Mexicano Sab De Cv and its related parties	17,590,487	1.57
Westpac Banking Corp and its related parties	17,158,585	1.53
The government of the Republic of Korea and its supervisory agency	16,711,410	1.49
CK Hutchison Holdings Ltd and its related parties	16,147,989	1.44
Intel Corp and its related parties	15,694,065	1.40
Land Bank of Taiwan Group	15,392,750	1.37
Pccw Ltd and its related parties	15,326,753	1.36
Cooperatieve Rabobank Ua and its related parties	14,872,291	1.32
Nan Ya Plastics Group	14,800,921	1.32
Nextera Energy Inc and its related parties	14,656,383	1.30
PTT Pcl and its related parties	13,484,039	1.20
Blackstone Group Inc and its related parties	13,426,874	1.19
Mitsubishi Corporation Group	13,277,073	1.18
National Australia Bank Ltd and its related parties	13,195,766	1.17
Cigna Corp and its related parties	12,987,022	1.16
Shanghai Commercial & Savings Bank Ltd and its related parties	12,868,808	1.15
Enel Spa and its related parties	12,798,937	1.14
Bp Plc and its related parties	12,731,191	1.13
International Business Machines Corp and its related parties	12,623,051	1.12
Duke Energy Corp and its related parties	12,590,975	1.12
Bristol-Myers Squibb Co and its related parties	12,310,762	1.10
American Electric Power Co Inc and its related parties	12,307,436	1.10
Macquarie Group Ltd and its related parties	12,122,895	1.08
Bank of China Group	11,931,290	1.06
Merck & Co Inc and its related parties	11,887,764	1.06
Asia Vital Components Co., Ltd	11,796,944	1.05
Pfizer Inc and its related parties	11,735,980	1.04
Accton Technology Group	11,140,320	0.99
Advanced Micro Devices Inc and its related parties	10,990,790	0.98

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Dowdupont Inc and its related parties	\$ 10,910,331	0.97
Taiwan Business Bank Co., Ltd.	10,894,726	0.97
State Street Corp and its related parties	10,797,161	0.96
Deutsche Telekom Ag and its related parties	10,780,972	0.96
CITIC Group	10,769,625	0.96
Phillips 66 and its related parties	10,675,181	0.95
IBF Group	10,621,654	0.95
Banco Bilbao Vizcaya Argentaria Sa and its related parties	10,475,318	0.93
Sino-American Silicon Group	10,377,704	0.92
TCB Group	10,277,459	0.91
Hotai Motor Group	9,766,298	0.87
Yulon Group	9,700,094	0.86
Royal Bank of Scotland Group Plc and its related parties	9,332,519	0.83
Baillie Gifford and its related parties	9,258,528	0.82
The government of the Republic of Italy and its supervisory agency	9,251,621	0.82
Groupe Bpce and its related parties	9,248,713	0.82
Triumph Transcend Group	9,219,875	0.82
Grupo Bimbo Sab De Cv and its related parties	9,198,181	0.82
Fu Yu development Group	8,877,538	0.79
Lloyds Banking Group Plc and its related parties	8,846,750	0.79
British American Tobacco Plc and its related parties	8,709,308	0.77
Allianz Se and its related parties	8,706,521	0.77
Royal Bank of Canada and its related parties	8,642,350	0.77
Deutsche Bank Ag and its related parties	8,609,727	0.77
Oneok Inc and its related parties	8,591,565	0.76
Brookfield Asset Management Inc and its related parties	8,552,561	0.76
Exelon Corp and its related parties	8,413,778	0.75
Consolidated Edison Inc and its related parties	8,340,734	0.74
ING Groep Nv and its related parties	8,219,858	0.73
TCC Group	8,199,484	0.73
Formosa Plastics Group	8,193,778	0.73
Walmart Inc and its related parties	8,138,541	0.72
Australia & New Zealand Banking Group Ltd and its related parties	7,973,910	0.71
Williams Cos Inc and its related parties	7,846,624	0.70
Export-Import Bank of China and its related parties	7,762,498	0.69
Conocophillips and its related parties	7,721,401	0.69
Charter Communications Inc and its related parties	7,714,171	0.69
Transcanada Corp and its related parties	7,526,821	0.67
JUT Group	7,493,077	0.67
Industrias Penoles Sab De Cv and its related parties	7,475,130	0.67
Vale Sa and its related parties	6,849,177	0.61
Credit Mutuel-Cm11 Group and its related parties	6,834,079	0.61
San Miguel Group	6,740,575	0.60

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Rio Tinto Plc and its related parties	\$ 6,689,156	0.60
China Cinda Asset Management Co., Ltd. and its related parties	6,673,505	0.59
Bayer Ag and its related parties	6,408,525	0.57
Temasek Holdings Pte Ltd and its related parties	6,308,803	0.56
Naspers Ltd and its related parties	6,293,710	0.56
Nisource Inc and its related parties	6,199,072	0.55
Takeda Pharmaceutical Co Ltd and its related parties	6,167,941	0.55
Bhp Group Ltd and its related parties	6,124,568	0.54
WPG Group	6,064,461	0.54
Taiwan Broadband Communications Group	6,051,052	0.54
Southern Company Gas and its related parties	6,039,110	0.54
Bangkok Bank Plc and its related parties	5,853,018	0.52
Zurich Insurance Group Ag and its related parties	5,839,614	0.52
AXA Sa and its related parties	5,708,692	0.51
Kb Financial Group Inc and its related parties	5,622,158	0.50
Dominion Energy Inc and its related parties	5,417,818	0.48
American International Group Inc and its related parties	5,401,959	0.48
POU CHEN GROUP	5,336,359	0.47
Mizuho Financial Group Inc and its related parties	5,144,201	0.46
Chicony & Clevo Group	4,967,943	0.44
Homeplus Digital Group	4,959,659	0.44
CT&D Group	4,823,578	0.43
Barrick Gold Corp and its related parties	4,798,035	0.43
Vingroup Group	4,735,488	0.42
Kinder Morgan Inc/De and its related parties	4,645,854	0.41
Walsin Lihwa Group	4,582,446	0.41
Astrazeneca Plc and its related parties	4,549,811	0.40
Lien Jade Group	4,414,515	0.39
BenQ-AUO Group	4,394,881	0.39
Formosa Petrochemical Group	4,391,638	0.39
Total Sa and its related parties	4,388,976	0.39
CHAROEN POKPHAND Group	4,274,394	0.38
Supreme Electronics Group	4,218,437	0.38
Kraft Heinz Co and its related parties	4,201,599	0.37
Hui Teng Group	4,187,092	0.37
Aercap Group	4,055,214	0.36
Ooredoo Qpsc and its related parties	3,872,018	0.34
Sempra Energy and its related parties	3,855,501	0.34
Samsung Group and its related parties	3,848,792	0.34
Keppel Group	3,785,767	0.34
County of Miami-Dade Fl Aviation and its related parties	3,678,223	0.33
Oil India Ltd and its related parties	3,494,725	0.31
Hca Healthcare and its related parties	3,491,001	0.31
Kinpo Group	3,468,120	0.31
Hp Inc and its related parties	3,456,279	0.31

(Continued)

June 30, 2026		
Expressed in Thousands of New Taiwan Dollars; %		
Name	Total Balance	Total Balance to Financial Holding Company's Net Value (%)
Pitango Venture Partners and its related parties	\$ 3,449,370	0.31
Acer Group	3,442,690	0.31
Ares Capital Co and its related parties	3,435,746	0.31
Eversource Energy and its related parties	3,357,312	0.30
MiTAC-Synnex Group	3,333,597	0.30
Nestle Sa and its related parties	3,289,392	0.29
Nxp Semiconductors Nv and its related parties	3,181,218	0.28
Aon Plc and its related parties	3,147,886	0.28
KELTI Group	3,040,110	0.27
General Motors Co and its related parties	3,011,129	0.27

(Concluded)

44. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. Cathay Life Insurance obtained approval from its General Manager on June 26, 2026, to acquire ordinary shares of Baoshan Water Co., Ltd. On July 22, 2026, it subscribed for 11,500 thousand shares for a total consideration of NT\$115,000 thousand. After participating in the capital increase, its equity interest in the company was 25%.
- b. Cathay Life Insurance, as approved under Letter No. 11500048781 issued by the Securities and Futures Institute, issued its 2026 Series 1 Unsecured Cumulative Subordinated Ordinary Corporate Bonds on August 18, 2026, with the following terms and conditions:
 - 1) Total issuance amount: NT\$16,000,000 thousand. Based on the respective terms and conditions, the bonds are divided into Tranche A and Tranche B, with Tranche A having an issuance amount of NT\$8,300,000 thousand and Tranche B having an issuance amount of NT\$7,700,000 thousand.
 - 2) Denomination and issue price: Each bond has a face value of NT\$1,000 thousand and is issued at par.
 - 3) Term: Tranche A has a maturity of 10 years, while Tranche B has a maturity of 15 years.
 - 4) Coupon rate: Tranche A bears a fixed annual interest rate of 3.70%, while Tranche B bears a fixed annual interest rate of 3.85%.
 - 5) Interest payment: Interest is payable annually in arrears, calculated on a simple-interest basis at the respective coupon rate from the date of issuance.
 - 6) Early redemption: Upon the expiration of 10 years from the issuance date of Tranche B, Cathay Life Insurance may, subject to approval by the competent authority, redeem all outstanding bonds early at their face value plus accrued interest, provided that its risk-based capital ratio, after giving effect to such redemption, exceeds the statutory minimum risk-based capital ratio applicable to insurance enterprises as of the calculation date.

45. SUPPLEMENTAL DISCLOSURES

a. Information about significant transactions:

Code	Description	Explanation
1	Discount on processing fee the transactions with related parties over \$5 million	None
2	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 1
3	Disposal of nonperforming loans by subsidiaries	None
4	Related information of financial assets securitization or real estate securitization by subsidiaries	None
5	Other significant transaction which may affect the decisions of users of the financial statements	None

b. Information on investees

Code	Description	Explanation
1	Information regarding investee companies and percentage of ownership	Table 3
2	Discount on processing fee for transactions with related parties over \$5 million	None
3	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 1
4	Disposal of nonperforming loans by investees	None
5	Related information of financial assets securitization or real estate securitization by investees	None
6	Other significant transaction which may affect the decisions of users of the financial statements	None
7	Financing provided to others	None
8	Endorsements/guarantees provided	Table 4
9	Significant marketable securities held as of June 30, 2026	Table 2 (Note)

Note: Disclosure is not required for subsidiaries belonging to the financial services, insurance and securities industries, and whose principal business activities include financing provided to others, endorsements/guarantees provided, and trading of marketable securities.

- c. Investments in mainland China: Name of companies, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in investees in the mainland China area are disclosed in Table 5.
- d. The significant intercompany transactions among the Group are disclosed in Note 32 and Table 6.

TABLE 1

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Cathay Financial Holding Co., Ltd.	Cathay Life Insurance Co., Ltd.	Subsidiary	\$ 26,721,606 (Note 1)	-	\$ -	-	\$ 5,000,000	\$ -
	Cathay United Bank Co., Ltd.	Subsidiary	3,441,798 (Note 2)	-	-	-	-	-
	Cathay Century Insurance Co., Ltd.	Subsidiary	457,975 (Note 2)	-	-	-	-	-
	Cathay Securities Corporation	Subsidiary	1,127,125 (Note 2)	-	-	-	-	-
	Cathay Securities Investment Trust Co., Ltd.	Subsidiary	313,132 (Note 2)	-	-	-	-	-
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd.	Sibling Company	1,050,720 (Note 3)	-	-	-	1,050,720	-
Cathay Wind Power Co., Ltd.	Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture	41,084,370 (Note 4)	-	-	-	-	-
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Same ultimate parent company	5,725,779 (Note 4)	-	-	-	-	-
Cathay Life Insurance Company (Vietnam)	Indovina Bank Limited	Same ultimate parent company	339,494 (Note 5)	-	-	-	-	-

Note 1: The ending balance is mainly comprised of integrated income tax, dividends receivable and interest receivables of subordinate corporate bonds of Cathay Life.

Note 2: The ending balance is mainly comprised of receivables from integrated income tax.

Note 3: The ending balance is mainly comprised of receivables for insurance commission.

Note 4: The ending balance is mainly comprised of loans and interest receivables.

Note 5: The ending balance is mainly comprised of interest receivables.

TABLE 2

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
JUNE 30, 2026
(In Thousands of New Taiwan Dollars, in Thousands of Number of Shares)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cathay Venture Inc.	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	N/A	Financial assets at fair value through profit or loss	16,168	\$ 234,119	-	\$ 234,119	
	<u>Shares</u> VisEra Technologies Co., Ltd.	N/A	Financial assets at fair value through profit or loss	580	297,540	-	297,540	
	Evergreen Aviation Technologies Corporation	"	"	793	147,102	-	147,102	
	VIZIONFOCUS INC.	"	"	1,700	333,200	2.90	333,200	
	Mega Union Technology Incorporated	"	"	3,330	3,253,410	4.34	3,253,410	
	AP BIOSCIENCES INC.	"	"	1,370	138,370	1.41	138,370	
	Phoenix Pioneer Technology Co., Ltd.	"	"	2,049	135,467	-	135,467	
	aetherAI Co., Ltd.	"	"	6,490	128,233	6.87	128,233	
	Certain Micro Application Technology Inc	"	"	1,076	127,580	4.70	127,580	
	Cathay Healthcare Management Co., Ltd.	"	"	8,250	107,085	15.00	107,085	
	Pacific 8 Venture	"	"	-	185,212	15.00	185,212	
	Taishan Buffalo No. 2 Biotechnology Venture Capital Limited Partnership	"	"	-	218,940	6.78	218,940	
	Reed Semiconductor Corp.	"	"	389	110,452	-	110,452	
	Harbinger Eight Venture Capital	N/A	Financial assets at fair value through other comprehensive income	8,226	111,303	7.71	111,303	
	Appworks Fund III Co., Ltd.	"	"	16,770	136,095	5.83	136,095	
Cathay Futures Co., Ltd.	<u>Shares</u> Taiwan Futures Exchange	N/A	Financial assets at fair value through other comprehensive income	11,004	1,307,542	1.52	1,307,542	

TABLE 3

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES AND COMBINED SHAREHOLDING PERCENTAGE

JUNE 30, 2026

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

Investor Company	Investee Company	Location	Main Businesses and Products	Shareholding Percentage at the End of the Period	Book Value of Investment	Investment Profits or Losses Recognized in the Current Period	Combined Shareholding of the Company and Its Affiliates (Note 1)				Note
							Number of Existing Shares	Number of Phantom Shares (Note 2)	Total		
									Number of Shares (In Thousands)	Shareholding Percentage	
Cathay Financial Holding Co., Ltd.	Cathay Life	R.O.C.	Life insurance	100	\$ 911,713,604	\$ 42,508,579	\$ 6,351,527	-	6,351,527	100	Note 3
	Cathay United Bank	R.O.C.	Commercial banking operations	100	331,836,720	26,822,870	13,762,615	-	13,762,615	100	Note 3
	Cathay Century	R.O.C.	Property and casualty insurance	100	24,979,866	2,373,874	200,000	-	200,000	100	Note 3
	Cathay Securities	R.O.C.	Securities	100	20,732,910	4,411,774	770,000	-	770,000	100	Note 3
	Cathay Venture	R.O.C.	Venture capital investment	75	6,522,760	1,299,574	608,721	-	608,721	100	Note 3
	Cathay Securities Investment Trust	R.O.C.	Securities investment trust	100	6,279,864	1,654,065	150,000	-	150,000	100	Note 3

Note 1: The existing shares and phantom shares of the investees held by the Company, directors, supervisors, general managers, vice general managers, and affiliates meeting the requirements of the Company Act are included.

- Note 2: a. “Phantom shares” refer to the shares acquired due to conversion under the assumption that the Company converts the marketable securities with equity characteristics or derivative instrument contracts (that have not been converted to shares) based on the transaction terms and the equity that the Company has the intention of linking to the reinvestment business and meeting the reinvestment objectives as provided in Paragraph 2, Article 36 and Article 37 of Financial Holding Company Act.
- b. The above-mentioned “marketable securities with equity characteristics” refer to the securities stated in Paragraph 1, Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.
- c. The above-mentioned “derivative instrument contracts” refer to those that meet the definition related to derivative instruments under IFRS 9, such as stock options.

Note 3: Based on the investment profit or loss recognized in the respective company’s audited financial statements for the same period.

TABLE 4

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
JUNE 30, 2026
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	b	\$ 10,109,638	\$ 2,179,083	\$ 2,179,083	\$ 1,133,276	\$ -	53.89	\$ 10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,109,638	276,012	236,012	185,528	-	5.84	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,109,638	937,600	137,600	123,191	-	3.40	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
		Da Li Energy Co., Ltd.	b	10,109,638	638,000	638,000	416,964	-	15.78	10,109,638	(Note 2)	(Note 2)	N	(Note 3)
2	SUNRISE PV ONE CO., LTD.	Cathay Power Inc.	c	2,866,943	400,000	400,000	-	-	34.88	2,866,943	(Note 2)	(Note 2)	N	(Note 4)
3	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,685,855	18,102	-	-	-	-	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
		Hong Tai Energy Co., Ltd.	b	2,685,855	322,032	-	-	-	-	3,223,026	(Note 2)	(Note 2)	N	(Note 5)
4	Cathay Wind Power Holdings CO., LTD.	Cathay Wind Power CO., LTD.	b	22,988,586	23,030,299	22,772,212	22,772,212	22,988,586	109.73	22,988,586	(Note 2)	(Note 2)	N	(Notes 6 and 7)

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. The Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for purposes of undertaking a construction project.
- f. Due to a joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to their ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: It is not a case where the listed parent company endorses the subsidiary or the subsidiary endorses the listed parent company.

Note 3: The total amount of endorsement/guarantee provided by Cathay Power shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 4: The total amount of endorsement/guarantee provided by SUNRISE PV ONE shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 5: The total amount of endorsement/guarantee provided by CM Energy shall be 300% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 6: The total amount of endorsements and guarantees provided by Cathay Wind Power Holdings, as well as the limit for any single enterprise, is restricted to the total value of collateral assets securing all obligations under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity transaction termination payments for the Greater Changhua Northwest Offshore Wind Power Project.

Note 7: The collateral assets for endorsements and guarantees provided by Cathay Wind Power Holdings include accounts pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which are then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged accounts), as well as the equity held by Cathay Wind Power Holdings in Cathay Wind Power (calculated based on the most recent net asset value; if the net asset value is negative, it is considered 0). In addition, Cathay Wind Power Holdings has infused capital into Cathay Wind Power through alternative means.

TABLE 5

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2026	Accumulated Repatriation of Investment Income as of June 30, 2026
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	a	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ 2,994,850	50.00	\$ 1,497,425 (Note 2,b,2)	\$ 7,803,680	\$ -
Cathay Insurance Company Limited (China)	Property and casualty insurance	12,196,844	a	5,908,393	-	-	5,908,393	409,635	49.00	200,722 (Note 2,b,3)	5,647,804	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office equipment leasing company	7,223,435	a	7,223,435	-	-	7,223,435	11,572	100.00	8,407 (Note 2,b,2)	8,415,460	-
Cathay United Bank (China) Corporation Limited	Wholesale banking	14,377,562	a	14,377,562	-	-	14,377,562	167,442	100.00	167,442 (Note 2,b,2)	18,920,615	-
BSCOM Cathay Asset Management Co., Ltd.	Fund management services	1,701,823	a	566,707	-	-	566,707	5,833	33.30	1,942 (Note 2,b,2)	36,078	-
Beijing BSCOM Cathay Capital Management Co., Ltd (Note 4)	Assets management services	511,481	c	-	-	-	-	(76,115)	33.30	(25,346) (Note 2,b,2)	(206,368)	-

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2026	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$34,824,675	\$34,824,675	\$795,868,711

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through companies located in a third region.
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. It should be indicated if the entity was in the preparation stage without profit or loss on investment.
- b. It should be indicated if the basis of recognizing the profit or loss on investment are of the following 3 types:
 - 1) The financial statements are audited and certified by international accounting firms which have partnership with R.O.C. accounting firms.
 - 2) The financial statements are audited and certified by the parent company’s auditors in Taiwan.
 - 3) Other basis.

Note 3: The related figure in the schedule should be expressed in New Taiwan dollars.

Note 4: BSCOM Cathay Asset Management Co., Ltd. invested in Beijing BSCOM Cathay Capital Management Co., Ltd. in the amount of CNY110 million in Mainland China.

(Continued)

Note 5: Information on investments in mainland China:

- a. On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized Cathay Life to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand, approved by the MOEAIC on December 20, 2010. Also, MOEAIC authorized Cathay Life to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized Cathay Life to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. Cathay Life’s subsidiary, Cathay Life Insurance Ltd. (China) has acquired a business license of an enterprise as legal person on December 29, 2004 and changed its name to Cathay Lujiazui Life Insurance Company Ltd. following approval by the China Insurance Regulatory Commission on August 12, 2014. Cathay Life has remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. Cathay Life injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized Cathay Life to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of June 30, 2026, Cathay Life’s remittances to the subsidiary totaled approximately CNY900,000 thousand and US\$78,210 thousand. On April 28, 2026, Cathay Life’s Board of Directors resolved to participate, in proportion to its equity interest, in the proposed cash capital increase of Cathay Lujiazui Life Insurance Company Ltd. in the amount of CNY1,000,000 thousand (the total capital increase by both shareholders will be CNY2,000,000 thousand). The proposed transaction remains subject to the approvals of the Insurance Bureau of the Financial Supervisory Commission and the Department of Investment Review, Ministry of Economic Affairs.
- b. On October 17, 2007, MOEAIC authorized Cathay Life to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by China Insurance Regulatory Commission on October 8, 2007. On March 6, 2008, MOEAIC authorized Cathay Life to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized Cathay Life to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century Insurance in Shanghai has acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized Cathay Life to remit CNY245,000 thousand on December 6, 2018. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Life’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of June 30, 2026, Cathay Life’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.
- c. On November 1, 2011 and April 11, 2012, MOEAIC authorized Cathay Life to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. Cathay Life’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. has acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized Cathay Life to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of June 30, 2026, Cathay Life’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. totaled approximately CNY1,500,000 thousand.
- d. On December 31, 2006, MOEAIC authorized Cathay Century to remit US\$28,960 thousand as the registered capital to establish an insurance subsidiary (in the form of a joint venture with Cathay Life) which was also approved by China Insurance Regulatory Commission on October 8, 2007. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century in Shanghai has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. On June 13, 2013 and March 18, 2014, a remittance of CNY100,000 thousand and CNY100,000 thousand as share capital were authorized by China Insurance Regulatory Commission. On November 23, 2018, according to No. 10700281680 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Century’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of June 30, 2026, Cathay Century has remitted US\$97,292 thousand in total.
- e. The registered capital of Cathay United Bank (China) Co., Ltd. was CNY3 billion, whose working capital was transferred from Cathay United Bank (Shanghai), Cathay United Bank (Qingdao), Cathay United Bank (Shenzhen) upon obtaining approval from the authorities.
- f. MOEAIC approved Cathay United Bank to remit to China CNY400,000 (US\$60,070) thousand. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY400,000 (US\$59,770) thousand. The remaining amount of US\$300 thousand was repatriated by Shanghai Branch, Cathay United Bank on November 5, 2010. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC in January 18, 2011 and were approved on January 24, 2011. In addition, MOEAIC further approved Cathay United Bank to remit CNY600,000 (US\$95,020) thousand to China. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY600,000 (US\$94,930) thousand. The remaining amount of US\$90 thousand was repatriated by Cathay United Bank’s Shanghai Branch on February 1, 2012. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC on March 20, 2012 and were approved on March 26, 2012. MOEAIC approved Cathay United Bank’s Shanghai Branch to increase the working capital of CNY1,000,000 (US\$164,000) thousand on February 27, 2014, and was authorized by MOEAIC, on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao Branch was CNY600,000 (US\$98,200) thousand on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. Cathay United Bank’s obtained approval from MOEAIC to increase the working capital of Shenzhen branch by CNY400,000 (US\$60,710) thousand on January 5, 2015 and was authorized by MOEAIC on December 22, 2016.
- g. On January 9, 2012, MOEAIC authorized Cathay Securities Investments Trust to remit CNY66,600 thousand as the registered capital to establish a China-based company named BSCOM Cathay Asset Management, originally named CDBS Cathay Asset Management (in the form of a joint venture with China Development Bank Securities Co., Ltd., originally named China Development Bank Securities LLC). Cathay Securities Investment Trust held 33.3% of the shares. BSCOM Cathay Asset Management’s capital is CNY200,000 thousand, and it acquired a business license from an enterprise legal person on August 16, 2013. On November 9, 2016, the board of Cathay Securities Investments Trust approved to increase investment in BSCOM Cathay Asset Management accounted for using the equity method, as the percentage of original ownership amounted to CNY53,280 thousand. The proposal was authorized by the FSC and MOEAIC on May 16, 2017 and June 9, 2017, respectively, and was completed on September 29, 2017. As of June 30, 2026, Cathay Securities Investment Trust remittances to BSCOM Cathay Asset Management totaled approximately CNY119,880 thousand.
- h. Information on Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:
- 1) Location: Shanghai, China.
 - 2) Status of capital funds and related income: As of June 30, 2026, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amount to NT\$213,868,383 thousand and NT\$16,212,447 thousand, respectively, and net investment income is NT\$6,641,236 thousand and NT\$563,422 thousand, respectively.
 - 3) Insurance Contract Assets and Liabilities, and Reinsurance Contract Assets and Liabilities

As of June 30, 2026, Cathay Lujiazui Life Insurance Co., Ltd. reported insurance contract assets of NT\$0 thousand, insurance contract liabilities of NT\$219,524,792 thousand, reinsurance contract assets of NT\$12,453 thousand, and reinsurance contract liabilities of NT\$20,463 thousand. Cathay Insurance Company Limited (China) reported insurance contract assets of NT\$35,960 thousand, insurance contract liabilities of NT\$10,526,616 thousand, reinsurance contract assets of NT\$946,063 thousand, and reinsurance contract liabilities of NT\$6,543 thousand.
 - 4) For the six month period ended June 30, 2026, the insurance revenue of Cathay Lujiazui Life Insurance Co., Ltd. was NT\$2,902,820 thousand, accounting for 3.81% of Cathay Life’s insurance revenue. The insurance revenue of Cathay Insurance Company Limited (China) was NT\$14,538,876 thousand, accounting for 19.08% and 71.88% of the insurance revenue of Cathay Life and Cathay Century, respectively.
 - 5) For the six month period ended June 30, 2026, the insurance service expenses of Cathay Lujiazui Life Insurance Co., Ltd. were NT\$1,784,899 thousand, accounting for 3.35% of Cathay Life’s insurance service expenses. The insurance service expenses of Cathay Insurance Company Limited (China) were NT\$14,359,525 thousand, accounting for 26.97% and 116.19% of the insurance service expenses of Cathay Life and Cathay Century, respectively.

(Concluded)

TABLE 6

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2026

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Financial Holdings	Cathay Life	a	Financial assets at fair value through profit or loss	\$ 35,000,000	Not significantly different with that of third parties	0.23
		Cathay Life	a	Receivables	26,721,606	Not significantly different with that of third parties	0.18
		Cathay Life	a	Interest income	624,822	Not significantly different with that of third parties	0.39
		Cathay United Bank	a	Receivables	3,441,798	Not significantly different with that of third parties	0.02
		Cathay United Bank	a	Cash and cash equivalents	1,335,570	Not significantly different with that of third parties	0.01
		Cathay Century	a	Receivables	457,975	Not significantly different with that of third parties	-
		Cathay Securities	a	Receivables	1,127,125	Not significantly different with that of third parties	0.01
		Cathay Securities Investment Trust	a	Receivables	313,132	Not significantly different with that of third parties	-
1	Cathay Life	Cathay Financial Holdings	b	Gain (loss) on investment property	103,411	Not significantly different with that of third parties	0.06
		Cathay United Bank	c	Guarantee deposits received	226,725	Not significantly different with that of third parties	-
		Cathay United Bank	c	Cash and cash equivalents	98,908,826	Not significantly different with that of third parties	0.66
		Cathay United Bank	c	Gain (loss) on investment property	414,125	Not significantly different with that of third parties	0.26
		Cathay United Bank	c	Insurance contract liabilities and reinsurance contract liabilities	1,008,117	Not significantly different with that of third parties	0.01
		Cathay United Bank	c	Insurance service results	6,844,798	Not significantly different with that of third parties	4.25
		Cathay United Bank	c	Net other non-interest gain	152,798	Not significantly different with that of third parties	0.09
		Cathay United Bank	c	Financial liabilities at fair value through profit or loss	2,106,821	Not significantly different with that of third parties	0.01
		Cathay United Bank	c	Gains and losses on financial assets and liabilities measured at fair value through profit or loss	801,818	Not significantly different with that of third parties	0.50
		Cathay United Bank	c	Interest income	262,686	Not significantly different with that of third parties	0.16
		Cathay Century	c	Net other non-interest gain	462,155	Not significantly different with that of third parties	0.29
		Cathay Century		Other general and administrative expenses	149,276	Not significantly different with that of third parties	0.09
		Cathay Century	c	Receivables	113,069	Not significantly different with that of third parties	-
		Cathay Securities		Net other non-interest gain	235,935	Not significantly different with that of third parties	0.15
		Cathay Futures	c	Guarantee deposits paid	1,142,312	Not significantly different with that of third parties	0.01
		Cathay Securities Investment Trust	c	Service fee and commission fee	419,508	Not significantly different with that of third parties	0.26
		Cathay Walbrook Holding 1 Limited	c	Loans	1,252,138	Not significantly different with that of third parties	0.01
		Cathay Walbrook Holding 1 Limited	c	Interest income	434,968	Not significantly different with that of third parties	0.27
2	Cathay United Bank	Cathay Century	c	Deposits	4,599,941	Not significantly different with that of third parties	0.03
		Cathay Century	c	Service fee and commission fee revenue	145,881	Not significantly different with that of third parties	0.09
		Cathay Century	c	Other general and administrative expenses	134,760	Not significantly different with that of third parties	0.08
		Cathay Century	c	Financial assets at fair value through profit or loss	100,668	Not significantly different with that of third parties	-
		Cathay Securities	c	Deposits	10,512,230	Not significantly different with that of third parties	0.07
		Cathay Securities	c	Service fee and commission fee revenue	150,693	Not significantly different with that of third parties	0.09
		Cathay Securities Investment Trust	c	Deposits	497,444	Not significantly different with that of third parties	-
		Cathay Futures	c	Deposits	8,255,523	Not significantly different with that of third parties	0.06
		Cathay Futures	c	Guarantee deposits paid	556,469	Not significantly different with that of third parties	-
		Lin Yuan	c	Deposits	2,462,254	Not significantly different with that of third parties	0.02
		Cathay Industrial R&D Center	c	Deposits	1,012,501	Not significantly different with that of third parties	0.01
		Indovina Bank	c	Interbank placements	636,740	Not significantly different with that of third parties	-
		CUBC Bank	c	Interbank deposits	3,916,902	Not significantly different with that of third parties	0.03
		CUBCN Bank	c	Interbank placements	3,975,362	Not significantly different with that of third parties	0.03

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
3	Cathay Securities	Cathay Futures	c	Financial assets at fair value through profit or loss	\$ 3,434,843	Not significantly different with that of third parties	0.02
		Cathay Futures	c	Cash and cash equivalents	829,669	Not significantly different with that of third parties	0.01
4	Cathay Securities Investment Trust	Cathay Life	c	Other general and administrative expenses	126,584	Not significantly different with that of third parties	0.08
5	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	c	Receivables	140,069	Not significantly different with that of third parties	-
		Cathay Wind Power Holdings	c	Receivables	200,121	Not significantly different with that of third parties	-
6	CM Energy Co., Ltd.	SUNRISE PV ONE CO., LTD.	c	Receivables	202,423	Not significantly different with that of third parties	-
7	Si Yi	SUNRISE PV ONE CO., LTD.	c	Receivables	202,423	Not significantly different with that of third parties	-
8	Cathay Wind Power Holdings	Cathay Wind Power	c	Receivables	5,725,779	Not significantly different with that of third parties	0.04
		Cathay Wind Power	c	Interest income	144,187	Not significantly different with that of third parties	0.09
9	Indovina Bank	Cathay Insurance (Vietnam)	c	Deposits	256,102	Not significantly different with that of third parties	-
		Cathay Life (Vietnam)	c	Deposits	3,887,989	Not significantly different with that of third parties	0.03
		Cathay Life (Vietnam)	c	Interest expense	129,201	Not significantly different with that of third parties	0.08
		Cathay Life (Vietnam)	c	Payables	339,494	Not significantly different with that of third parties	-
10	Cathay Securities (Hong Kong)	Cathay Capital (Asia)	c	Payables	267,718	Not significantly different with that of third parties	-

Note 1: Parent company is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationship:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating income and assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.

For income statement accounts: Accumulated transaction amount ÷ Total consolidated profit from operations.

Note 4: Disclosure of the important intercompany transactions above is decided by the Company based on the materiality principle.

(Concluded)