

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2025 and 2024 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Cathay Century Insurance Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policies information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shiuh-Ran, Cheng and Shu-Wan Lin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 14, 2025

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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

|   | March 31, 2025       |            | December 31, 2024    |            | March 31, 2024       |            |
|---|----------------------|------------|----------------------|------------|----------------------|------------|
| ASSETS  | Amount               | %          | Amount               | %          | Amount               | %          |
| CASH AND CASH EQUIVALENTS (Notes 4, 6 and 27)                                     | \$ 10,936,733        | 16         | \$ 11,174,184        | 17         | \$ 9,537,040         | 17         |
| RECEIVABLES (Notes 4, 11, 27 and 34)  | 3,381,754            | 5          | 3,338,812            | 5          | 3,493,304            | 6          |
| INVESTMENTS   |                      |            |                      |            |                      |            |
| Financial assets at fair value through profit or loss (Notes 4, 7 and 27)         | 13,486,258           | 19         | 14,496,026           | 22         | 12,083,814           | 21         |
| Financial assets at fair value through other comprehensive income (Notes 4 and 8) | 654,789              | 1          | 654,599              | 1          | 667,696              | 1          |
| Financial assets at amortized cost (Notes 4 and 9)                                | 10,803,788           | 16         | 10,039,725           | 15         | 9,845,387            | 17         |
| Investments accounted for using the equity method, net (Notes 4 and 14)           | 2,482,925            | 4          | 2,406,891            | 4          | 2,418,398            | 4          |
| Loans (Notes 4, 10 and 27)  | 84,842               | -          | 96,451               | -          | 113,488              | 1          |
| REINSURANCE CONTRACT ASSETS (Notes 4, 12, 20 and 34)                              | 21,606,495           | 31         | 17,312,724           | 27         | 13,572,065           | 23         |
| PROPERTY AND EQUIPMENT (Notes 4 and 15)   | 422,180              | -          | 463,754              | 1          | 440,556              | 1          |
| RIGHT-OF-USE ASSETS (Notes 4, 16 and 27)  | 160,088              | -          | 197,399              | -          | 254,119              | -          |
| INTANGIBLE ASSETS (Notes 4 and 17)  | 95,225               | -          | 104,478              | -          | 110,316              | -          |
| DEFERRED TAX ASSETS (Note 4)  | 4,587,022            | 7          | 4,585,963            | 7          | 4,548,404            | 8          |
| OTHER ASSETS (Notes 18, 27 and 29)  | <u>608,228</u>       | <u>1</u>   | <u>632,440</u>       | <u>1</u>   | <u>653,004</u>       | <u>1</u>   |
| TOTAL   | <u>\$ 69,310,327</u> | <u>100</u> | <u>\$ 65,503,446</u> | <u>100</u> | <u>\$ 57,737,591</u> | <u>100</u> |
| LIABILITIES AND EQUITY  |                      |            |                      |            |                      |            |
| PAYABLES (Notes 4, 19, 27 and 34)   | \$ 4,587,297         | 7          | \$ 4,395,390         | 7          | \$ 4,245,187         | 7          |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 7 and 27)    | 230,110              | -          | 224,161              | -          | 183,967              | -          |
| LEASE LIABILITIES (Notes 4, 16 and 27)  | 160,707              | -          | 197,630              | -          | 253,540              | -          |
| INSURANCE LIABILITIES (Notes 4, 5 and 20)   | 44,144,785           | 64         | 40,284,468           | 61         | 34,345,445           | 60         |
| OTHER LIABILITIES   | 1,322,088            | 2          | 1,659,061            | 3          | 1,753,366            | 3          |
| PROVISIONS (Notes 4 and 21)   | 298,535              | -          | 349,882              | 1          | 329,993              | 1          |
| DEFERRED TAX LIABILITIES (Note 4)   | <u>461,249</u>       | <u>1</u>   | <u>445,671</u>       | <u>1</u>   | <u>394,749</u>       | <u>1</u>   |
| Total liabilities   | <u>51,204,771</u>    | <u>74</u>  | <u>47,556,263</u>    | <u>73</u>  | <u>41,506,247</u>    | <u>72</u>  |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)                     |                      |            |                      |            |                      |            |
| Share capital   |                      |            |                      |            |                      |            |
| Ordinary shares   | <u>2,000,000</u>     | <u>3</u>   | <u>2,000,000</u>     | <u>3</u>   | <u>2,000,000</u>     | <u>3</u>   |
| Capital surplus   | <u>7,861,133</u>     | <u>11</u>  | <u>7,861,133</u>     | <u>12</u>  | <u>7,861,133</u>     | <u>14</u>  |
| Retained earnings   |                      |            |                      |            |                      |            |
| Legal reserve   | 249,102              | -          | 249,102              | -          | -                    | -          |
| Special reserve   | 5,326,764            | 8          | 5,326,764            | 8          | 4,674,882            | 8          |
| Unappropriated earnings   | <u>3,046,395</u>     | <u>4</u>   | <u>1,984,109</u>     | <u>3</u>   | <u>1,406,079</u>     | <u>3</u>   |
| Total retained earnings   | <u>8,622,261</u>     | <u>12</u>  | <u>7,559,975</u>     | <u>11</u>  | <u>6,080,961</u>     | <u>11</u>  |
| Other equity  | <u>(377,838)</u>     | <u>-</u>   | <u>526,075</u>       | <u>1</u>   | <u>289,250</u>       | <u>-</u>   |
| Total equity attributable to owners of the Company                                | <u>18,105,556</u>    | <u>26</u>  | <u>17,947,183</u>    | <u>27</u>  | <u>16,231,344</u>    | <u>28</u>  |
| Total equity  | <u>18,105,556</u>    | <u>26</u>  | <u>17,947,183</u>    | <u>27</u>  | <u>16,231,344</u>    | <u>28</u>  |
| TOTAL   | <u>\$ 69,310,327</u> | <u>100</u> | <u>\$ 65,503,446</u> | <u>100</u> | <u>\$ 57,737,591</u> | <u>100</u> |

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

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

|   | For the Three Months Ended March 31 |            |                  |            |
|---|-------------------------------------|------------|------------------|------------|
|   | 2025                                |            | 2024             |            |
|   | Amount                              | %          | Amount           | %          |
| <b>OPERATING REVENUES</b>   |                                     |            |                  |            |
| Retained earned premium (Notes 4, 27 and 34)  |                                     |            |                  |            |
| Written premium   | \$ 9,789,552                        | 128        | \$ 8,776,074     | 129        |
| Reinsurance premium   | <u>265,831</u>                      | <u>3</u>   | <u>270,430</u>   | <u>4</u>   |
| Premium income  | 10,055,383                          | 131        | 9,046,504        | 133        |
| Less: Reinsurance expenses  | 3,218,800                           | 42         | 2,837,553        | 42         |
| Less: Net change in unearned premium reserves<br>(Notes 4, 20 and 34)                                     | <u>203,174</u>                      | <u>3</u>   | <u>301,111</u>   | <u>4</u>   |
| Total retained earned premium   | <u>6,633,409</u>                    | <u>86</u>  | <u>5,907,840</u> | <u>87</u>  |
| Reinsurance commission income (Note 34)   | <u>345,313</u>                      | <u>5</u>   | <u>329,336</u>   | <u>5</u>   |
| Fee income  | <u>12,899</u>                       | <u>-</u>   | <u>14,305</u>    | <u>-</u>   |
| Net gain on investments   |                                     |            |                  |            |
| Interest income (Notes 23 and 27)   | 229,331                             | 3          | 182,520          | 3          |
| Foreign exchange gains - investment (Note 4)  | 103,302                             | 1          | 279,612          | 4          |
| (Loss) gain on financial assets and liabilities at fair<br>value through profit or loss (Note 4)          | (655,845)                           | (8)        | 379,252          | 5          |
| Net gain on derecognition of financial assets at<br>amortized cost (Notes 4 and 9)                        | 1,277                               | -          | 56               | -          |
| Share of profit of associates and joint ventures<br>accounted for using equity method (Notes 4<br>and 14) | 45,336                              | 1          | 3,981            | -          |
| Expected credit impairment (losses) gains on<br>investments (Note 4)                                      | (798)                               | -          | 198              | -          |
| Gain (loss) on reclassification using overlay<br>approach (Notes 4 and 7)                                 | 940,889                             | 12         | (287,839)        | (4)        |
| Total net gains on investments  | <u>663,492</u>                      | <u>9</u>   | <u>557,780</u>   | <u>8</u>   |
| Other operating income  | <u>24,418</u>                       | <u>-</u>   | <u>20,287</u>    | <u>-</u>   |
| Total operating revenues  | <u>7,679,531</u>                    | <u>100</u> | <u>6,829,548</u> | <u>100</u> |
| <b>OPERATING COSTS</b>  |                                     |            |                  |            |
| Retained claims payments (Notes 4, 27 and 34)   |                                     |            |                  |            |
| Insurance claims payments   | 4,830,106                           | 63         | 3,700,880        | 54         |
| Less: Claims and payments recovered from<br>reinsurers  | <u>2,089,649</u>                    | <u>27</u>  | <u>781,523</u>   | <u>11</u>  |
| Total retained claims payments  | <u>2,740,457</u>                    | <u>36</u>  | <u>2,919,357</u> | <u>43</u>  |
| Net changes in other insurance liabilities (Notes 4<br>and 20)  | <u>939,046</u>                      | <u>12</u>  | <u>286,381</u>   | <u>4</u>   |
| Commission expenses (Notes 4, 23, 27 and 34)  | <u>1,144,853</u>                    | <u>15</u>  | <u>1,098,452</u> | <u>16</u>  |
| Other operating costs   | <u>9,665</u>                        | <u>-</u>   | <u>8,641</u>     | <u>-</u>   |
| Total operating costs   | <u>4,834,021</u>                    | <u>63</u>  | <u>4,312,831</u> | <u>63</u>  |
| GROSS PROFIT  | <u>2,845,510</u>                    | <u>37</u>  | <u>2,516,717</u> | <u>37</u>  |

(Continued)

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

|   | For the Three Months Ended March 31 |            |                  |            |
|---|-------------------------------------|------------|------------------|------------|
|   | 2025                                |            | 2024             |            |
|   | Amount                              | %          | Amount           | %          |
| OPERATING EXPENSES (Notes 23 and 27)  |                                     |            |                  |            |
| General expenses  | \$ 1,338,754                        | 18         | \$ 1,177,252     | 17         |
| Administrative expenses   | 253,886                             | 3          | 326,131          | 5          |
| Employee training expenses  | 1,564                               | -          | 2,699            | -          |
| Expected credit impairment loss of non-investments  | <u>16,247</u>                       | <u>-</u>   | <u>1,883</u>     | <u>-</u>   |
| Total operating expenses  | <u>1,610,451</u>                    | <u>21</u>  | <u>1,507,965</u> | <u>22</u>  |
| OPERATING INCOME  | <u>1,235,059</u>                    | <u>16</u>  | <u>1,008,752</u> | <u>15</u>  |
| NON-OPERATING INCOME AND EXPENSES<br>(Note 27)  | <u>(821)</u>                        | <u>-</u>   | <u>(1,089)</u>   | <u>-</u>   |
| PROFIT BEFORE INCOME TAX  | 1,234,238                           | 16         | 1,007,663        | 15         |
| INCOME TAX EXPENSE (Notes 4 and 24)   | <u>(182,840)</u>                    | <u>(2)</u> | <u>(139,909)</u> | <u>(2)</u> |
| NET PROFIT  | <u>1,051,398</u>                    | <u>14</u>  | <u>867,754</u>   | <u>13</u>  |
| OTHER COMPREHENSIVE INCOME (LOSS)<br>(Notes 4, 22 and 24)   |                                     |            |                  |            |
| Items that will not be reclassified subsequently to<br>profit or loss:  |                                     |            |                  |            |
| Share of other comprehensive income of<br>associates and joint ventures may be reclassified<br>subsequently to profit or loss | <u>2,706</u>                        | <u>-</u>   | <u>-</u>         | <u>-</u>   |
| Items that may be reclassified subsequently to profit<br>or loss:   |                                     |            |                  |            |
| Exchange differences on translation of the<br>financial statements of foreign operations                                      | 53,224                              | -          | 64,346           | 1          |
| Share of the other comprehensive income of<br>associates and joint ventures accounted for<br>using the equity method          | (17,367)                            | -          | 43,730           | -          |
| Unrealized (loss) gain on investments in debt<br>instruments at fair value through other<br>comprehensive income              | 2,008                               | -          | (9,390)          | -          |

(Continued)

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

|  | For the Three Months Ended March 31 |             |                     |           |
|--|-------------------------------------|-------------|---------------------|-----------|
|  | 2025                                |             | 2024                |           |
|  | Amount                              | %           | Amount              | %         |
| Other comprehensive income reclassified under overlay approach                       | \$ (940,889)                        | (12)        | \$ 287,839          | 4         |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>7,293</u>                        | <u>-</u>    | <u>(5,314)</u>      | <u>-</u>  |
|  | <u>(895,731)</u>                    | <u>(12)</u> | <u>381,211</u>      | <u>5</u>  |
| Other comprehensive income, net of income tax  | <u>(893,025)</u>                    | <u>(12)</u> | <u>381,211</u>      | <u>5</u>  |
| TOTAL COMPREHENSIVE INCOME   | <u>\$ 158,373</u>                   | <u>2</u>    | <u>\$ 1,248,965</u> | <u>18</u> |
| NET PROFIT ATTRIBUTABLE TO:  |                                     |             |                     |           |
| Owner of the Company   | \$ 1,051,398                        | 14          | \$ 867,754          | 13        |
| Non-controlling interests  | <u>-</u>                            | <u>-</u>    | <u>-</u>            | <u>-</u>  |
|  | <u>\$ 1,051,398</u>                 | <u>14</u>   | <u>\$ 867,754</u>   | <u>13</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:  |                                     |             |                     |           |
| Owner of the Company   | \$ 158,373                          | 2           | \$ 1,248,965        | 18        |
| Non-controlling interests  | <u>-</u>                            | <u>-</u>    | <u>-</u>            | <u>-</u>  |
|  | <u>\$ 158,373</u>                   | <u>2</u>    | <u>\$ 1,248,965</u> | <u>18</u> |
| EARNINGS PER SHARE (Note 25)   |                                     |             |                     |           |
| Basic  | <u>\$ 5.26</u>                      |             | <u>\$ 4.34</u>      |           |

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

(Concluded)

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

|  | Equity Attributable to Owners of the Company |                     |                     |                   |                     |                            |  |   |  |   | Total Equity         |
|--|--|---------------------|---------------------|-------------------|---------------------|----------------------------|--|---|--|---|----------------------|
|  | Shares<br>(In Thousands)                     | Share Capital       | Capital Surplus     | Retained Earnings |                     |                            | Exchange<br>Differences on<br>Translating the<br>Financial<br>Statements of<br>Foreign<br>Operations | Other Equity  |  |   |                      |
|  |  |                     |                     | Legal Reserve     | Special Reserve     | Unappropriated<br>Earnings |  | Unrealized Gain<br>(Loss) on<br>Financial Assets<br>at Fair Value<br>through Other<br>Comprehensive<br>Income | Remeasurement<br>of Defined<br>Benefit Plans | Other<br>Comprehensive<br>Income<br>Reclassified<br>Under Overlay<br>Approach |                      |
| BALANCE AT JANUARY 1, 2024   | 200,000                                      | \$ 2,000,000        | \$ 7,861,133        | \$ -              | \$ 4,674,882        | \$ 538,325                 | \$ (329,230)   | \$ (79,179)   | \$ (154,495)                                 | \$ 470,943  | \$ 14,982,379        |
| Net profit for the three months ended March 31, 2024   | -  | -                   | -                   | -                 | -                   | 867,754                    | -  | -   | -  | -   | 867,754              |
| Other comprehensive income for the three months ended March 31, 2024, net of income tax        | -  | -                   | -                   | -                 | -                   | -                          | 64,346   | 34,340  | -  | 282,525   | 381,211              |
| Total comprehensive income for the three months ended March 31, 2024                           | -  | -                   | -                   | -                 | -                   | 867,754                    | 64,346   | 34,340  | -  | 282,525   | 1,248,965            |
| BALANCE AT MARCH 31, 2024  | <u>200,000</u>                               | <u>\$ 2,000,000</u> | <u>\$ 7,861,133</u> | <u>\$ -</u>       | <u>\$ 4,674,882</u> | <u>\$ 1,406,079</u>        | <u>\$ (264,884)</u>  | <u>\$ (44,839)</u>  | <u>\$ (154,495)</u>                          | <u>\$ 753,468</u>   | <u>\$ 16,231,344</u> |
| BALANCE AT JANUARY 1, 2025   | 200,000                                      | \$ 2,000,000        | \$ 7,861,133        | \$ 249,102        | \$ 5,326,764        | \$ 1,984,109               | \$ (232,465)   | \$ 32,841   | \$ (174,975)                                 | \$ 900,674  | \$ 17,947,183        |
| Change from associates accounted for using the equity method                                   | -  | -                   | -                   | -                 | -                   | 10,888                     | -  | (10,888)  | -  | -   | -                    |
| Net profit for the three months ended March 31, 2025   | -  | -                   | -                   | -                 | -                   | 1,051,398                  | -  | -   | -  | -   | 1,051,398            |
| Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax | -  | -                   | -                   | -                 | -                   | -                          | 53,224   | (12,653)  | -  | (933,596)   | (893,025)            |
| Total comprehensive (loss) income for the three months ended March 31, 2025                    | -  | -                   | -                   | -                 | -                   | 1,051,398                  | 53,224   | (12,653)  | -  | (933,596)   | 158,373              |
| BALANCE AT MARCH 31, 2025  | <u>200,000</u>                               | <u>\$ 2,000,000</u> | <u>\$ 7,861,133</u> | <u>\$ 249,102</u> | <u>\$ 5,326,764</u> | <u>\$ 3,046,395</u>        | <u>\$ (179,241)</u>  | <u>\$ 9,300</u>   | <u>\$ (174,975)</u>                          | <u>\$ (32,922)</u>  | <u>\$ 18,105,556</u> |

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



# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

|   | For the Three Months Ended<br>March 31 |              |
|---|--|--------------|
|   | 2025                                   | 2024         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |              |
| Income before income tax  | \$ 1,234,238                           | \$ 1,007,663 |
| Depreciation expenses   | 83,277                                 | 78,560       |
| Amortization expenses   | 16,194                                 | 17,198       |
| Net gain on financial assets and liabilities at fair value through profit or loss               | 655,845                                | (379,252)    |
| Interest expense  | 922                                    | 1,299        |
| Net gain on derecognition of financial assets measured at amortized cost                        | (1,277)                                | (56)         |
| Interest income   | (229,331)                              | (182,520)    |
| Net change in insurance liabilities   | 3,860,317                              | 631,521      |
| Expected credit impairment losses (reversal of expected credit impairment losses) on investment | 798                                    | (198)        |
| Expected credit impairment losses of non-investment   | 16,247                                 | 1,883        |
| Share of profit of associates and joint ventures accounted for using the equity method          | (45,336)                               | (3,981)      |
| (Gain) loss on reclassification using overlay approach  | (940,889)                              | 287,839      |
| Loss on disposal of property and equipment  | 2                                      | 1            |
| Gain on lease modification  | -                                      | (10)         |
| Changes in operating assets and liabilities   |  |              |
| (Increase) decrease in notes receivable   | (222)                                  | 14,587       |
| Decrease (increase) in premiums receivable  | 26,669                                 | (244,844)    |
| Increase in other receivables   | (50,749)                               | (51,754)     |
| Decrease (increase) in financial instruments at fair value through profit or loss               | 347,515                                | (793,465)    |
| Decrease in financial assets at fair value through other comprehensive income                   | 1,815                                  | 1,797        |
| Increase in financial assets at amortized cost  | (763,580)                              | (379,348)    |
| Increase in reinsurance contract assets   | (4,293,771)                            | (92,815)     |
| Decrease in other assets  | 24,211                                 | 2,090        |
| Decrease in claims outstanding  | -                                      | 857          |
| Increase in commissions payable and fees  | 19,803                                 | 41,899       |
| Increase in due to reinsurers and ceding companies  | 743,171                                | 315,679      |
| Decrease in other payables  | (721,584)                              | (328,888)    |
| Decrease in provisions  | (51,347)                               | (97,579)     |
| (Decrease) increase in other liabilities  | (336,973)                              | 196,762      |
| Cash (used in) generated from operations  | (404,035)                              | 44,925       |
| Interest received   | 202,049                                | 147,140      |
| Dividends received  | 4,752                                  | 2,712        |
| Interest paid   | (922)                                  | (1,299)      |
| Income tax paid   | (9,439)                                | (2,596)      |
| Net cash (used in) generated from operating activities  | (207,595)                              | 190,882      |

(Continued)

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

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

|  | For the Three Months Ended<br>March 31 |                     |
|--|--|---------------------|
|  | 2025                                   | 2024                |
| CASH FLOWS FROM INVESTING ACTIVITIES                             |  |                     |
| Acquisition of property and equipment                            | \$ (1,625)                             | \$ (13,157)         |
| Acquisition of intangible assets                                 | (5,004)                                | (5,253)             |
| Decrease in loans  | <u>11,609</u>                          | <u>9,589</u>        |
| Net cash generated from (used in) investing activities           | <u>4,980</u>                           | <u>(8,821)</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES                             |  |                     |
| Payment of the principal portion of lease liabilities            | <u>(41,400)</u>                        | <u>(38,746)</u>     |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH<br>EQUIVALENTS | <u>6,564</u>                           | <u>10,762</u>       |
| NET (DECREASE) INCREASE IN CASH AND CASH<br>EQUIVALENTS          | (237,451)                              | 154,077             |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE<br>PERIOD      | <u>11,174,184</u>                      | <u>9,382,963</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD               | <u>\$ 10,936,733</u>                   | <u>\$ 9,537,040</u> |

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

(Concluded)

# CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 14, 2025.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

| <b>New, Amended and Revised Standards and Interpretations</b>  | <b>Effective Date<br/>Announced by International<br/>Accounting Standards Board<br/>(IASB)</b> |
|--|--|
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 1)   |

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

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.

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

| <b>New, Amended and Revised Standards and Interpretations</b>  | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11   | January 1, 2026                                      |
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026                                      |
| Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"   | January 1, 2026                                      |
| 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 17 "Insurance Contracts"  | January 1, 2023                                      |
| Amendments to IFRS 17  | January 1, 2023                                      |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"  | January 1, 2023                                      |
| IFRS 18 "Presentation and Disclosure in Financial Statements"  | January 1, 2027                                      |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures"  | January 1, 2027                                      |

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

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 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.

## 2) IFRS 17 “Insurance Contracts” and its amendments

IFRS 17 sets out the accounting standards for insurance contracts and it will supersede IFRS 4. The main standards and amendments of IFRS 17 are as follows:

### Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Group should divide a portfolio of insurance contracts issued into a minimum of:

- a) A group of contracts that are onerous at initial recognition;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- c) A group of the remaining contracts in the portfolio.

The Group should not include contracts issued more than one year apart in the same group, and the recognition and measurements of IFRS 17 should be applied to all identified groups of contracts.

### Recognition

The Group should recognize a group of insurance contracts it issues from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

### Measurement on initial recognition

On initial recognition, the Group should measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise estimates of future cash flows, adjustments to reflect the time value of money and financial risk related to the future cash flows, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit for the group of insurance contracts that the Group will recognize as it provides insurance contract services in the future. Unless a group of contracts is onerous, the Group should measure the contractual service margin on initial recognition of the group of insurance contracts at an amount that results in no income or expenses arising from:

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) Any cash flows arising from the contracts in the group at that date; and
- c) The derecognition at the date of initial derecognition of:
  - i. Any assets for insurance acquisition cash flows;
  - ii. Any other asset or liability previously recognized for cash flows related to the group of contracts.

### Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period should be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to past services. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group should recognize a loss immediately in profit or loss.

### Onerous contracts

An insurance contract is considered onerous at the date of initial recognition if the fulfilment cash flows allocated to the contracts, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group should recognize a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group of onerous contracts being equal to the fulfilment cash flows and the contractual service margin of the group being zero. The contractual service margin cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense. Before the loss previously recognized on the onerous group is reversed, the Group should not recognize contractual service margin or insurance revenue.

### Premium Allocation Approach (PAA)

The Group may simplify the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

- a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the general measurement model; or
- b) The coverage period of each contract in the group is one year or less.

At the inception of the Group, if the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred, the above-mentioned criterion 1) is not met.

Using the PAA, the liability for remaining coverage on initial recognition should be:

- a) The premiums received at initial recognition;
- b) Minus any insurance acquisition cash flows at that date; and
- c) Plus or minus any amount arising from the derecognition at that date of:
  - i. Any asset for insurance acquisition cash flows; and
  - ii. Any other asset or liability previously recognized for cash flows related to the group of insurance contracts.

Subsequently, the liability for remaining coverage should be adjusted as plus the premiums received and the amortization of insurance acquisition cash flows and minus the amount recognized as insurance revenue for services provided and any investment component paid or transferred to the liability for incurred claims in the period.

### Investment contracts with discretionary participation features

An investment contract with a discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. An investment contract with discretionary participation features the Group issues should apply the requirements of the IFRS 17 if the Group also issues insurance contracts.

### Modification and derecognition

If the terms of an insurance contract are modified and any of the specific conditions is met, resulting in a substantive modification, the Group should derecognize the original contract and recognize the modified contract as a new contract.

The Group shall derecognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification is met.

### Transition

The Group shall apply IFRS 17 retrospectively unless it is impracticable, in which case the Group may choose to adopt the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Group should use reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. If such reasonable and supportable information is unavailable, the Group should apply fair value approach.

Under the fair value approach, the Group should determine the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

### Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which had applied IFRS 9 may redesignate the classification of an eligible asset that meets the condition in paragraph C29 of IFRS 17. The entity is not required to restate the comparative information to reflect changes in the classifications of these assets, and any difference between the previous carrying amount and the carrying amount at the date of initial application of these financial assets should be recognized in the opening retained earnings (or other component of equity, as appropriate) at the date of initial application. If an entity restates the comparative information, the restated financial statements must reflect all the requirements of IFRS 9 for those affected financial assets.

In addition, an enterprise which had applied IFRS 9 before the initial application of IFRS 17 could apply the classification overlay on an individual basis to the financial assets that had derecognized during the comparative period as if those financial assets had been reclassified in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

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

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

##### **d. Basis of consolidation**

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

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

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

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

Refer to Note 13 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

##### **e. 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.

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the group entities (including subsidiaries, associates, and in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

g. Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to the individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

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

a) Categories of financial assets, initial recognition and subsequent measurement

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

In addition, to reduce the fluctuations in profit or loss as a result of IFRS 9 being applied earlier than IFRS 17, the Group elects to remove profit or loss arising from changes in fair value in subsequent measurement and present it in other comprehensive income based on the overlay approach under IFRS 4. Overlay approach is applied to financial assets if all of the following conditions are met:

i) The financial assets are held in respect of activities related to IFRS 4.

- ii) The financial assets are measured at FVTPL applying IFRS 9 but would not have been measured at FVTPL in its entirety applying under IAS 39.
  - iii) The financial assets designated to apply the overlay approach at initial recognition when an entity first applies IFRS 9 or when a new financial asset is initially recognized or when a financial asset newly meets the criteria having previously not met.
- ii. Financial assets at amortized cost

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

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

iii. Investments in debt instruments at FVTOCI

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

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, credit assets are classified as normal assets (“First Category”), assets that require special attention (“Second Category”), assets that are substandard (“Third Category”), assets that are doubtful (“Fourth Category”) and assets for which there is loss (“Fifth Category”) based on the borrower’s financial conditions and the delay for payment of principal and interests as well as the status of the loan collateral and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following categories:

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

##### Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 26.

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

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

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

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

#### k. Reinsurance business

In order to limit the possible losses caused by certain events, the Group arranges reinsurance business based on its business needs and related insurance regulations. For reinsurance of ceded business, the Group cannot refuse to fulfill its obligations to the insured when the reinsurer fails to fulfill its obligations.

For the ceding reinsurance, reinsurance expenses are recognized based on the ceding reinsurance contract. According to matching principle, the reinsurance expenses should be recognized in the same accounting period as the insurance premiums. In addition, the Group accrues the reinsurance expense at the balance sheet date in a reasonable and systematic manner for the billing statements that have not yet been received as well as related income (for example, reinsurance commission income). The related profit or loss for reinsurance is not deferred.

Reinsurance reserve assets present the rights to reinsurers and comprise of ceded unearned premium reserve, ceded loss reserve, and ceded premium deficiency reserve, which are recognized according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, and other regulations as well as the conditions of reinsurance contracts.

## 1. Reserves for liabilities

Insurance reserves provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance and the Regulations for the Reserves for Nuclear Energy Insurance.

The descriptions of these reserves are as follows:

### 1) Unearned premium reserve

For an in-force contract with a remaining policy period or an unterminated insured risk, the calculation and the provision of unearned premium reserve are based on the unexpired risk of each insurance.

Unearned premium reserve for the compulsory insurance contract is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

Unearned premium reserve for the policy-oriented residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premium reserve for nuclear energy insurance contracts is provided in conformity with the Regulations for the Reserves of Nuclear Energy Insurance.

Except as otherwise provided by regulations, the manners of provisions for unearned premium reserve are decided by actuaries according to the characteristics of each insurance, which cannot be changed without permission by the authorities, and the year-end balance of unearned premium reserve should be audited by actuaries at the end of the year.

### 2) Loss reserve

Loss reserve is provided for losses filed but not yet paid and losses not yet filed by insurance type based on the past experiences of actual claims and expenses in line with the actuarial principles. The reserve for losses filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type.

Loss reserve for the compulsory insurance contracts is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.



Loss reserve for policy-oriented residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Loss reserve for Nuclear Energy Insurance contracts is provided in conformity with the Regulations for the Reserves for Nuclear Energy Insurance.

### 3) Special reserve

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

In accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the Group 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.

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

#### a) Special reserves for catastrophic event

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

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

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

b) Special reserves for fluctuation of risk

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

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

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

4) Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiency should be set aside as premium deficiency reserve.

5) Policy reserve

The minimum provision for policy reserve for health insurance with policy periods longer than one year is determined by the full preliminary term method. However, the method of provision for health insurance with a special nature is regulated by the authorities.

6) Liability adequacy reserve

When performing the liability adequacy test required by IFRS 4, the future cash flows are estimated based on current information on recognized liabilities as of each reporting date. If the test result shows inadequate liability reserve, the shortfall should be recognized as a liability adequacy reserve.

m. Classification of insurance products

An insurance contract refers to a contract where the insurer accepts the insurance policyholder's transfer of significant insurance risk and agrees to compensate the policyholder for any damages caused by a particular uncertain future event (insured event). The Group's identification of a significant insurance risk refers to any insured event that occurs and causes the Group to incur additional significant payments.

For a policy that meets the definition of an insurance contract in the initial phase, it is treated as an insurance contract before the right of ownership and obligations expired or extinguished, even if the exposure to insurance risk during the policy period has significantly decreased. However, if an insurance contract with features of financial instruments transfers a significant insurance risk to the Group subsequently, the Group should reclassify the contract as an insurance contract.

n. Revenue and acquisition costs of insurance business

Direct premiums are recognized for all insurance policies underwritten and issued in current periods. Reinsurance premiums are usually recognized as the billing statements are delivered, and, on the balance sheet date, reinsurance premiums of which the billing statements are not yet received are accrued in a reasonable and systematic manner. Related acquisition costs are recognized in the same periods, including commission expenses, agency fees, service fees and reinsurance commission expenses.

Taxes related to the insurance premium revenue are recognized pursuant to “Value-added and Non-value-added Business Tax Act” and “Stamp Tax Act” on an accrual basis.

o. Insurance claims and payments

Claims and payments (including claim expenses) filed and paid pertaining to the direct insurance business are recognized as paid claims in current periods. For claims filed but not yet paid with determined amounts and those without determined amounts are recognized as net changes in loss reserve based on relevant information of each case by insurance type.

For direct insurance and ceding reinsurance, claims not yet filed are estimated based on past experience according to actuarial principles and recognized as net changes in loss reserve.

For claims to be recovered from the reinsurer under the reinsurance contract, claims and payments (including claim expenses) recoverable from reinsurers are recognized as claims recovered from reinsurers. For those of filed but not yet paid and not yet filed cases, claims and payments (including claim expenses) are recognized as net changes in loss reserve.

Provision for loss reserve is undiscounted.

p. Liability adequacy test

At the end of each reporting period, each type of insurance is subjected to the test by the expected cost method to assess the adequacy of insurance liabilities. The expected cost method requires the Group to estimate future cash flows of insurance contracts in accordance with the requirements for actuaries that was issued by the Actuarial Institute of the Republic of China. If an assessment shows that the carrying amount of insurance liabilities (less related intangible assets) is not enough to cover the estimated future cash flows, the entire shortfall is recognized in profit or loss.

Liability adequacy test is calculated on the undiscounted basis.

q. Salvage and subrogation

Salvage legally acquired from the claim procedure for direct written business should be recognized at its fair value. Subrogation legally acquired should be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not) and reliably measured.

r. Co-insurance organization, co-insurance and guarantee fund agreement

The Company and all the members approved by the competent authority set the “Co-insurance Contract of Compulsory Automobile Liability Insurance” and agreed that the business should be fully included in the co-insurance, violators have to pay liquidated damages and agreed to be inspected by co-insurance team. The business is calculated on the basis of pure premiums and in accordance with the agreed portion. In addition to the liquidation or going out of business, the members shall not withdraw. If the members stop to operate the compulsory automobile liability insurance, it should drop out from the co-insurance organization at the same time and the responsibility of unearned premiums applies natural expiry.

The Company, the property insurance company with the order for traveling industry performance guarantee insurance and the reinsurance company set the “Co-insurance Contract of Traveling Industry Performance Guarantee Insurance” and agreed that the business should be fully included in the co-insurance, violators have to pay liquidated damages and agreed to be inspected by the co-insurance organization. The business is calculated on the basis of the co-insurance premium and in accordance with the agreed proportion. Members shall make notice in writing when going to withdraw from co-insurance three months before the start of the following year began three months ago. The original undertaken responsibility will cease to exist at the end of the year and the member company which drops out from the co-insurance organization will be held responsible for the unfinished part of the responsibility until its natural expiry.

s. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

u. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of the parent company's issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

v. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C., an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

## Material Accounting Judgments

### Adequacy test on loss reserve

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed of all insurance contracts. Such estimates are made based on historical data, actuarial analysis, financing modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

|   | March 31, 2025       | December 31, 2024    | March 31, 2024      |
|---|----------------------|----------------------|---------------------|
| Cash on hand  | \$ 35,717            | \$ 31,258            | \$ 37,736           |
| Checking accounts and demand deposits   | 2,460,439            | 2,828,564            | 2,389,992           |
| Cash equivalents (investments with original maturities of less than 3 months) |                      |                      |                     |
| Time deposits   | 4,841,764            | 4,811,491            | 3,997,868           |
| Short-term notes  | <u>3,598,813</u>     | <u>3,502,871</u>     | <u>3,111,444</u>    |
|   | <u>\$ 10,936,733</u> | <u>\$ 11,174,184</u> | <u>\$ 9,537,040</u> |

## 7. FINANCIAL INSTRUMENTS AT FVTPL

|   | March 31, 2025       | December 31, 2024    | March 31, 2024       |
|---|----------------------|----------------------|----------------------|
| Financial assets mandatorily classified as at FVTPL           |                      |                      |                      |
| Non-derivative financial assets                               |                      |                      |                      |
| Listed shares   | \$ 7,011,526         | \$ 7,743,911         | \$ 6,653,127         |
| Beneficiary certificates                                      | 6,221,375            | 6,493,778            | 5,168,625            |
| Financial bonds   | <u>253,357</u>       | <u>258,337</u>       | <u>262,062</u>       |
|   | <u>\$ 13,486,258</u> | <u>\$ 14,496,026</u> | <u>\$ 12,083,814</u> |
| Financial liabilities held for trading                        |                      |                      |                      |
| Derivative financial liabilities (not under hedge accounting) |                      |                      |                      |
| Currency swaps contract                                       | <u>\$ 230,110</u>    | <u>\$ 224,161</u>    | <u>\$ 183,967</u>    |

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

|                         | Currency | Maturity Date         | Notional Amount<br>(In Thousands) |
|-------------------------|----------|-----------------------|-----------------------------------|
| <u>March 31, 2025</u>   |          |                       |                                   |
| Currency swaps contract | USD/NTD  | 2025.04.10-2026.03.26 | USD 194,600<br>(Continued)        |

|                          | <b>Currency</b> | <b>Maturity Date</b>  | <b>Notional Amount<br/>(In Thousands)</b> |
|--------------------------|-----------------|-----------------------|---|
| <u>December 31, 2024</u> |                 |                       |   |
| Currency swaps contract  | USD/NTD         | 2025.01.13-2025.12.18 | USD 173,600                               |
| <u>March 31, 2024</u>    |                 |                       |   |
| Currency swaps contract  | USD/NTD         | 2024.04.11-2025.03.18 | USD 173,600<br>(Concluded)                |

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

- b. The financial assets at FVTPL were not pledged.
- c. The Group elects to present the profit or loss of the designated financial assets in the overlay approach under IFRS 4. Financial assets designated to apply overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

|                           | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|---------------------------|-----------------------|------------------------------|-----------------------|
| Financial assets at FVTPL |                       |                              |                       |
| Listed shares             | \$ 7,011,526          | \$ 7,743,911                 | \$ 6,653,127          |
| Beneficiary certificates  | 6,221,375             | 6,493,778                    | 5,168,625             |
| Financial bonds           | 253,357               | 258,337                      | 262,062               |

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months ended March 31, 2025 and 2024 is as follows:

|  | <b>For the Three Months Ended<br/>March 31</b> |                     |
|--|--|---------------------|
|  | <b>2025</b>                                    | <b>2024</b>         |
| Loss (gain) due to application of IFRS 9 to profit or loss   | \$ 532,697                                     | \$ (645,402)        |
| Gain if applying IAS 39 to profit or loss                    | <u>408,192</u>                                 | <u>357,563</u>      |
| Gain (loss) from reclassification using the overlay approach | <u>\$ 940,889</u>                              | <u>\$ (287,839)</u> |

Due to application of overlay approach, the amount of gain and loss on financial assets and liabilities at FVTPL increased from loss of \$655,845 thousand to gain of \$285,044 thousand and decreased from gain of \$379,252 thousand to gain of \$91,413 thousand for the three months ended March 31, 2025 and 2024, respectively.



## 8. FINANCIAL ASSETS AT FVTOCI

|   | March 31, 2025 | December 31,<br>2024 | March 31, 2024 |
|---|----------------|----------------------|----------------|
| Investments in debt instruments at FVTOCI |                |                      |                |
| Domestic investments                      |                |                      |                |
| Government bonds                          | \$ 654,789     | \$ 654,599           | \$ 667,696     |

- a. Refer to Note 26 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.
- b. The financial assets at FVTOCI were not pledged as collateral.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

|                                    | March 31, 2025 | December 31,<br>2024 | March 31, 2024 |
|------------------------------------|----------------|----------------------|----------------|
| Domestic investments               |                |                      |                |
| Financial bonds                    | \$ 200,000     | \$ 200,000           | \$ 200,000     |
| Corporate bonds                    | 1,599,969      | 1,599,987            | 1,599,970      |
| Government bonds                   | 949,975        | 949,930              | 949,789        |
| Foreign bonds investments          | 8,368,584      | 7,603,611            | 7,409,428      |
|                                    | 11,118,528     | 10,353,528           | 10,159,187     |
| Less: Loss allowance               | (14,955)       | (14,054)             | (14,160)       |
| Less: Deposits in the Central Bank | (299,785)      | (299,749)            | (299,640)      |
|                                    | \$ 10,803,788  | \$ 10,039,725        | \$ 9,845,387   |

- a. The Group's gains on disposal of bonds resulting from repayments at maturities for the three months ended March 31, 2025 and 2024 were \$1,277 thousand and \$56 thousand, respectively.
- b. Refer to Note 26 for information relating to their credit risk management and impairment.
- c. The financial assets at amortized cost were not pledged.

## 10. LOANS

|                      | March 31, 2025 | December 31,<br>2024 | March 31, 2024 |
|----------------------|----------------|----------------------|----------------|
| Secured loans        | \$ 86,066      | \$ 97,850            | \$ 115,099     |
| Less: Loss allowance | (1,224)        | (1,399)              | (1,611)        |
|                      | \$ 84,842      | \$ 96,451            | \$ 113,488     |

Secured loans are secured by property and equipment. The Group applied IFRS 9 and assessed impairment in accordance with the regulation of "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". Refer to Note 26 for information relating to the credit risk management and impairment for the three months ended March 31, 2025 and 2024.

## 11. RECEIVABLES

|                      | March 31, 2025      | December 31,<br>2024 | March 31, 2024      |
|----------------------|---------------------|----------------------|---------------------|
| Notes receivable     | \$ 192,306          | \$ 192,200           | \$ 166,658          |
| Premiums receivables | 2,701,932           | 2,744,520            | 2,980,638           |
| Other receivables    | <u>528,019</u>      | <u>442,148</u>       | <u>388,103</u>      |
|                      | 3,422,257           | 3,378,868            | 3,535,399           |
| Less: Loss allowance | <u>(40,503)</u>     | <u>(40,506)</u>      | <u>(42,095)</u>     |
|                      | <u>\$ 3,381,754</u> | <u>\$ 3,338,812</u>  | <u>\$ 3,493,304</u> |

The allowance for impairment loss was reconciled as follows:

|                              | For the Three Months Ended<br>March 31 |                  |
|------------------------------|--|------------------|
|                              | 2025                                   | 2024             |
| Beginning balance            | \$ 40,056                              | \$ 40,438        |
| Impairment losses recognized | <u>447</u>                             | <u>1,657</u>     |
| Ending balance               | <u>\$ 40,503</u>                       | <u>\$ 42,095</u> |

## 12. REINSURANCE ASSETS

|  | March 31, 2025       | December 31,<br>2024 | March 31, 2024       |
|--|----------------------|----------------------|----------------------|
| Claims and payments recoverable from reinsurers, net | \$ 804,595           | \$ 665,331           | \$ 455,204           |
| Due from reinsurers and ceding companies, net        | 3,350,349            | 1,891,740            | 2,460,702            |
| Reinsurance reserve assets                           |                      |                      |                      |
| Ceded unearned premium reserve                       | 6,829,529            | 6,512,085            | 5,593,724            |
| Ceded loss reserve                                   | <u>10,622,022</u>    | <u>8,243,568</u>     | <u>5,062,435</u>     |
|  | <u>\$ 21,606,495</u> | <u>\$ 17,312,724</u> | <u>\$ 13,572,065</u> |

### a. Claims and payments recoverable from reinsurers

|                       | March 31, 2025    | December 31,<br>2024 | March 31, 2024    |
|-----------------------|-------------------|----------------------|-------------------|
| Gross carrying amount | \$ 812,722        | \$ 672,052           | \$ 459,802        |
| Less: Loss allowance  | <u>(8,127)</u>    | <u>(6,721)</u>       | <u>(4,598)</u>    |
|                       | <u>\$ 804,595</u> | <u>\$ 665,331</u>    | <u>\$ 455,204</u> |

The allowance for impairment loss was reconciled as follows:

|   | <b>For the Three Months Ended<br/>March 31</b> |                 |
|---|--|-----------------|
|   | <b>2025</b>                                    | <b>2024</b>     |
| Beginning balance                       | \$ 6,721                                       | \$ 8,439        |
| Impairment losses recognized (reversed) | <u>1,406</u>                                   | <u>(3,841)</u>  |
| Ending balance                          | <u>\$ 8,127</u>                                | <u>\$ 4,598</u> |

b. Due from reinsurers and ceding companies

|                       | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|-----------------------|-----------------------|------------------------------|-----------------------|
| Gross carrying amount | \$ 3,673,395          | \$ 2,200,214                 | \$ 2,654,352          |
| Less: Loss allowance  | <u>(323,046)</u>      | <u>(308,474)</u>             | <u>(193,650)</u>      |
|                       | <u>\$ 3,350,349</u>   | <u>\$ 1,891,740</u>          | <u>\$ 2,460,702</u>   |

The allowance for impairment loss was reconciled as follows:

|                              | <b>For the Three Months Ended<br/>March 31</b> |                   |
|------------------------------|--|-------------------|
|                              | <b>2025</b>                                    | <b>2024</b>       |
| Beginning balance            | \$ 308,474                                     | \$ 189,422        |
| Impairment losses recognized | <u>14,572</u>                                  | <u>4,228</u>      |
| Ending balance               | <u>\$ 323,046</u>                              | <u>\$ 193,650</u> |

### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

| <b>Investor</b>                    | <b>Investee</b>                      | <b>Nature of Activities</b>           | <b>Proportion of Ownership (%)</b> |                              |                           |
|------------------------------------|--------------------------------------|---------------------------------------|------------------------------------|------------------------------|---------------------------|
|                                    |                                      |                                       | <b>March 31,<br/>2025</b>          | <b>December 31,<br/>2024</b> | <b>March 31,<br/>2024</b> |
| Cathay Century Insurance Co., Ltd. | Cathay Insurance Co., Ltd. (Vietnam) | Operating non-life insurance business | 100                                | 100                          | 100                       |

### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                           | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|---------------------------|-----------------------|------------------------------|-----------------------|
| Investments in associates | <u>\$ 2,482,925</u>   | <u>\$ 2,406,891</u>          | <u>\$ 2,418,398</u>   |

Aggregate information of associates that are not individually material

|   | <b>For the Three Months Ended<br/>March 31</b> |                   |
|---|--|-------------------|
|   | <b>2025</b>                                    | <b>2024</b>       |
| The Group's share of:                     |  |                   |
| Profit from continuing operations         | \$ 45,336                                      | \$ 3,981          |
| Other comprehensive income                | <u>30,698</u>                                  | <u>96,840</u>     |
| Total comprehensive income for the period | <u>\$ 76,034</u>                               | <u>\$ 100,821</u> |

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

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

## 15. PROPERTY AND EQUIPMENT

|  | <b>Computer<br/>Equipment</b> | <b>Other<br/>Equipment</b> | <b>Prepayments<br/>for Equipment</b> | <b>Total</b>        |
|--|-------------------------------|----------------------------|--------------------------------------|---------------------|
| <u>Cost</u>  |                               |                            |                                      |                     |
| Balance at January 1, 2024                         | \$ 782,198                    | \$ 253,437                 | \$ 49,466                            | \$ 1,085,101        |
| Additions  | 3,677                         | 5,920                      | 3,560                                | 13,157              |
| Disposals  | (189)                         | (274)                      | -                                    | (463)               |
| Foreign exchange                                   | <u>-</u>                      | <u>1,243</u>               | <u>-</u>                             | <u>1,243</u>        |
| Balance at March 31, 2024                          | <u>\$ 785,686</u>             | <u>\$ 260,326</u>          | <u>\$ 53,026</u>                     | <u>\$ 1,099,038</u> |
| <u>Accumulated depreciation and<br/>impairment</u> |                               |                            |                                      |                     |
| Balance at January 1, 2024                         | \$ 446,204                    | \$ 172,740                 | \$ -                                 | \$ 618,944          |
| Depreciation expenses                              | 33,300                        | 5,508                      | -                                    | 38,808              |
| Disposals  | (189)                         | (273)                      | -                                    | (462)               |
| Foreign exchange                                   | <u>-</u>                      | <u>1,192</u>               | <u>-</u>                             | <u>1,192</u>        |
| Balance at March 31, 2024                          | <u>\$ 479,315</u>             | <u>\$ 179,167</u>          | <u>\$ -</u>                          | <u>\$ 658,482</u>   |
| Carrying amounts at March 31,<br>2024              | <u>\$ 306,371</u>             | <u>\$ 81,159</u>           | <u>\$ 53,026</u>                     | <u>\$ 440,556</u>   |
| <u>Cost</u>  |                               |                            |                                      |                     |
| Balance at January 1, 2025                         | \$ 848,521                    | \$ 295,146                 | \$ 61,065                            | \$ 1,204,732        |
| Additions  | 697                           | 20                         | 908                                  | 1,625               |
| Disposals  | (158)                         | (462)                      | -                                    | (620)               |
| Reclassification                                   | -                             | -                          | (1,730)                              | (1,730)             |
| Foreign exchange                                   | <u>-</u>                      | <u>781</u>                 | <u>-</u>                             | <u>781</u>          |
| Balance at March 31, 2025                          | <u>\$ 849,060</u>             | <u>\$ 295,485</u>          | <u>\$ 60,243</u>                     | <u>\$ 1,204,788</u> |

(Continued)

|  | <b>Computer<br/>Equipment</b> | <b>Other<br/>Equipment</b> | <b>Prepayments<br/>for Equipment</b> | <b>Total</b>      |
|--|-------------------------------|----------------------------|--------------------------------------|-------------------|
| <u>Accumulated depreciation and<br/>impairment</u>           |                               |                            |                                      |                   |
| Balance at January 1, 2025                                   | \$ 568,509                    | \$ 172,469                 | \$ -                                 | \$ 740,978        |
| Depreciation expenses  | 32,289                        | 9,202                      | -                                    | 41,491            |
| Disposals  | (158)                         | (460)                      | -                                    | (618)             |
| Foreign exchange   | <u>-</u>                      | <u>757</u>                 | <u>-</u>                             | <u>757</u>        |
| Balance at March 31, 2025                                    | <u>\$ 600,640</u>             | <u>\$ 181,968</u>          | <u>\$ -</u>                          | <u>\$ 782,608</u> |
| Carrying amounts at December 31,<br>2024 and January 1, 2025 | <u>\$ 280,012</u>             | <u>\$ 122,677</u>          | <u>\$ 61,065</u>                     | <u>\$ 463,754</u> |
| Carrying amounts at March 31,<br>2025                        | <u>\$ 248,420</u>             | <u>\$ 113,517</u>          | <u>\$ 60,243</u>                     | <u>\$ 422,180</u> |
|  |                               |                            |                                      | (Concluded)       |

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

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

|   | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b>                   | <b>March 31, 2024</b> |
|---|-----------------------|--|-----------------------|
| <u>Carrying amounts</u>                     |                       |  |                       |
| Buildings                                   | \$ 151,355            | \$ 187,982                                     | \$ 242,648            |
| Transportation equipment                    | <u>8,733</u>          | <u>9,417</u>                                   | <u>11,471</u>         |
|   | <u>\$ 160,088</u>     | <u>\$ 197,399</u>                              | <u>\$ 254,119</u>     |
|   |                       | <b>For the Three Months Ended<br/>March 31</b> |                       |
|   |                       | <b>2025</b>                                    | <b>2024</b>           |
| Additions to right-of-use assets            |                       | <u>\$ 4,254</u>                                | <u>\$ 23,593</u>      |
| Depreciation charge for right-of-use assets |                       |  |                       |
| Buildings                                   |                       | \$ 41,101                                      | \$ 38,899             |
| Transportation equipment                    |                       | <u>685</u>                                     | <u>853</u>            |
|   |                       | <u>\$ 41,786</u>                               | <u>\$ 39,752</u>      |

b. Lease liabilities

|                  | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|------------------|-----------------------|------------------------------|-----------------------|
| Carrying amounts | <u>\$ 160,707</u>     | <u>\$ 197,630</u>            | <u>\$ 253,540</u>     |

Range of discount rates for lease liabilities was as follows:

|                          | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Buildings                | 1.13%-8.57%           | 1.12%-8.57%                  | 1.12%-8.57%           |
| Transportation equipment | 2.15%-2.76%           | 2.15%-2.76%                  | 2.15%-2.76%           |

c. Other lease information

|  | <b>For the Three Months Ended<br/>March 31</b> |                  |
|--|--|------------------|
|  | <b>2025</b>                                    | <b>2024</b>      |
| Expenses relating to short-term leases | <u>\$ 7,114</u>                                | <u>\$ 7,792</u>  |
| Total cash outflow for leases          | <u>\$ 49,409</u>                               | <u>\$ 47,722</u> |

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

## 17. INTANGIBLE ASSETS

|  | <b>Computer<br/>Software</b> | <b>Other</b>  | <b>Total</b>      |
|--|------------------------------|---------------|-------------------|
| <u>Cost</u>                                    |                              |               |                   |
| Balance at January 1, 2024                     | \$ 544,332                   | \$ 598        | \$ 544,930        |
| Additions                                      | 5,253                        | -             | 5,253             |
| Foreign exchange                               | <u>1,638</u>                 | <u>-</u>      | <u>1,638</u>      |
| Balance at March 31, 2024                      | <u>\$ 551,223</u>            | <u>\$ 598</u> | <u>\$ 551,821</u> |
| <u>Accumulated depreciation and impairment</u> |                              |               |                   |
| Balance at January 1, 2024                     | \$ 423,090                   | \$ -          | \$ 423,090        |
| Amortization expenses                          | 17,198                       | -             | 17,198            |
| Foreign exchange                               | <u>1,217</u>                 | <u>-</u>      | <u>1,217</u>      |
| Balance at March 31, 2024                      | <u>\$ 441,505</u>            | <u>\$ -</u>   | <u>\$ 441,505</u> |
| Carrying amounts at March 31, 2024             | <u>\$ 109,718</u>            | <u>\$ 598</u> | <u>\$ 110,316</u> |

(Continued)

|  | <b>Computer<br/>Software</b> | <b>Other</b>  | <b>Total</b>      |
|--|------------------------------|---------------|-------------------|
| <u>Cost</u>  |                              |               |                   |
| Balance at January 1, 2025                                   | \$ 595,320                   | \$ 500        | \$ 595,820        |
| Additions  | 5,004                        | -             | 5,004             |
| Reclassification   | 1,730                        | -             | 1,730             |
| Foreign exchange   | <u>1,069</u>                 | <u>-</u>      | <u>1,069</u>      |
| Balance at March 31, 2025                                    | <u>\$ 603,123</u>            | <u>\$ 500</u> | <u>\$ 603,623</u> |
| <u>Accumulated depreciation and impairment</u>               |                              |               |                   |
| Balance at January 1, 2025                                   | \$ 491,342                   | \$ -          | \$ 491,342        |
| Amortization expenses  | 16,194                       | -             | 16,194            |
| Foreign exchange   | <u>862</u>                   | <u>-</u>      | <u>862</u>        |
| Balance at March 31, 2025                                    | <u>\$ 508,398</u>            | <u>\$ -</u>   | <u>\$ 508,398</u> |
| Carrying amounts at December 31, 2024 and<br>January 1, 2025 | <u>\$ 103,978</u>            | <u>\$ 500</u> | <u>\$ 104,478</u> |
| Carrying amounts at March 31, 2025                           | <u>\$ 94,725</u>             | <u>\$ 500</u> | <u>\$ 95,225</u>  |
|  |                              |               | (Concluded)       |

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

|                   |         |
|-------------------|---------|
| Computer software | 3 years |
|-------------------|---------|

## 18. OTHER ASSETS

|                              | <b>March 31, 2025</b> | <b>December 31,<br/>2024</b> | <b>March 31, 2024</b> |
|------------------------------|-----------------------|------------------------------|-----------------------|
| Deposits in the Central Bank | \$ 299,785            | \$ 299,749                   | \$ 299,640            |
| Statutory deposits           | 28,059                | 27,980                       | 27,947                |
| Other deposits               | 207,964               | 219,430                      | 252,424               |
| Prepayments                  | 30,061                | 34,968                       | 31,801                |
| Others                       | <u>42,359</u>         | <u>50,313</u>                | <u>41,192</u>         |
|                              | <u>\$ 608,228</u>     | <u>\$ 632,440</u>            | <u>\$ 653,004</u>     |

Refer to Note 29 for the information of the assets, including government bonds and time deposits, pledged as guarantee deposits of the Group.

## 19. PAYABLES

|  | March 31, 2025      | December 31,<br>2024 | March 31, 2024      |
|--|---------------------|----------------------|---------------------|
| Claims and payments payable            | \$ -                | \$ -                 | \$ 3,095            |
| Commissions payable                    | 491,098             | 471,295              | 439,951             |
| Due to reinsurers and ceding companies | 2,833,257           | 2,090,086            | 2,827,499           |
| Integrated income tax payable          | 655,650             | 499,959              | 296,916             |
| Other payables                         | <u>607,292</u>      | <u>1,334,050</u>     | <u>677,726</u>      |
|  | <u>\$ 4,587,297</u> | <u>\$ 4,395,390</u>  | <u>\$ 4,245,187</u> |

## 20. INSURANCE LIABILITIES

|                            | March 31, 2025       | December 31,<br>2024 | March 31, 2024       |
|----------------------------|----------------------|----------------------|----------------------|
| Unearned premium reserve   | \$ 20,101,566        | \$ 19,558,885        | \$ 17,868,357        |
| Loss reserve               | 22,212,585           | 18,932,743           | 14,713,140           |
| Special reserve            | 1,826,676            | 1,792,120            | 1,763,851            |
| Premium deficiency reserve | 3,932                | 692                  | 16                   |
| Policy reserve             | <u>26</u>            | <u>28</u>            | <u>81</u>            |
|                            | <u>\$ 44,144,785</u> | <u>\$ 40,284,468</u> | <u>\$ 34,345,445</u> |

### a. Unearned premium reserve

#### 1) Details of unearned premium reserve and ceded unearned premium reserve

| Insurance Type                                      | March 31, 2025                         |                                       |   |   |
|---|--|---------------------------------------|---|---|
|   | Unearned Premium Reserve               |                                       | Ceded<br>Unearned<br>Premium<br>Reserve | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|   | Direct<br>Underwriting<br>Business (1) | Reinsurance<br>Inward<br>Business (2) | Ceded<br>Reinsurance<br>Business (3)    |   |
|   |  |                                       |   |   |
| Fire insurance                                      | \$ 2,427,405                           | \$ 29,315                             | \$ 2,023,927                            | \$ 432,793                              |
| Marine insurance                                    | 262,945                                | 3,714                                 | 178,402                                 | 88,257                                  |
| Land and air insurance                              | 8,770,833                              | -                                     | 462,290                                 | 8,308,543                               |
| Liability insurance                                 | 1,808,299                              | 5,152                                 | 542,362                                 | 1,271,089                               |
| Guarantee insurance                                 | 50,190                                 | 960                                   | 34,487                                  | 16,663                                  |
| Other property insurance                            | 2,851,961                              | 40,121                                | 2,428,265                               | 463,817                                 |
| Accident insurance                                  | 1,724,501                              | 3,886                                 | 132,289                                 | 1,596,098                               |
| Health insurance                                    | 53,364                                 | -                                     | -                                       | 53,364                                  |
| Policy-oriented residential<br>earthquake insurance | 249,458                                | 36,764                                | 249,459                                 | 36,763                                  |
| Compulsory automobile<br>liability insurance        | <u>1,296,747</u>                       | <u>485,951</u>                        | <u>778,048</u>                          | <u>1,004,650</u>                        |
|   | <u>\$ 19,495,703</u>                   | <u>\$ 605,863</u>                     | <u>\$ 6,829,529</u>                     | <u>\$ 13,272,037</u>                    |



| December 31, 2024                                   |                              |                        |   |   |
|---|------------------------------|------------------------|---|---|
| Insurance Type                                      | Unearned Premium Reserve     |                        | Ceded<br>Unearned<br>Premium<br>Reserve | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|   | Direct                       | Reinsurance            | Ceded                                   |   |
|   | Underwriting<br>Business (1) | Inward<br>Business (2) | Reinsurance<br>Business (3)             |   |
| Fire insurance                                      | \$ 2,450,514                 | \$ 29,210              | \$ 2,130,403                            | \$ 349,321                              |
| Marine insurance                                    | 225,031                      | 2,788                  | 166,845                                 | 60,974                                  |
| Land and air insurance                              | 8,644,774                    | 96                     | 427,433                                 | 8,217,437                               |
| Liability insurance                                 | 1,666,668                    | 1,353                  | 428,527                                 | 1,239,494                               |
| Guarantee insurance                                 | 56,420                       | 682                    | 37,346                                  | 19,756                                  |
| Other property insurance                            | 2,608,024                    | 40,650                 | 2,199,512                               | 449,162                                 |
| Accident insurance                                  | 1,710,424                    | 4,081                  | 97,548                                  | 1,616,957                               |
| Health insurance                                    | 50,951                       | -                      | -                                       | 50,951                                  |
| Policy-oriented residential<br>earthquake insurance | 248,913                      | 37,433                 | 248,914                                 | 37,432                                  |
| Compulsory automobile<br>liability insurance        | <u>1,292,594</u>             | <u>488,279</u>         | <u>775,557</u>                          | <u>1,005,316</u>                        |
|   | <u>\$ 18,954,313</u>         | <u>\$ 604,572</u>      | <u>\$ 6,512,085</u>                     | <u>\$ 13,046,800</u>                    |
| March 31, 2024                                      |                              |                        |   |   |
| Insurance Type                                      | Unearned Premium Reserve     |                        | Ceded<br>Unearned<br>Premium<br>Reserve | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|   | Direct                       | Reinsurance            | Ceded                                   |   |
|   | Underwriting<br>Business (1) | Inward<br>Business (2) | Reinsurance<br>Business (3)             |   |
| Fire insurance                                      | \$ 2,105,703                 | \$ 33,657              | \$ 1,719,162                            | \$ 420,198                              |
| Marine insurance                                    | 270,773                      | 4,801                  | 233,914                                 | 41,660                                  |
| Land and air insurance                              | 8,011,584                    | (12)                   | 405,974                                 | 7,605,598                               |
| Liability insurance                                 | 1,631,128                    | 1,820                  | 524,405                                 | 1,108,543                               |
| Guarantee insurance                                 | 55,818                       | 761                    | 43,924                                  | 12,655                                  |
| Other property insurance                            | 1,939,205                    | 39,543                 | 1,556,178                               | 422,570                                 |
| Accident insurance                                  | 1,698,473                    | 3,896                  | 111,436                                 | 1,590,933                               |
| Health insurance                                    | 50,657                       | -                      | -                                       | 50,657                                  |
| Policy-oriented residential<br>earthquake insurance | 237,400                      | 33,197                 | 237,400                                 | 33,197                                  |
| Compulsory automobile<br>liability insurance        | <u>1,268,884</u>             | <u>481,069</u>         | <u>761,331</u>                          | <u>988,622</u>                          |
|   | <u>\$ 17,269,625</u>         | <u>\$ 598,732</u>      | <u>\$ 5,593,724</u>                     | <u>\$ 12,274,633</u>                    |

2) Reconciliation of unearned premium reserve and ceded unearned premium reserve

|                   | For the Three Months Ended March 31 |   |                                |   |
|-------------------|-------------------------------------|---|--------------------------------|---|
|                   | 2025                                |   | 2024                           |   |
|                   | Unearned<br>Premium<br>Reserve      | Ceded<br>Unearned<br>Premium<br>Reserve | Unearned<br>Premium<br>Reserve | Ceded<br>Unearned<br>Premium<br>Reserve |
| Beginning balance | \$ 19,558,885                       | \$ 6,512,085                            | \$ 17,487,375                  | \$ 5,538,053                            |
| Provision         | 20,100,015                          | 6,828,875                               | 17,865,914                     | 5,592,675                               |
| Recovery          | (19,579,637)                        | (6,511,671)                             | (17,514,637)                   | (5,542,509)                             |
| Foreign exchange  | <u>22,303</u>                       | <u>240</u>                              | <u>29,705</u>                  | <u>5,505</u>                            |
| Ending balance    | <u>\$ 20,101,566</u>                | <u>\$ 6,829,529</u>                     | <u>\$ 17,868,357</u>           | <u>\$ 5,593,724</u>                     |

b. Loss reserve

1) Loss reserve and ceded loss reserve

|                        | March 31, 2025                         |                                       |                                      |   |
|------------------------|--|---------------------------------------|--------------------------------------|---|
|                        | Loss Reserve                           |                                       | Ceded Loss<br>Reserve                | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|                        | Direct<br>Underwriting<br>Business (1) | Reinsurance<br>Inward<br>Business (2) | Ceded<br>Reinsurance<br>Business (3) |   |
|                        | Items                                  |                                       |                                      |   |
| Filed but not yet paid | \$ 11,157,472                          | \$ 867,543                            | \$ 6,328,019                         | \$ 5,696,996                            |
| Not yet filed          | <u>9,660,326</u>                       | <u>527,244</u>                        | <u>4,294,003</u>                     | <u>5,893,567</u>                        |
|                        | <u>\$ 20,817,798</u>                   | <u>\$ 1,394,787</u>                   | <u>\$ 10,622,022</u>                 | <u>\$ 11,590,563</u>                    |
|                        | December 31, 2024                      |                                       |                                      |   |
|                        | Loss Reserve                           |                                       | Ceded Loss<br>Reserve                | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|                        | Direct<br>Underwriting<br>Business (1) | Reinsurance<br>Inward<br>Business (2) | Ceded<br>Reinsurance<br>Business (3) |   |
|                        | Items                                  |                                       |                                      |   |
| Filed but not yet paid | \$ 10,432,690                          | \$ 886,929                            | \$ 5,727,594                         | \$ 5,592,025                            |
| Not yet filed          | <u>7,116,113</u>                       | <u>497,011</u>                        | <u>2,515,974</u>                     | <u>5,097,150</u>                        |
|                        | <u>\$ 17,548,803</u>                   | <u>\$ 1,383,940</u>                   | <u>\$ 8,243,568</u>                  | <u>\$ 10,689,175</u>                    |
|                        | March 31, 2024                         |                                       |                                      |   |
|                        | Loss Reserve                           |                                       | Ceded Loss<br>Reserve                | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|                        | Direct<br>Underwriting<br>Business (1) | Reinsurance<br>Inward<br>Business (2) | Ceded<br>Reinsurance<br>Business (3) |   |
|                        | Items                                  |                                       |                                      |   |
| Filed but not yet paid | \$ 7,182,299                           | \$ 922,749                            | \$ 3,138,675                         | \$ 4,966,373                            |
| Not yet filed          | <u>6,101,365</u>                       | <u>506,727</u>                        | <u>1,923,760</u>                     | <u>4,684,332</u>                        |
|                        | <u>\$ 13,283,664</u>                   | <u>\$ 1,429,476</u>                   | <u>\$ 5,062,435</u>                  | <u>\$ 9,650,705</u>                     |

2) Net changes in loss reserve and ceded loss reserve

For the three months ended March 31, 2025

| Items                  | Direct Underwriting Business |                      | Reinsurance Inward Business |                     | Net Changes in                          |
|------------------------|------------------------------|----------------------|-----------------------------|---------------------|---|
|                        | Provision<br>(1)             | Recovery<br>(2)      | Provision<br>(3)            | Recovery<br>(4)     | Loss Reserve<br>(5)=(1)-(2)+<br>(3)-(4) |
| Filed but not yet paid | \$ 11,196,473                | \$ 10,474,349        | \$ 867,543                  | \$ 886,929          | \$ 702,738                              |
| Not yet filed          | <u>9,621,842</u>             | <u>7,076,156</u>     | <u>527,244</u>              | <u>497,011</u>      | <u>2,575,919</u>                        |
|                        | <u>\$ 20,818,315</u>         | <u>\$ 17,550,505</u> | <u>\$ 1,394,787</u>         | <u>\$ 1,383,940</u> | <u>\$ 3,278,657</u>                     |

| Items                  | Ceded Reinsurance Business |                     | Net Changes in                    |
|------------------------|----------------------------|---------------------|-----------------------------------|
|                        | Provision (6)              | Recovery (7)        | Ceded Loss Reserve<br>(8)=(6)-(7) |
| Filed but not yet paid | \$ 6,347,213               | \$ 5,749,109        | \$ 598,104                        |
| Not yet filed          | <u>4,275,165</u>           | <u>2,495,864</u>    | <u>1,779,301</u>                  |
|                        | <u>\$ 10,622,378</u>       | <u>\$ 8,244,973</u> | <u>\$ 2,377,405</u>               |

For the three months ended March 31, 2024

| Items                  | Direct Underwriting Business |                      | Reinsurance Inward Business |                     | Net Changes in                          |
|------------------------|------------------------------|----------------------|-----------------------------|---------------------|---|
|                        | Provision<br>(1)             | Recovery<br>(2)      | Provision<br>(3)            | Recovery<br>(4)     | Loss Reserve<br>(5)=(1)-(2)+<br>(3)-(4) |
| Filed but not yet paid | \$ 7,217,891                 | \$ 7,082,682         | \$ 922,749                  | \$ 989,786          | \$ 68,172                               |
| Not yet filed          | <u>6,061,764</u>             | <u>5,880,217</u>     | <u>506,726</u>              | <u>522,105</u>      | <u>166,168</u>                          |
|                        | <u>\$ 13,279,655</u>         | <u>\$ 12,962,899</u> | <u>\$ 1,429,475</u>         | <u>\$ 1,511,891</u> | <u>\$ 234,340</u>                       |

| Items                  | Ceded Reinsurance Business |                     | Net Changes in                    |
|------------------------|----------------------------|---------------------|-----------------------------------|
|                        | Provision (6)              | Recovery (7)        | Ceded Loss Reserve<br>(8)=(6)-(7) |
| Filed but not yet paid | \$ 3,155,694               | \$ 3,133,856        | \$ 21,838                         |
| Not yet filed          | <u>1,904,096</u>           | <u>1,967,463</u>    | <u>(63,367)</u>                   |
|                        | <u>\$ 5,059,790</u>        | <u>\$ 5,101,319</u> | <u>\$ (41,529)</u>                |

3) Details of claims filed but not yet paid and claims not yet filed of policyholders

| <b>March 31, 2025</b>                            |                               |                      |                      |
|--|-------------------------------|----------------------|----------------------|
| <b>Insurance Type</b>                            | <b>Filed But Not Yet Paid</b> | <b>Not Yet Filed</b> | <b>Total</b>         |
| Fire insurance                                   | \$ 5,481,976                  | \$ 1,706,957         | \$ 7,188,933         |
| Marine insurance                                 | 949,928                       | 453,569              | 1,403,497            |
| Land and air insurance                           | 2,625,622                     | 2,543,842            | 5,169,464            |
| Liability insurance                              | 895,603                       | 1,231,855            | 2,127,458            |
| Guarantee insurance                              | 57,195                        | 12,201               | 69,396               |
| Other property insurance                         | 1,275,711                     | 1,820,385            | 3,096,096            |
| Accident insurance                               | 179,935                       | 744,912              | 924,847              |
| Health insurance                                 | 1,577                         | 84,894               | 86,471               |
| Policy-oriented residential earthquake insurance | 800                           | 1,616                | 2,416                |
| Compulsory automobile liability insurance        | <u>556,668</u>                | <u>1,587,339</u>     | <u>2,144,007</u>     |
|  | <u>\$ 12,025,015</u>          | <u>\$ 10,187,570</u> | <u>\$ 22,212,585</u> |
| <b>December 31, 2024</b>                         |                               |                      |                      |
| <b>Insurance Type</b>                            | <b>Filed But Not Yet Paid</b> | <b>Not Yet Filed</b> | <b>Total</b>         |
| Fire insurance                                   | \$ 5,074,743                  | \$ 494,333           | \$ 5,569,076         |
| Marine insurance                                 | 894,316                       | 376,131              | 1,270,447            |
| Land and air insurance                           | 2,398,458                     | 2,318,718            | 4,717,176            |
| Liability insurance                              | 944,002                       | 1,222,057            | 2,166,059            |
| Guarantee insurance                              | 50,647                        | 35,091               | 85,738               |
| Other property insurance                         | 1,192,471                     | 895,506              | 2,087,977            |
| Accident insurance                               | 218,429                       | 618,349              | 836,778              |
| Health insurance                                 | 5,191                         | 71,254               | 76,445               |
| Policy-oriented residential earthquake insurance | 800                           | 330                  | 1,130                |
| Compulsory automobile liability insurance        | <u>540,562</u>                | <u>1,581,355</u>     | <u>2,121,917</u>     |
|  | <u>\$ 11,319,619</u>          | <u>\$ 7,613,124</u>  | <u>\$ 18,932,743</u> |

| Insurance Type                                   | March 31, 2024         |                     |                      |
|--|------------------------|---------------------|----------------------|
|  | Filed But Not Yet Paid | Not Yet Filed       | Total                |
| Fire insurance                                   | \$ 2,430,997           | \$ 239,877          | \$ 2,670,874         |
| Marine insurance                                 | 683,595                | 278,715             | 962,310              |
| Land and air insurance                           | 2,494,657              | 2,025,913           | 4,520,570            |
| Liability insurance                              | 1,065,565              | 1,083,658           | 2,149,223            |
| Guarantee insurance                              | 41,246                 | 34,312              | 75,558               |
| Other property insurance                         | 751,893                | 368,597             | 1,120,490            |
| Accident insurance                               | 180,150                | 605,096             | 785,246              |
| Health insurance                                 | 3,568                  | 176,035             | 179,603              |
| Policy-oriented residential earthquake insurance | -                      | -                   | -                    |
| Compulsory automobile liability insurance        | <u>453,377</u>         | <u>1,795,889</u>    | <u>2,249,266</u>     |
|  | <u>\$ 8,105,048</u>    | <u>\$ 6,608,092</u> | <u>\$ 14,713,140</u> |

- 4) Details of ceded loss reserve for claims filed but not yet paid and claims not yet filed of policyholders

| Insurance Type                                   | March 31, 2025         |                     |                      |
|--|------------------------|---------------------|----------------------|
|  | Filed But Not Yet Paid | Not Yet Filed       | Total                |
| Fire insurance                                   | \$ 3,976,911           | \$ 1,302,837        | \$ 5,279,748         |
| Marine insurance                                 | 774,983                | 310,086             | 1,085,069            |
| Land and air insurance                           | 106,221                | 73,441              | 179,662              |
| Liability insurance                              | 451,003                | 455,577             | 906,580              |
| Guarantee insurance                              | 13,928                 | 4,649               | 18,577               |
| Other property insurance                         | 793,624                | 1,392,294           | 2,185,918            |
| Accident insurance                               | 5,939                  | 72,178              | 78,117               |
| Health insurance                                 | -                      | 2,716               | 2,716                |
| Policy-oriented residential earthquake insurance | 800                    | -                   | 800                  |
| Compulsory automobile liability insurance        | <u>204,610</u>         | <u>680,225</u>      | <u>884,835</u>       |
|  | <u>\$ 6,328,019</u>    | <u>\$ 4,294,003</u> | <u>\$ 10,622,022</u> |

| Insurance Type                                   | December 31, 2024      |                     |                     |
|--|------------------------|---------------------|---------------------|
|  | Filed But Not Yet Paid | Not Yet Filed       | Total               |
| Fire insurance                                   | \$ 3,480,060           | \$ 293,145          | \$ 3,773,205        |
| Marine insurance                                 | 721,929                | 248,445             | 970,374             |
| Land and air insurance                           | 98,993                 | 64,885              | 163,878             |
| Liability insurance                              | 448,593                | 461,020             | 909,613             |
| Guarantee insurance                              | 10,802                 | 21,750              | 32,552              |
| Other property insurance                         | 765,261                | 689,664             | 1,454,925           |
| Accident insurance                               | 8,750                  | 58,129              | 66,879              |
| Health insurance                                 | -                      | 931                 | 931                 |
| Policy-oriented residential earthquake insurance | 800                    | -                   | 800                 |
| Compulsory automobile liability insurance        | <u>192,406</u>         | <u>678,005</u>      | <u>870,411</u>      |
|  | <u>\$ 5,727,594</u>    | <u>\$ 2,515,974</u> | <u>\$ 8,243,568</u> |

| Insurance Type                                   | March 31, 2024         |                     |                     |
|--|------------------------|---------------------|---------------------|
|  | Filed But Not Yet Paid | Not Yet Filed       | Total               |
| Fire insurance                                   | \$ 1,213,984           | \$ 127,831          | \$ 1,341,815        |
| Marine insurance                                 | 505,875                | 168,690             | 674,565             |
| Land and air insurance                           | 103,312                | 58,772              | 162,084             |
| Liability insurance                              | 620,209                | 426,489             | 1,046,698           |
| Guarantee insurance                              | 11,460                 | 24,426              | 35,886              |
| Other property insurance                         | 531,140                | 248,741             | 779,881             |
| Accident insurance                               | 13,238                 | 57,439              | 70,677              |
| Health insurance                                 | 310                    | 34                  | 344                 |
| Policy-oriented residential earthquake insurance | -                      | -                   | -                   |
| Compulsory automobile liability insurance        | <u>139,147</u>         | <u>811,338</u>      | <u>950,485</u>      |
|  | <u>\$ 3,138,675</u>    | <u>\$ 1,923,760</u> | <u>\$ 5,062,435</u> |

5) Reconciliation of loss reserve and ceded loss reserve

|                   | For the Three Months Ended March 31 |                      |                      |                     |
|-------------------|-------------------------------------|----------------------|----------------------|---------------------|
|                   | 2025                                |                      | 2024                 |                     |
|                   | Loss Reserve                        | Ceded Loss Reserve   | Loss Reserve         | Ceded Loss Reserve  |
| Beginning balance | \$ 18,932,743                       | \$ 8,243,568         | \$ 14,473,113        | \$ 5,099,991        |
| Provision         | 22,213,102                          | 10,622,378           | 14,709,130           | 5,059,790           |
| Recovery          | (18,934,445)                        | (8,244,973)          | (14,474,790)         | (5,101,319)         |
| Foreign exchange  | <u>1,185</u>                        | <u>1,049</u>         | <u>5,687</u>         | <u>3,973</u>        |
| Ending balance    | <u>\$ 22,212,585</u>                | <u>\$ 10,622,022</u> | <u>\$ 14,713,140</u> | <u>\$ 5,062,435</u> |

c. Special reserve

1) Special reserve for compulsory automobile liability insurance

|                   | <b>For the Three Months Ended<br/>March 31</b> |                     |
|-------------------|--|---------------------|
|                   | <b>2025</b>                                    | <b>2024</b>         |
| Beginning balance | \$ 1,388,959                                   | \$ 1,070,300        |
| Provision         | 39,306   | 50,498              |
| Recovery          | <u>(4,750)</u>                                 | <u>(39,983)</u>     |
| Ending balance    | <u>\$ 1,423,515</u>                            | <u>\$ 1,080,815</u> |

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, from January 1 to March 31, 2025 and 2024, NT\$15 and NT\$30 per insurance contract will be set aside as this reserve, respectively. recognized as expenses in its own compulsory automobile liability insurance business. In the case of a deficit in the annual net insurance premium in the business run by a property insurance company in the future, the deficit shall be compensated with the special reserve first; if there is still any shortage, it shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

2) Special reserve for all insurances other than compulsory automobile liability insurance

|                   | <b>For the Three Months Ended March 31, 2025</b> |                                |                   |
|-------------------|--|--------------------------------|-------------------|
|                   | <b>Catastrophic<br/>Event</b>                    | <b>Fluctuation of<br/>Risk</b> | <b>Total</b>      |
| Beginning balance | \$ 94,662  | \$ 308,499                     | \$ 403,161        |
| Provision         | -  | -                              | -                 |
| Recovery          | <u>-</u>   | <u>-</u>                       | <u>-</u>          |
| Ending balance    | <u>\$ 94,662</u>                                 | <u>\$ 308,499</u>              | <u>\$ 403,161</u> |

|                   | <b>For the Three Months Ended March 31, 2024</b> |                                |                   |
|-------------------|--|--------------------------------|-------------------|
|                   | <b>Catastrophic<br/>Event</b>                    | <b>Fluctuation of<br/>Risk</b> | <b>Total</b>      |
| Beginning balance | \$ 374,537                                       | \$ 308,499                     | \$ 683,036        |
| Provision         | -  | -                              | -                 |
| Recovery          | <u>-</u>   | <u>-</u>                       | <u>-</u>          |
| Ending balance    | <u>\$ 374,537</u>                                | <u>\$ 308,499</u>              | <u>\$ 683,036</u> |

If the Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises (formerly Directions for Strengthening Natural Disaster Insurance (Commercial Earthquake, Typhoon and Flood Insurance) Reserve by Non-Life Insurance Enterprises), Directions in Strengthening the Reserve Provision Made by the Co-Insurance Members Undertaking the Taiwan Residential Earthquake Insurance, and Directions for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises were not applied, there will be no material impact on the Group's income before tax and earnings per share for the three months ended March 31, 2025 and 2024, respectively, the special reserve under liabilities would decrease by \$94,662 thousand and \$374,537 thousand, and the special reserve under equity increase by \$239,520 thousand.

d. Premium deficiency reserves

1) Details of premium deficiency reserve and ceded premium deficiency reserve

| Insurance Type                                   | March 31, 2025                   |                                 |                                  |                                      |
|--|----------------------------------|---------------------------------|----------------------------------|--------------------------------------|
|  | Premium Deficiency Reserve       |                                 | Ceded Premium Deficiency Reserve | Retained Business<br>(4)=(1)+(2)-(3) |
|  | Direct Underwriting Business (1) | Reinsurance Inward Business (2) | Ceded Reinsurance Business (3)   |                                      |
|  |                                  |                                 |                                  |                                      |
| Fire insurance                                   | \$ 3,740                         | \$ -                            | \$ -                             | \$ 3,740                             |
| Marine insurance                                 | 19                               | 173                             | -                                | 192                                  |
| Land and air insurance                           | -                                | -                               | -                                | -                                    |
| Liability insurance                              | -                                | -                               | -                                | -                                    |
| Guarantee insurance                              | -                                | -                               | -                                | -                                    |
| Other property insurance                         | -                                | -                               | -                                | -                                    |
| Accident insurance                               | -                                | -                               | -                                | -                                    |
| Health insurance                                 | -                                | -                               | -                                | -                                    |
| Policy-oriented residential earthquake insurance | -                                | -                               | -                                | -                                    |
| Compulsory automobile liability insurance        | -                                | -                               | -                                | -                                    |
|  | <u>\$ 3,759</u>                  | <u>\$ 173</u>                   | <u>\$ -</u>                      | <u>\$ 3,932</u>                      |



| December 31, 2024                                   |                              |                        |   |   |
|---|------------------------------|------------------------|---|---|
| Insurance Type                                      | Premium Deficiency Reserve   |                        | Ceded<br>Premium<br>Deficiency<br>Reserve | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|   | Direct                       | Reinsurance            | Ceded                                     |   |
|   | Underwriting<br>Business (1) | Inward<br>Business (2) | Reinsurance<br>Business (3)               |   |
| Fire insurance                                      | \$ 409                       | \$ -                   | \$ -                                      | \$ 409                                  |
| Marine insurance                                    | 20                           | 143                    | -   | 163                                     |
| Land and air insurance                              | -                            | 120                    | -   | 120                                     |
| Liability insurance                                 | -                            | -                      | -   | -                                       |
| Guarantee insurance                                 | -                            | -                      | -   | -                                       |
| Other property insurance                            | -                            | -                      | -   | -                                       |
| Accident insurance                                  | -                            | -                      | -   | -                                       |
| Health insurance                                    | -                            | -                      | -   | -                                       |
| Policy-oriented residential<br>earthquake insurance | -                            | -                      | -   | -                                       |
| Compulsory automobile<br>liability insurance        | -                            | -                      | -   | -                                       |
|   | <u>\$ 429</u>                | <u>\$ 263</u>          | <u>\$ -</u>                               | <u>\$ 692</u>                           |

| March 31, 2024                                      |                              |                        |   |   |
|---|------------------------------|------------------------|---|---|
| Insurance Type                                      | Premium Deficiency Reserve   |                        | Ceded<br>Premium<br>Deficiency<br>Reserve | Retained<br>Business<br>(4)=(1)+(2)-(3) |
|   | Direct                       | Reinsurance            | Ceded                                     |   |
|   | Underwriting<br>Business (1) | Inward<br>Business (2) | Reinsurance<br>Business (3)               |   |
| Fire insurance                                      | \$ -                         | \$ -                   | \$ -                                      | \$ -                                    |
| Marine insurance                                    | 16                           | -                      | -   | 16                                      |
| Land and air insurance                              | -                            | -                      | -   | -                                       |
| Liability insurance                                 | -                            | -                      | -   | -                                       |
| Guarantee insurance                                 | -                            | -                      | -   | -                                       |
| Other property insurance                            | -                            | -                      | -   | -                                       |
| Accident insurance                                  | -                            | -                      | -   | -                                       |
| Health insurance                                    | -                            | -                      | -   | -                                       |
| Policy-oriented residential<br>earthquake insurance | -                            | -                      | -   | -                                       |
| Compulsory automobile<br>liability insurance        | -                            | -                      | -   | -                                       |
|   | <u>\$ 16</u>                 | <u>\$ -</u>            | <u>\$ -</u>                               | <u>\$ 16</u>                            |

2) Net loss recognized for premium deficiency reserve - net changes in premium deficiency reserve and ceded premium deficiency reserve

| For the Three Months Ended March 31, 2025        |                              |               |                             |               |   |                            |              |   |  |
|--|------------------------------|---------------|-----------------------------|---------------|---|----------------------------|--------------|---|--|
| Insurance Type                                   | Direct Underwriting Business |               | Reinsurance Inward Business |               | Net Changes in Premium Deficiency Reserve | Ceded Reinsurance Business |              | Net Changes in Ceded Premium Deficiency Reserve | Net Loss Recognized for Premium Deficiency Reserve |
|  | Provision (1)                | Recovery (2)  | Provision (3)               | Recovery (4)  | (5)=(1)-(2)+(3)-(4)                       | Provision (6)              | Recovery (7) | (8)=(6)-(7)                                     | (9)=(5)-(8)  |
| Fire insurance                                   | \$ 3,740                     | \$ 409        | \$ -                        | \$ -          | \$ 3,331                                  | \$ -                       | \$ -         | \$ -  | \$ 3,331   |
| Marine insurance                                 | 19                           | 20            | 173                         | 143           | 29  | -                          | -            | -   | 29   |
| Land and air insurance                           | -                            | -             | -                           | 120           | (120)                                     | -                          | -            | -   | (120)  |
| Liability insurance                              | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Guarantee insurance                              | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Other property insurance                         | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Accident insurance                               | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Health insurance                                 | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Policy-oriented residential earthquake insurance | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
| Compulsory automobile liability insurance        | -                            | -             | -                           | -             | -   | -                          | -            | -   | -  |
|  | <u>\$ 3,759</u>              | <u>\$ 429</u> | <u>\$ 173</u>               | <u>\$ 263</u> | <u>\$ 3,240</u>                           | <u>\$ -</u>                | <u>\$ -</u>  | <u>\$ -</u>                                     | <u>\$ 3,240</u>                                    |

| For the Three Months Ended March 31, 2024        |                              |              |                             |              |   |                            |              |   |  |
|--|------------------------------|--------------|-----------------------------|--------------|---|----------------------------|--------------|---|--|
| Insurance Type                                   | Direct Underwriting Business |              | Reinsurance Inward Business |              | Net Changes in Premium Deficiency Reserve | Ceded Reinsurance Business |              | Net Changes in Ceded Premium Deficiency Reserve | Net Loss Recognized for Premium Deficiency Reserve |
|  | Provision (1)                | Recovery (2) | Provision (3)               | Recovery (4) | (5)=(1)-(2)+(3)-(4)                       | Provision (6)              | Recovery (7) | (8)=(6)-(7)                                     | (9)=(5)-(8)  |
| Fire insurance                                   | \$ -                         | \$ -         | \$ -                        | \$ -         | \$ -                                      | \$ -                       | \$ -         | \$ -  | \$ -   |
| Marine insurance                                 | 16                           | 12           | -                           | -            | 4   | -                          | -            | -   | 4  |
| Land and air insurance                           | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Liability insurance                              | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Guarantee insurance                              | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Other property insurance                         | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Accident insurance                               | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Health insurance                                 | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Policy-oriented residential earthquake insurance | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
| Compulsory automobile liability insurance        | -                            | -            | -                           | -            | -   | -                          | -            | -   | -  |
|  | <u>\$ 16</u>                 | <u>\$ 12</u> | <u>\$ -</u>                 | <u>\$ -</u>  | <u>\$ 4</u>                               | <u>\$ -</u>                | <u>\$ -</u>  | <u>\$ -</u>                                     | <u>\$ 4</u>  |

3) Reconciliation statement for premium deficiency reserve and ceded premium deficiency reserve

|                   | For the Three Months Ended March 31 |                                  |                            |                                  |
|-------------------|-------------------------------------|----------------------------------|----------------------------|----------------------------------|
|                   | 2025                                |                                  | 2024                       |                                  |
|                   | Premium Deficiency Reserve          | Ceded Premium Deficiency Reserve | Premium Deficiency Reserve | Ceded Premium Deficiency Reserve |
| Beginning balance | \$ 692                              | \$ -                             | \$ 12                      | \$ -                             |
| Provision         | 3,932                               | -                                | 16                         | -                                |
| Recovery          | (692)                               | -                                | (12)                       | -                                |
| Ending balance    | <u>\$ 3,932</u>                     | <u>\$ -</u>                      | <u>\$ 16</u>               | <u>\$ -</u>                      |

e. Policy reserve

1) Details of policy reserve and ceded policy reserve

March 31, 2025

| Insurance Type   | Policy Reserve                   |                                 | Ceded Reserve                  | Retained Business (4)=(1)+(2)-(3) |
|------------------|----------------------------------|---------------------------------|--------------------------------|-----------------------------------|
|                  | Direct Underwriting Business (1) | Reinsurance Inward Business (2) | Ceded Reinsurance Business (3) |                                   |
| Health insurance | <u>\$ 26</u>                     | <u>\$ -</u>                     | <u>\$ -</u>                    | <u>\$ 26</u>                      |

December 31, 2024

| Insurance Type   | Policy Reserve                   |                                 | Ceded Reserve                  | Retained Business<br>(4)=(1)+(2)-(3) |
|------------------|----------------------------------|---------------------------------|--------------------------------|--------------------------------------|
|                  | Direct Underwriting Business (1) | Reinsurance Inward Business (2) | Ceded Reinsurance Business (3) |                                      |
| Health insurance | \$ <u>28</u>                     | \$ <u>-</u>                     | \$ <u>-</u>                    | \$ <u>28</u>                         |

March 31, 2024

| Insurance Type   | Policy Reserve                   |                                 | Ceded Reserve                  | Retained Business<br>(4)=(1)+(2)-(3) |
|------------------|----------------------------------|---------------------------------|--------------------------------|--------------------------------------|
|                  | Direct Underwriting Business (1) | Reinsurance Inward Business (2) | Ceded Reinsurance Business (3) |                                      |
| Health insurance | \$ <u>81</u>                     | \$ <u>-</u>                     | \$ <u>-</u>                    | \$ <u>81</u>                         |

2) Net changes in policy reserve and ceded policy reserve

For the three months ended March 31, 2025

| Insurance Type   | Direct Underwriting Business |              | Reinsurance Inward Business |              | Net Changes in Policy Reserve<br>(5)=(1)-(2)+(3)-(4) |
|------------------|------------------------------|--------------|-----------------------------|--------------|--|
|                  | Provision (1)                | Recovery (2) | Provision (3)               | Recovery (4) |  |
| Health insurance | \$ <u>-</u>                  | \$ <u>2</u>  | \$ <u>-</u>                 | \$ <u>-</u>  | \$ <u>(2)</u>  |

| Insurance Type   | Ceded Reinsurance Business |              | Net Changes in Ceded Policy Reserve<br>(8)=(6)-(7) |
|------------------|----------------------------|--------------|--|
|                  | Provision (6)              | Recovery (7) |  |
| Health insurance | \$ <u>-</u>                | \$ <u>-</u>  | \$ <u>-</u>  |

For the three months ended March 31, 2024

| Insurance Type   | Direct Underwriting Business |              | Reinsurance Inward Business |              | Net Changes in Policy Reserve<br>(5)=(1)-(2)+(3)-(4) |
|------------------|------------------------------|--------------|-----------------------------|--------------|--|
|                  | Provision (1)                | Recovery (2) | Provision (3)               | Recovery (4) |  |
| Health insurance | \$ <u>-</u>                  | \$ <u>7</u>  | \$ <u>-</u>                 | \$ <u>-</u>  | \$ <u>(7)</u>  |

| Insurance Type   | Ceded Reinsurance Business |              | Net Changes in Ceded Policy Reserve<br>(8)=(6)-(7) |
|------------------|----------------------------|--------------|--|
|                  | Provision (6)              | Recovery (7) |  |
| Health insurance | \$ <u>-</u>                | \$ <u>-</u>  | \$ <u>-</u>  |

## 21. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the actuarially determined pension cost rate on December 31, 2024 and 2023, and recognized as follows:

|                  | For the Three Months Ended<br>March 31 |                 |
|------------------|--|-----------------|
|                  | 2025                                   | 2024            |
| General expenses | <u>\$ 6,679</u>                        | <u>\$ 6,342</u> |

## 22. EQUITY

### a. Share capital

|   | March 31, 2025      | December 31,<br>2024 | March 31, 2024      |
|---|---------------------|----------------------|---------------------|
| Shares authorized (in thousands of shares)            | <u>200,000</u>      | <u>200,000</u>       | <u>200,000</u>      |
| Shares authorized                                     | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u>  | <u>\$ 2,000,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>200,000</u>      | <u>200,000</u>       | <u>200,000</u>      |
| Shares issued   | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u>  | <u>\$ 2,000,000</u> |

### b. Capital surplus

|   | March 31, 2025      | December 31,<br>2024 | March 31, 2024      |
|---|---------------------|----------------------|---------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) |                     |                      |                     |
| Issuance of ordinary shares   | \$ 7,806,316        | \$ 7,806,316         | \$ 7,806,316        |
| <u>May only be used to offset a deficit</u>   |                     |                      |                     |
| Recognition of employee share options by the parent company   | <u>54,817</u>       | <u>54,817</u>        | <u>54,817</u>       |
|   | <u>\$ 7,861,133</u> | <u>\$ 7,861,133</u>  | <u>\$ 7,861,133</u> |

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 20% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In formulating its dividend policy, the Company considers both its operating needs and the shareholders' interests. Thus, dividends are distributed after the Company reserves the cash requirement for future capital expenditures. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors, refer to Note 23.

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

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

The appropriations of earnings for 2024 and 2023, which were resolved by the board of directors, which acted on behalf of the shareholders, separately on May 9, 2025 and April 30, 2024, was as follows:

|   | <b>For the Year Ended December 31</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2024</b>                           | <b>2023</b> |
| Legal reserve   | \$ 527,324                            | \$ 249,102  |
| Special reserve (according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises) | 634,193                               | 694,129     |
| Special reserve (FinTech development)   | (707)                                 | (631)       |
| Special reserve (according to Rule No. 10904939031)   | 18,320                                | 13,057      |
| Cash dividends  | 1,457,492                             | 289,854     |
| Cash dividends per shares   | 7.29                                  | 1.45        |

d. Special reserve

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

|                    | <b>For the Three Months Ended March 31, 2024</b> |                                |               |                  |                     |
|--------------------|--|--------------------------------|---------------|------------------|---------------------|
|                    | <b>Special Reserve</b>                           |                                |               |                  |                     |
|                    | <b>Catastrophic<br/>Event</b>                    | <b>Fluctuation<br/>of Risk</b> | <b>Others</b> | <b>Others</b>    | <b>Total</b>        |
| Beginning balance  | \$ 786,571                                       | \$ 3,839,063                   | \$ -          | \$ 49,248        | \$ 4,674,882        |
| Provision          | -  | -                              | -             | -                | -                   |
| Recovered/reversal | -  | -                              | -             | -                | -                   |
| Ending balance     | <u>\$ 786,571</u>                                | <u>\$ 3,839,063</u>            | <u>\$ -</u>   | <u>\$ 49,248</u> | <u>\$ 4,674,882</u> |

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

e. Other equity items

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

|  | <b>For the Three Months Ended<br/>March 31</b> |                     |
|--|--|---------------------|
|  | <b>2025</b>                                    | <b>2024</b>         |
| Beginning balance  | <u>\$ (232,465)</u>                            | <u>\$ (329,230)</u> |
| Recognized for the period  |  |                     |
| Exchange differences on the translating of the financial<br>statements of foreign operations | 7,865  | 11,236              |
| Share from associates accounted for using the equity<br>method                               | <u>45,359</u>                                  | <u>53,110</u>       |
| Other comprehensive income recognized for the period   | <u>53,224</u>                                  | <u>64,346</u>       |
| Ending balance   | <u>\$ (179,241)</u>                            | <u>\$ (264,884)</u> |

2) Unrealized gain (loss) on financial assets at FVTOCI

|   | <b>For the Three Months Ended<br/>March 31</b> |                    |
|---|--|--------------------|
|   | <b>2025</b>                                    | <b>2024</b>        |
| Beginning balance   | <u>\$ 32,841</u>                               | <u>\$ (79,179)</u> |
| Recognized for the period   |  |                    |
| Unrealized (loss) gain - debt instruments   | 2,005  | (9,388)            |
| Adjustments of (loss) gain allowance in debt instruments  | 3  | (2)                |
| Shares from associates accounted for using the equity<br>method                                   | <u>(14,661)</u>                                | <u>43,730</u>      |
| Other comprehensive income recognized for the period  | <u>(12,653)</u>                                | <u>34,340</u>      |
| Changes from investments in associates and joint ventures<br>accounted for by using equity method | <u>(10,888)</u>                                | <u>-</u>           |
| Ending balance  | <u>\$ 9,300</u>                                | <u>\$ (44,839)</u> |

3) Remeasurement of defined benefit plans

|                        | <b>For the Three Months Ended<br/>March 31</b> |                     |
|------------------------|--|---------------------|
|                        | <b>2025</b>                                    | <b>2024</b>         |
| Beginning balance      | \$ (174,975)                                   | \$ (154,495)        |
| Changes for the period | <u>-</u>                                       | <u>-</u>            |
| Ending balance         | <u>\$ (174,975)</u>                            | <u>\$ (154,495)</u> |

4) Other comprehensive income reclassified under the overlay approach

|  | <b>For the Three Months Ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2025</b>                                    | <b>2024</b>       |
| Beginning balance                                    | <u>\$ 900,674</u>                              | <u>\$ 470,943</u> |
| Recognized for the period                            | (545,054)                                      | 637,930           |
| Reclassification adjustments                         |  |                   |
| Disposal of financial instruments                    | (395,835)                                      | (350,091)         |
| Tax effects  | <u>7,293</u>                                   | <u>(5,314)</u>    |
| Other comprehensive income recognized for the period | <u>(933,596)</u>                               | <u>282,525</u>    |
| Ending balance                                       | <u>\$ (32,922)</u>                             | <u>\$ 753,468</u> |

## 23. PROFIT BEFORE INCOME TAX

a. Interest income

|                                    | <b>For the Three Months Ended<br/>March 31</b> |                   |
|------------------------------------|--|-------------------|
|                                    | <b>2025</b>                                    | <b>2024</b>       |
| Bank deposits                      | \$ 25,401                                      | \$ 16,083         |
| Financial instruments at FVTPL     | 67,999   | 45,267            |
| Financial assets at amortized cost | 113,157  | 104,750           |
| Others                             | <u>22,774</u>                                  | <u>16,420</u>     |
|                                    | <u>\$ 229,331</u>                              | <u>\$ 182,520</u> |

b. Employee benefits expense

|  | <b>For the Three Months Ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2025</b>                                    | <b>2024</b>       |
| Short-term employee benefits                         |  |                   |
| Salaries and wages                                   | \$ 893,946                                     | \$ 804,474        |
| Labor and health insurance                           | 97,874   | 83,989            |
| Post-employment benefits                             |  |                   |
| Defined contribution plans                           | 30,347   | 26,941            |
| Defined benefit plans (Note 21)                      | 6,679  | 6,342             |
| Remuneration of directors                            | 7,610  | 6,084             |
| Other employee benefits                              | <u>16,983</u>                                  | <u>16,102</u>     |
|  | <u>\$ 1,053,439</u>                            | <u>\$ 943,932</u> |
| An analysis of employee benefits expense by function |  |                   |
| Operating costs                                      | \$ 111,803                                     | \$ 106,452        |
| Operating expenses                                   | <u>941,636</u>                                 | <u>837,480</u>    |
|  | <u>\$ 1,053,439</u>                            | <u>\$ 943,932</u> |

c. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 0.1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. Estimated compensation of employees and remuneration of directors and supervisors for the three months ended March 31, 2025 and 2024 are as follows:

Accrual rate

|   | <b>For the Three Months Ended<br/>March 31</b> |             |
|---|--|-------------|
|   | <b>2025</b>                                    | <b>2024</b> |
| Compensation of employees                 | 0.1%   | 0.1%        |
| Remuneration of directors and supervisors | -  | -           |

Amount

|   | <b>For the Three Months Ended<br/>March 31</b> |                 |
|---|--|-----------------|
|   | <b>2025</b>                                    | <b>2024</b>     |
| Compensation of employees                 | <u>\$ 1,232</u>                                | <u>\$ 1,006</u> |
| Remuneration of directors and supervisors | <u>\$ -</u>                                    | <u>\$ -</u>     |

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



The compensation of employees and remuneration of directors and supervisors for 2024 and 2023 that were approved by the board of directors separately on March 5, 2025 and March 4, 2024 are as follows:

Amount

|   | <b>For the Year<br/>Ended<br/>December 31,<br/>2024</b> | <b>For the Year<br/>Ended<br/>December 31,<br/>2023</b> |
|---|---|---|
|   | <b>Cash</b>   | <b>Cash</b>   |
| Compensation of employees                 | <u>\$ 3,915</u>   | <u>\$ 1,523</u>   |
| Remuneration of directors and supervisors | <u>\$ 3,900</u>   | <u>\$ 3,900</u>   |

There is no difference between the actual amounts of compensation of employees and the remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2024.

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

d. Depreciation and amortization

|   | <b>For the Three Months Ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2025</b>                                    | <b>2024</b>      |
| Right-of-use assets                     | \$ 41,786                                      | \$ 39,752        |
| Property and equipment                  | 41,491   | 38,808           |
| Intangible assets                       | <u>16,194</u>                                  | <u>17,198</u>    |
|   | <u>\$ 99,471</u>                               | <u>\$ 95,758</u> |
| An analysis of depreciation by function |  |                  |
| Operating expenses                      | <u>\$ 83,277</u>                               | <u>\$ 78,560</u> |
| An analysis of amortization by function |  |                  |
| Operating expenses                      | <u>\$ 16,194</u>                               | <u>\$ 17,198</u> |

## 24. INCOME TAX

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

|   | <b>For the Three Months Ended<br/>March 31</b> |                   |
|---|--|-------------------|
|   | <b>2025</b>                                    | <b>2024</b>       |
| Current tax                                     |  |                   |
| In respect of the current period                | \$ 161,028                                     | \$ 115,594        |
| Deferred tax                                    |  |                   |
| In respect of the current period                | <u>21,812</u>                                  | <u>24,315</u>     |
| Income tax expense recognized in profit or loss | <u>\$ 182,840</u>                              | <u>\$ 139,909</u> |

b. Income tax recognized in other comprehensive income

|  | For the Three Months Ended<br>March 31 |                 |
|--|--|-----------------|
|  | 2025                                   | 2024            |
| <u>Deferred tax</u>  |  |                 |
| In respect of the current period:  |  |                 |
| Other comprehensive (income) losses reclassified under<br>overlay approach | \$ <u>(7,293)</u>                      | \$ <u>5,314</u> |

c. Income tax assessments

Income tax returns through 2018 of the Company have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

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

Net profit for the period

|   | For the Three Months Ended<br>March 31 |                   |
|---|--|-------------------|
|   | 2025                                   | 2024              |
| Profit for the period attributable to owners of the Company | \$ <u>1,051,398</u>                    | \$ <u>867,754</u> |

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

|   | For the Three Months Ended<br>March 31 |                |
|---|--|----------------|
|   | 2025                                   | 2024           |
| Weighted average number of ordinary shares used in the<br>computation of basic earnings per share | <u>200,000</u>                         | <u>200,000</u> |

## 26. FINANCIAL INSTRUMENTS

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

March 31, 2025

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

December 31, 2024

|  | Carrying<br>Amount  | Fair Value  |                     |             |                     |
|--|---------------------|-------------|---------------------|-------------|---------------------|
|  |                     | Level 1     | Level 2             | Level 3     | Total               |
| <u>Financial assets</u>  |                     |             |                     |             |                     |
| Financial assets at amortized<br>cost                          | <u>\$10,039,725</u> | <u>\$ -</u> | <u>\$ 9,502,171</u> | <u>\$ -</u> | <u>\$ 9,502,171</u> |
| Other assets   |                     |             |                     |             |                     |
| Domestic government<br>bonds (deposits in the<br>Central Bank) | <u>\$ 299,749</u>   | <u>\$ -</u> | <u>\$ 294,726</u>   | <u>\$ -</u> | <u>\$ 294,726</u>   |

March 31, 2024

|  | Carrying<br>Amount  | Fair Value  |                     |             |                     |
|--|---------------------|-------------|---------------------|-------------|---------------------|
|  |                     | Level 1     | Level 2             | Level 3     | Total               |
| <u>Financial assets</u>  |                     |             |                     |             |                     |
| Financial assets at amortized<br>cost                          | <u>\$ 9,845,387</u> | <u>\$ -</u> | <u>\$ 9,494,857</u> | <u>\$ -</u> | <u>\$ 9,494,857</u> |
| Other assets   |                     |             |                     |             |                     |
| Domestic government<br>bonds (deposits in the<br>Central Bank) | <u>\$ 299,640</u>   | <u>\$ -</u> | <u>\$ 293,331</u>   | <u>\$ -</u> | <u>\$ 293,331</u>   |

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

1) Fair value hierarchy

March 31, 2025

|                                | Level 1              | Level 2           | Level 3     | Total                |
|--------------------------------|----------------------|-------------------|-------------|----------------------|
| Financial assets at FVTPL      |                      |                   |             |                      |
| Listed shares                  | \$ 7,011,526         | \$ -              | \$ -        | \$ 7,011,526         |
| Beneficiary certificates       | 6,221,375            | -                 | -           | 6,221,375            |
| Domestic financial bonds       | <u>-</u>             | <u>253,357</u>    | <u>-</u>    | <u>253,357</u>       |
|                                | <u>\$ 13,232,901</u> | <u>\$ 253,357</u> | <u>\$ -</u> | <u>\$ 13,486,258</u> |
| Financial assets at FVTOCI     |                      |                   |             |                      |
| Domestic government bonds      | <u>\$ -</u>          | <u>\$ 654,789</u> | <u>\$ -</u> | <u>\$ 654,789</u>    |
| Financial liabilities at FVTPL |                      |                   |             |                      |
| Derivative instruments         | <u>\$ -</u>          | <u>\$ 230,110</u> | <u>\$ -</u> | <u>\$ 230,110</u>    |

December 31, 2024

|                                | Level 1              | Level 2           | Level 3     | Total                |
|--------------------------------|----------------------|-------------------|-------------|----------------------|
| Financial assets at FVTPL      |                      |                   |             |                      |
| Listed shares                  | \$ 7,743,911         | \$ -              | \$ -        | \$ 7,743,911         |
| Beneficiary certificates       | 6,493,778            | -                 | -           | 6,493,778            |
| Domestic financial bonds       | <u>-</u>             | <u>258,337</u>    | <u>-</u>    | <u>258,337</u>       |
|                                | <u>\$ 14,237,689</u> | <u>\$ 258,337</u> | <u>\$ -</u> | <u>\$ 14,496,026</u> |
| Financial assets at FVTOCI     |                      |                   |             |                      |
| Domestic government bonds      | <u>\$ -</u>          | <u>\$ 654,599</u> | <u>\$ -</u> | <u>\$ 654,599</u>    |
| Financial liabilities at FVTPL |                      |                   |             |                      |
| Derivative instruments         | <u>\$ -</u>          | <u>\$ 224,161</u> | <u>\$ -</u> | <u>\$ 224,161</u>    |

March 31, 2024

|                                | Level 1              | Level 2           | Level 3     | Total                |
|--------------------------------|----------------------|-------------------|-------------|----------------------|
| Financial assets at FVTPL      |                      |                   |             |                      |
| Listed shares                  | \$ 6,653,127         | \$ -              | \$ -        | \$ 6,653,127         |
| Beneficiary certificates       | 5,168,625            | -                 | -           | 5,168,625            |
| Domestic financial bonds       | <u>-</u>             | <u>262,062</u>    | <u>-</u>    | <u>262,062</u>       |
|                                | <u>\$ 11,821,752</u> | <u>\$ 262,062</u> | <u>\$ -</u> | <u>\$ 12,083,814</u> |
| Financial assets at FVTOCI     |                      |                   |             |                      |
| Domestic government bonds      | <u>\$ -</u>          | <u>\$ 667,696</u> | <u>\$ -</u> | <u>\$ 667,696</u>    |
| Financial liabilities at FVTPL |                      |                   |             |                      |
| Derivative instruments         | <u>\$ -</u>          | <u>\$ 183,967</u> | <u>\$ -</u> | <u>\$ 183,967</u>    |

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2025 and 2024.

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

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

c. Categories of financial instruments

|  | March 31, 2025 | December 31,<br>2024 | March 31, 2024 |
|--|----------------|----------------------|----------------|
| <u>Financial assets</u>                |                |                      |                |
| FVTPL                                  |                |                      |                |
| Mandatorily classified as at FVTPL     | \$ 13,486,258  | \$ 14,496,026        | \$ 12,083,814  |
| Financial assets at amortized cost (1) | 25,742,925     | 25,196,331           | 23,569,230     |
| Financial assets at FVTOCI             |                |                      |                |
| Debt instruments                       | 654,789        | 654,599              | 667,696        |
| <u>Financial liabilities</u>           |                |                      |                |
| FVTPL                                  |                |                      |                |
| Held for trading                       | 230,110        | 224,161              | 183,967        |
| Amortized cost (2)                     | 4,587,297      | 4,395,390            | 4,245,187      |

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Value at Risk

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

b) Stress testing

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

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

i. Simple sensitivity test

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

ii. Scenario analysis

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

i) Historical scenario

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

ii) Hypothetical scenario

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

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

| <b>Table of Stress Testing</b>        |                                   |                           |                              |                           |
|---------------------------------------|-----------------------------------|---------------------------|------------------------------|---------------------------|
| <b>Risk Factors</b>                   | <b>Changes (+/-)</b>              | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> | <b>March 31,<br/>2024</b> |
| Equity price risk (index)             | -10%                              | \$ (1,292,594)            | \$ (1,369,416)               | \$ (1,157,257)            |
| Interest rate risk (yield curve)      | +20bps                            | (168,726)                 | (166,666)                    | (160,160)                 |
| Foreign currency risk (exchange rate) | USD exchange NTD devalue 1 dollar | (136,070)                 | (144,208)                    | (114,413)                 |

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

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

i) Foreign currency risk

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

ii) Price risk

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

iii) Sensitivity analysis

| <b>For the Three Months Ended March 31, 2025</b> |   |                                  |                         |
|--|---|----------------------------------|-------------------------|
| <b>Risk Factors</b>                              | <b>Variation (+/-)</b>                          | <b>Effect on Profit and Loss</b> | <b>Effect on Equity</b> |
| Foreign currency risk sensitivity                | USD appreciates 1%                              | \$ 34,039                        | \$ 7,570                |
|  | CNY appreciates 1%                              | 767                              | -                       |
|  | HKD appreciates 1%                              | 274                              | -                       |
|  | EUR appreciates 1%                              | 8                                | -                       |
|  | VND appreciates 1%                              | -                                | 7,452                   |
| Interest rate risk sensitivity                   | Yield curve (USD): Upward parallel shift by 1bp | (6,210)                          | -                       |
|  | Yield curve (CNY): Upward parallel shift by 1bp | (15)                             | -                       |
|  | Yield curve (NTD): Upward parallel shift by 1bp | (2,261)                          | (665)                   |
|  | Increases 1% in equity price                    | -                                | 129,259                 |
| <b>For the Year Ended December 31, 2024</b>      |   |                                  |                         |
| <b>Risk Factors</b>                              | <b>Variation (+/-)</b>                          | <b>Effect on Profit and Loss</b> | <b>Effect on Equity</b> |
| Foreign currency risk sensitivity                | USD appreciates 1%                              | \$ 33,506                        | \$ 8,094                |
|  | CNY appreciates 1%                              | 747                              | -                       |
|  | HKD appreciates 1%                              | 58                               | 175                     |
|  | EUR appreciates 1%                              | 9                                | -                       |
|  | VND appreciates 1%                              | -                                | 7,330                   |
| Interest rate risk sensitivity                   | Yield curve (USD): Upward parallel shift by 1bp | (5,610)                          | -                       |
|  | Yield curve (CNY): Upward parallel shift by 1bp | (17)                             | -                       |
|  | Yield curve (NTD): Upward parallel shift by 1bp | (2,080)                          | (700)                   |
|  | Increases 1% in equity price                    | -                                | 136,942                 |

| For the Three Months Ended March 31, 2024 |   |                           |                  |
|---|---|---------------------------|------------------|
| Risk Factors                              | Variation (+/-)                                 | Effect on Profit and Loss | Effect on Equity |
| Foreign currency risk sensitivity         | USD appreciates 1%                              | \$ 28,211                 | \$ 6,085         |
|   | CNY appreciates 1%                              | 718                       | -                |
|   | HKD appreciates 1%                              | 229                       | -                |
|   | EUR appreciates 1%                              | 8                         | -                |
|   | VND appreciates 1%                              | -                         | 7,179            |
| Interest rate risk sensitivity            | Yield curve (USD): Upward parallel shift by 1bp | (4,823)                   | -                |
|   | Yield curve (CNY): Upward parallel shift by 1bp | (21)                      | -                |
|   | Yield curve (NTD): Upward parallel shift by 1bp | (2,350)                   | (784)            |
|   |   |                           |                  |
| Equity securities price sensitivity       | Increases 1% in equity price                    | -                         | 115,726          |

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 subsidiaries is not disclosed due to immaterial effects on disclosures for consolidation of subsidiaries.

## 2) Credit risk

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



b) Credit concentration risk analysis

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

March 31, 2025

| Financial Assets                   | Taiwan        | Asia       | Europe     | North Americas | Emerging Market and Others | Total         |
|------------------------------------|---------------|------------|------------|----------------|----------------------------|---------------|
| Cash and cash equivalents          | \$ 10,578,362 | \$ -       | \$ -       | \$ -           | \$ 322,654                 | \$ 10,901,016 |
| Financial assets at FVTPL          | 253,357       | -          | -          | -              | -                          | 253,357       |
| Financial assets at FVTOCI         | 654,789       | -          | -          | -              | -                          | 654,789       |
| Financial assets at amortized cost | 3,056,692     | 197,371    | 935,226    | 5,575,926      | 1,338,358                  | 11,103,573    |
| Total                              | \$ 14,543,200 | \$ 197,371 | \$ 935,226 | \$ 5,575,926   | \$ 1,661,012               | \$ 22,912,735 |
| Proportion                         | 63.47%        | 0.86%      | 4.08%      | 24.34%         | 7.25%                      | 100.00%       |

December 31, 2024

| Financial Assets                   | Taiwan        | Asia       | Europe     | North Americas | Emerging Market and Others | Total         |
|------------------------------------|---------------|------------|------------|----------------|----------------------------|---------------|
| Cash and cash equivalents          | \$ 10,813,135 | \$ -       | \$ -       | \$ -           | \$ 329,791                 | \$ 11,142,926 |
| Financial assets at FVTPL          | 258,337       | -          | -          | -              | -                          | 258,337       |
| Financial assets at FVTOCI         | 654,599       | -          | -          | -              | -                          | 654,599       |
| Financial assets at amortized cost | 3,051,541     | 194,940    | 685,430    | 5,083,953      | 1,323,610                  | 10,339,474    |
| Total                              | \$ 14,777,612 | \$ 194,940 | \$ 685,430 | \$ 5,083,953   | \$ 1,653,401               | \$ 22,395,336 |
| Proportion                         | 65.99%        | 0.87%      | 3.06%      | 22.70%         | 7.38%                      | 100.00%       |

March 31, 2024

| Financial Assets                   | Taiwan        | Asia       | Europe     | North Americas | Emerging Market and Others | Total         |
|------------------------------------|---------------|------------|------------|----------------|----------------------------|---------------|
| Cash and cash equivalents          | \$ 9,190,084  | \$ -       | \$ -       | \$ -           | \$ 309,220                 | \$ 9,499,304  |
| Financial assets at FVTPL          | 262,062       | -          | -          | -              | -                          | 262,062       |
| Financial assets at FVTOCI         | 667,696       | -          | -          | -              | -                          | 667,696       |
| Financial assets at amortized cost | 3,039,832     | 190,032    | 989,423    | 4,176,786      | 1,748,954                  | 10,145,027    |
| Total                              | \$ 13,159,674 | \$ 190,032 | \$ 989,423 | \$ 4,176,786   | \$ 2,058,174               | \$ 20,574,089 |
| Proportion                         | 63.96%        | 0.92%      | 4.81%      | 20.30%         | 10.01%                     | 100.00%       |

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

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

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

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

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

- ii. Qualitative factor: Evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
    - i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.
    - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
    - iii) The collaterals of the borrowers are seized provisionally or enforced.
    - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
  - iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by the Group, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment models.
- e) Measurement of expected credit losses
- i. Methods and assumptions adopted

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

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

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

- ii. Consideration of forward-looking information

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

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

i. Financial assets of the Group

| March 31, 2025                              |                                 |                                 |                                 |  |    |                |                       |            |
|---|---------------------------------|---------------------------------|---------------------------------|--|----|----------------|-----------------------|------------|
|   |                                 |                                 |                                 | Stage 3  |    | Loss Allowance | Gross Carrying Amount |            |
|   | Stage 1                         | Stage 2                         | Lifetime Expected Credit Losses | Purchased or Originated Credit-impaired Financial Assets |    |                |                       |            |
|   | 12-month Expected Credit Losses | Lifetime Expected Credit Losses |                                 |  |    |                |                       |            |
| <u>Investment grade</u>                     |                                 |                                 |                                 |  |    |                |                       |            |
| Debt instruments at FVTOCI                  | \$                              | 654,789                         | \$                              | -  | \$ | -              | \$                    | 654,789    |
| Financial assets measured at amortized cost |                                 | 11,118,528                      |                                 | -  |    | -              | (14,955)              | 11,103,573 |
| December 31, 2024                           |                                 |                                 |                                 |  |    |                |                       |            |
|   |                                 |                                 |                                 | Stage 3  |    | Loss Allowance | Gross Carrying Amount |            |
|   | Stage 1                         | Stage 2                         | Lifetime Expected Credit Losses | Purchased or Originated Credit-impaired Financial Assets |    |                |                       |            |
|   | 12-month Expected Credit Losses | Lifetime Expected Credit Losses |                                 |  |    |                |                       |            |
| <u>Investment grade</u>                     |                                 |                                 |                                 |  |    |                |                       |            |
| Debt instruments at FVTOCI                  | \$                              | 654,599                         | \$                              | -  | \$ | -              | \$                    | 654,599    |
| Financial assets measured at amortized cost |                                 | 10,353,528                      |                                 | -  |    | -              | (14,054)              | 10,339,474 |
| March 31, 2024                              |                                 |                                 |                                 |  |    |                |                       |            |
|   |                                 |                                 |                                 | Stage 3  |    | Loss Allowance | Gross Carrying Amount |            |
|   | Stage 1                         | Stage 2                         | Lifetime Expected Credit Losses | Purchased or Originated Credit-impaired Financial Assets |    |                |                       |            |
|   | 12-month Expected Credit Losses | Lifetime Expected Credit Losses |                                 |  |    |                |                       |            |
| <u>Investment grade</u>                     |                                 |                                 |                                 |  |    |                |                       |            |
| Debt instruments at FVTOCI                  | \$                              | 667,696                         | \$                              | -  | \$ | -              | \$                    | 667,696    |
| Financial assets measured at amortized cost |                                 | 10,159,187                      |                                 | -  |    | -              | (14,160)              | 10,145,027 |

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

ii. Secured loans of the Group

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

| December 31, 2024 |   |   |                                       |  |                |                          |
|-------------------|---|---|---------------------------------------|--|----------------|--------------------------|
|                   | Stage 1<br>12-month<br>Expected<br>Credit<br>Losses | Stage 2<br>Lifetime<br>Expected<br>Credit<br>Losses | Stage 3                               |  | Loss Allowance | Gross Carrying<br>Amount |
|                   |   |   | Lifetime<br>Expected<br>Credit Losses | Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial<br>Assets |                |                          |
| Secured loans     | \$ 97,850   | \$ -  | \$ -                                  | \$ -   | (1,399)        | \$ 96,451                |

| March 31, 2024 |   |   |                                       |  |                |                          |
|----------------|---|---|---------------------------------------|--|----------------|--------------------------|
|                | Stage 1<br>12-month<br>Expected<br>Credit<br>Losses | Stage 2<br>Lifetime<br>Expected<br>Credit<br>Losses | Stage 3                               |  | Loss Allowance | Gross Carrying<br>Amount |
|                |   |   | Lifetime<br>Expected<br>Credit Losses | Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial<br>Assets |                |                          |
| Secured loans  | \$ 115,099  | \$ -  | \$ -                                  | \$ -   | \$ (1,611)     | \$ 113,488               |

g) Reconciliation for loss allowance is summarized below:

i. Debt instrument at FVTOCI

|                                      | 12-month<br>Expected<br>Credit Losses | Lifetime Expected Credit Losses |   |   | Total of<br>Impairment<br>Charged in<br>Accordance<br>with IFRS 9 |
|--------------------------------------|---------------------------------------|---------------------------------|---|---|---|
|                                      |                                       | Collectively<br>Assessed        | Not Purchased<br>or Originated<br>Credit-<br>impaired<br>Financial Assets | Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial Assets |   |
| January 1, 2025                      | \$ 51                                 | \$ -                            | \$ -  | \$ -  | \$ 51   |
| Changes in models/risk<br>parameters | 3                                     | -                               | -   | -   | 3   |
| March 31, 2025                       | <u>\$ 54</u>                          | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ 54</u>  |
| January 1, 2024                      | \$ 42                                 | \$ -                            | \$ -  | \$ -  | \$ 42   |
| Changes in models/risk<br>parameters | (2)                                   | -                               | -   | -   | (2)   |
| March 31, 2024                       | <u>\$ 40</u>                          | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ 40</u>  |

ii. Financial assets at amortized cost

|                                      | 12-month<br>Expected<br>Credit Losses | Lifetime Expected Credit Losses |   |   | Total of<br>Impairment<br>Charged in<br>Accordance<br>with IFRS 9 |
|--------------------------------------|---------------------------------------|---------------------------------|---|---|---|
|                                      |                                       | Collectively<br>Assessed        | Not Purchased<br>or Originated<br>Credit-<br>impaired<br>Financial Assets | Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial Assets |   |
| January 1, 2025                      | \$ 14,054                             | \$ -                            | \$ -  | \$ -  | \$ 14,054   |
| Changes in models/risk<br>parameters | 901                                   | -                               | -   | -   | 901   |
| March 31, 2025                       | <u>\$ 14,955</u>                      | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ 14,955</u>  |
| January 1, 2024                      | \$ 14,182                             | \$ -                            | \$ -  | \$ -  | \$ 14,182   |
| Changes in models/risk<br>parameters | (22)                                  | -                               | -   | -   | (22)  |
| March 31, 2024                       | <u>\$ 14,160</u>                      | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ 14,160</u>  |

iii. Secured loans

|  | 12-month<br>Expected<br>Credit Losses | Lifetime Expected Credit Losses |   |  | Total of<br>Impairment<br>Charged in<br>Accordance<br>with IFRS 9 | Difference<br>from<br>Impairment<br>Charged in<br>Accordance<br>with<br>Guidelines<br>for Handling<br>Assessment<br>of Assets | Total           |
|--|---------------------------------------|---------------------------------|---|--|---|---|-----------------|
|  |                                       | Collectively<br>Assessed        | Not<br>Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial<br>Assets | Purchased or<br>Originated<br>Credit-<br>impaired<br>Financial<br>Assets |   |   |                 |
| January 1, 2025  | \$ 10                                 | \$ -                            | \$ -  | \$ -   | \$ 10   | \$ 1,389  | \$ 1,399        |
| Changes in models/<br>risk parameters  | 1                                     | -                               | -   | -  | 1   | -   | 1               |
| Difference from<br>impairment charged in<br>accordance with<br>guidelines for handling<br>assessment of assets | -                                     | -                               | -   | -  | -   | (176)   | (176)           |
| March 31, 2025   | <u>\$ 11</u>                          | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 11</u>  | <u>\$ 1,213</u>   | <u>\$ 1,224</u> |
| January 1, 2024  | \$ 13                                 | \$ -                            | \$ -  | \$ -   | \$ 13   | \$ 1,742  | \$ 1,755        |
| Changes in models/<br>risk parameters  | (2)                                   | -                               | -   | -  | (2)   | -   | (2)             |
| Difference from<br>impairment charged in<br>accordance with<br>guidelines for handling<br>assessment of assets | -                                     | -                               | -   | -  | -   | (142)   | (142)           |
| March 31, 2024   | <u>\$ 11</u>                          | <u>\$ -</u>                     | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 11</u>  | <u>\$ 1,600</u>   | <u>\$ 1,611</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

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

| March 31, 2025                  | Not Overdue  | Overdue    | Total        |
|---------------------------------|--------------|------------|--------------|
| Carrying amount                 | \$ 1,934,821 | \$ 959,417 | \$ 2,894,238 |
| Expected loss rate              | 0.99%        | 2.01%      |              |
| Lifetime expected credit losses | \$ 19,177    | \$ 19,312  | \$ 38,489    |
| December 31, 2024               | Not Overdue  | Overdue    | Total        |
| Carrying amount                 | \$ 2,031,028 | \$ 905,692 | \$ 2,936,720 |
| Expected loss rate              | 0.98%        | 2.03%      |              |
| Lifetime expected credit losses | \$ 19,924    | \$ 18,353  | \$ 38,277    |
| March 31, 2024                  | Not Overdue  | Overdue    | Total        |
| Carrying amount                 | \$ 2,357,117 | \$ 790,179 | \$ 3,147,296 |
| Expected loss rate              | 1.03%        | 2.02%      |              |
| Lifetime expected credit losses | \$ 24,186    | \$ 15,972  | \$ 40,158    |

### 3) Liquidity risk

#### a) Sources of liquidity risk

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

#### b) Liquidity risk management

The Group established a 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, the Group uses cash flow model and stress testing to assess cash flow risk. Moreover, the Group has drawn up a plan for capital requirements with respect to abnormal and emergency conditions to deal with significant liquidity risk.

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

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

#### March 31, 2025

|   | <b>Less than<br/>6 Months</b> | <b>6-12 Months</b> | <b>1-2 Years</b> | <b>2-5 Years</b> | <b>5+ Years</b> |
|---|-------------------------------|--------------------|------------------|------------------|-----------------|
| <u>Non-derivative financial liabilities</u> |                               |                    |                  |                  |                 |
| Payables                                    | \$ 4,475,543                  | \$ 42,266          | \$ 21,067        | \$ 41,760        | \$ 6,661        |
| Lease liabilities                           | 74,172                        | 18,443             | 22,196           | 34,927           | 16,065          |
| <u>Derivative financial liabilities</u>     |                               |                    |                  |                  |                 |
| Currency swaps contract                     | 2,781,160                     | 2,606,292          | -                | -                | -               |

#### December 31, 2024

|   | <b>Less than<br/>6 Months</b> | <b>6-12 Months</b> | <b>1-2 Years</b> | <b>2-5 Years</b> | <b>5+ Years</b> |
|---|-------------------------------|--------------------|------------------|------------------|-----------------|
| <u>Non-derivative financial liabilities</u> |                               |                    |                  |                  |                 |
| Payables                                    | \$ 4,299,934                  | \$ 35,732          | \$ 12,275        | \$ 40,811        | \$ 6,638        |
| Lease liabilities                           | 84,424                        | 40,124             | 23,766           | 38,794           | 16,533          |
| <u>Derivative financial liabilities</u>     |                               |                    |                  |                  |                 |
| Currency swaps contract                     | 3,085,681                     | 648,767            | -                | -                | -               |

March 31, 2024

|   | Less than<br>6 Months | 6-12 Months | 1-2 Years | 2-5 Years | 5+ Years |
|---|-----------------------|-------------|-----------|-----------|----------|
| <u>Non-derivative financial liabilities</u> |                       |             |           |           |          |
| Payables                                    | \$ 4,130,648          | \$ 60,981   | \$ 44,700 | \$ 2,830  | \$ 6,028 |
| Lease liabilities                           | 77,180                | 74,747      | 68,828    | 22,380    | 17,937   |
| <u>Derivative financial liabilities</u>     |                       |             |           |           |          |
| Currency swaps contract                     | 2,324,273             | 2,930,207   | -         | -         | -        |

## 27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

| <u>Related Party Name</u>  | <u>Related Party Category</u>       |
|--|-------------------------------------|
| Cathay Financial Holdings Co., Ltd.  | The Company's parent                |
| Cathay Life Insurance Co., Ltd.  | Fellow subsidiary                   |
| Cathay United Bank Co., Ltd.   | Fellow subsidiary                   |
| Cathay Securities Corporation  | Fellow subsidiary                   |
| Cathay Securities Investment Trust Co., Ltd.   | Fellow subsidiary                   |
| Cathay Life Insurance Co., Ltd. (Vietnam)  | Subsidiary of the fellow subsidiary |
| Indovina Bank Limited  | Subsidiary of the fellow subsidiary |
| Cathay Futures Co., Ltd.   | Subsidiary of the fellow subsidiary |
| Cathay Power Inc.  | Subsidiary of the fellow subsidiary |
| Tien-Chi Power Co., Ltd.   | Subsidiary of the fellow subsidiary |
| Neo Cathay Power Corp.   | Subsidiary of the fellow subsidiary |
| Funds managed by Cathay Securities Investment Trust Co., Ltd.  | Other related party                 |
| Cathay Hospitality Management Co., Ltd.  | Other related party                 |
| Cathay Hospitality Consulting Co., Ltd.  | Other related party                 |
| Cathay Real Estate Development Co., Ltd.   | Other related party                 |
| Cathay Medical Care Corp.  | Other related party                 |
| San Ching Engineering Co., Ltd.  | Other related party                 |
| Symphox Information Co., Ltd.  | Other related party                 |
| Hong-Sui Co., Ltd.   | Other related party                 |
| TPIsoftware Co., Ltd.  | Other related party                 |
| Supernova Energy Co., Ltd.   | Other related party                 |
| CMG International One Co., Ltd.  | Other related party                 |
| Ally Logistic Property Co., Ltd.   | Other related party                 |
| Others (including directors, supervisors, key management and its spouse or relatives within second degree) | Other related parties               |

b. Operating transactions

| Line Item                | Related Party Category/Name             | For the Three Months Ended<br>March 31 |                   |
|--------------------------|---|--|-------------------|
|                          |   | 2025                                   | 2024              |
| Premium income           | Fellow subsidiary                       |  |                   |
|                          | Cathay Life Insurance Co., Ltd.         | \$ 144,904                             | \$ 113,431        |
|                          | Cathay United Bank Co., Ltd.            | 57,487                                 | 41,031            |
|                          | Other related parties                   |  |                   |
|                          | San Ching Engineering Co., Ltd.         | 596                                    | 11,596            |
|                          | Ally Logistic Property Co., Ltd.        | 7,871                                  | 5,812             |
|                          | Cathay Hospitality Consulting Co., Ltd. | 6,533                                  | 5,882             |
|                          | Cathay Hospitality Management Co., Ltd. | 5,149                                  | 5,346             |
|                          | CMG International One Co., Ltd.         | <u>13</u>                              | <u>62,797</u>     |
|                          |   | <u>\$ 222,553</u>                      | <u>\$ 245,895</u> |
| Operating costs          |   |  |                   |
| Marketing costs          | Fellow subsidiary                       |  |                   |
|                          | Cathay Life Insurance Co., Ltd.         | \$ 210,185                             | \$ 211,112        |
|                          | Cathay United Bank Co., Ltd.            | 29,747                                 | 29,616            |
| Processing fees          | Fellow subsidiary                       |  |                   |
|                          | Cathay United Bank Co., Ltd.            | <u>40,083</u>                          | <u>37,272</u>     |
|                          |   | <u>\$ 280,015</u>                      | <u>\$ 278,000</u> |
| Operating expenses       |   |  |                   |
| Group insurance expenses | Fellow subsidiary                       |  |                   |
|                          | Cathay Life Insurance Co., Ltd.         | \$ 8,800                               | \$ 8,037          |
| Other expenses           | Other related party                     |  |                   |
|                          | Symphox Information Co., Ltd.           | <u>10,224</u>                          | <u>10,559</u>     |
|                          |   | <u>\$ 19,024</u>                       | <u>\$ 18,596</u>  |

c. Receivables from related parties

| Line Item           | Related Party Category/Name          | March 31,<br>2025 | December 31,<br>2024 | March 31,<br>2024 |
|---------------------|--------------------------------------|-------------------|----------------------|-------------------|
| Premiums receivable | Fellow subsidiary and its subsidiary |                   |                      |                   |
|                     | Cathay Life Insurance Co., Ltd.      | \$ 140,803        | \$ 1,241             | \$ 180            |
|                     | Cathay United Bank Co., Ltd.         | 48,813            | 60,406               | 25,132            |
|                     | Cathay Power Inc.                    | <u>1</u>          | <u>3,791</u>         | <u>130</u>        |
|                     |                                      | <u>\$ 189,617</u> | <u>\$ 65,438</u>     | <u>\$ 25,442</u>  |



d. Payables to related parties

| Line Item      | Related Party Category/Name   | March 31, 2025    | December 31, 2024 | March 31, 2024    |
|----------------|---|-------------------|-------------------|-------------------|
| Other payables | The Company's parent<br>Cathay Financial Holdings Co., Ltd.<br>(Note) | \$ 659,550        | \$ 503,859        | \$ 300,816        |
|                | Fellow subsidiary<br>Cathay Life Insurance Co., Ltd.                  | 79,851            | 92,803            | 92,616            |
|                | Other related party<br>Symphox Information Co., Ltd.                  | <u>3,374</u>      | <u>1,582</u>      | <u>4,483</u>      |
|                |   | <u>\$ 742,775</u> | <u>\$ 598,244</u> | <u>\$ 397,915</u> |

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

e. Cash in bank

| Line Item                             | Related Party Category/Name  | March 31, 2025      | December 31, 2024   | March 31, 2024      |
|---------------------------------------|--|---------------------|---------------------|---------------------|
| Checking accounts and demand deposits | Fellow subsidiary and its subsidiary<br>Cathay United Bank Co., Ltd. | \$ 1,840,338        | \$ 2,272,566        | \$ 1,916,815        |
|                                       | Indovina Bank Limited  | 10,157              | 45,721              | 11,138              |
| Time deposits                         | Fellow subsidiary and its subsidiary<br>Cathay United Bank Co., Ltd. | 20,110              | 20,110              | 20,059              |
|                                       | Indovina Bank Limited  | <u>270,347</u>      | <u>241,921</u>      | <u>291,577</u>      |
|                                       |  | <u>\$ 2,140,952</u> | <u>\$ 2,580,318</u> | <u>\$ 2,239,589</u> |

As of March 31, 2025, December 31, 2024 and March 31, 2024, time deposits pledged recognized in guarantee deposits were \$28,059 thousand, \$27,980 thousand and \$27,947 thousand, respectively.

f. Interest income

| Related Party Category/Name  | For the Three Months Ended March 31 |                  |
|--|-------------------------------------|------------------|
|  | 2025                                | 2024             |
| Fellow subsidiary and its subsidiary<br>Cathay United Bank Co., Ltd. | \$ 3,608                            | \$ 6,058         |
| Indovina Bank Limited  | <u>3,746</u>                        | <u>4,506</u>     |
|  | <u>\$ 7,354</u>                     | <u>\$ 10,564</u> |

g. Financial asset at FVTPL (beneficiary certificates)

| Related Party Category/Name                                   | March 31,<br>2025   | December 31,<br>2024 | March 31,<br>2024 |
|---|---------------------|----------------------|-------------------|
| Other related party   |                     |                      |                   |
| Funds managed by Cathay Securities Investment Trust Co., Ltd. | <u>\$ 1,130,447</u> | <u>\$ 1,208,040</u>  | <u>\$ 742,407</u> |

h. Discretionary account management balance

| Related Party Category/Name                  | March 31,<br>2025   | December 31,<br>2024 | March 31,<br>2024   |
|--|---------------------|----------------------|---------------------|
| Fellow subsidiary                            |                     |                      |                     |
| Cathay Securities Investment Trust Co., Ltd. | <u>\$ 1,698,841</u> | <u>\$ 1,930,158</u>  | <u>\$ 1,773,482</u> |

i. Guarantee deposits

| Related Party Category/Name          | March 31,<br>2025 | December 31,<br>2024 | March 31,<br>2024 |
|--------------------------------------|-------------------|----------------------|-------------------|
| Fellow subsidiary and its subsidiary |                   |                      |                   |
| Cathay Life Insurance Co., Ltd.      | \$ 38,040         | \$ 38,040            | \$ 38,140         |
| Cathay United Bank Co., Ltd.         | 22,183            | 22,183               | 22,062            |
| Cathay Futures Co., Ltd.             | 58,738            | 58,706               | 58,403            |
| Indovina Bank Limited                | <u>7,949</u>      | <u>7,870</u>         | <u>7,888</u>      |
|                                      | <u>\$ 126,910</u> | <u>\$ 126,799</u>    | <u>\$ 126,493</u> |

j. Secured loans

| Related Party Category/Name | For the Three Months Ended March 31, 2025 |                   |               |                    |
|-----------------------------|---|-------------------|---------------|--------------------|
|                             | Maximum<br>Amount                         | Ending<br>Balance | Interest Rate | Interest<br>Income |
| Other related parties       | <u>\$ 11,442</u>                          | <u>\$ 11,411</u>  | 2.20%         | <u>\$ 63</u>       |
| Related Party Category/Name | For the Three Months Ended March 31, 2024 |                   |               |                    |
|                             | Maximum<br>Amount                         | Ending<br>Balance | Interest Rate | Interest<br>Income |
| Other related parties       | <u>\$ 20,927</u>                          | <u>\$ 14,582</u>  | 2.07%         | <u>\$ 85</u>       |

k. Lease arrangements

| Related Party Category/Name                | For the Three Months Ended<br>March 31 |                 |
|--|--|-----------------|
|  | 2025                                   | 2024            |
| <u>Acquisitions of right-of-use assets</u> |  |                 |
| Fellow subsidiary                          |  |                 |
| Cathay United Bank Co., Ltd.               | <u>\$ -</u>                            | <u>\$ 5,616</u> |

| Line Item         | Related Party Category/Name              | March 31, 2025    | December 31, 2024 | March 31, 2024    |
|-------------------|--|-------------------|-------------------|-------------------|
| Lease liabilities | Fellow subsidiary                        |                   |                   |                   |
|                   | Cathay Life Insurance Co., Ltd.          | \$ 108,435        | \$ 140,854        | \$ 196,617        |
|                   | Cathay United Bank Co., Ltd.             | 8,681             | 10,745            | 1,921             |
|                   | Other related party                      |                   |                   |                   |
|                   | Cathay Real Estate Development Co., Ltd. | <u>4,370</u>      | <u>4,640</u>      | <u>-</u>          |
|                   |  | <u>\$ 121,486</u> | <u>\$ 156,239</u> | <u>\$ 198,538</u> |

**For the Three Months Ended  
March 31**

| Related Party Category/Name     | 2025          | 2024            |
|---------------------------------|---------------|-----------------|
| <u>Lease expense</u>            |               |                 |
| Fellow subsidiary               |               |                 |
| Cathay Life Insurance Co., Ltd. | <u>\$ 600</u> | <u>\$ 3,626</u> |

l. Currency swaps contract

As of March 31, 2025, December 31, 2024 and March 31, 2024, the nominal amount of the derivative financial instruments transaction with related parties is listed below:

| Related Party Category/Name  | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|------------------------------|----------------|-------------------|----------------|
| Fellow subsidiary            |                |                   |                |
| Cathay United Bank Co., Ltd. | US\$ 75,900    | US\$ 75,900       | US\$ 88,400    |

m. Remuneration of key management personnel

|                              | <b>For the Three Months Ended<br/>March 31</b> |                  |
|------------------------------|--|------------------|
|                              | 2025   | 2024             |
| Short-term employee benefits | \$ 21,459                                      | \$ 15,275        |
| Post-employment benefits     | <u>1,581</u>                                   | <u>1,501</u>     |
|                              | <u>\$ 23,040</u>                               | <u>\$ 16,776</u> |

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

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

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

### a. The Company

| Item of Assets                        | March 31, 2025    | December 31, 2024 | March 31, 2024    |
|---------------------------------------|-------------------|-------------------|-------------------|
| Guarantee deposits - government bonds | \$ 299,785        | \$ 299,749        | \$ 299,640        |
| Guarantee deposits - time deposits    | <u>20,110</u>     | <u>20,110</u>     | <u>20,059</u>     |
|                                       | <u>\$ 319,895</u> | <u>\$ 319,859</u> | <u>\$ 319,699</u> |

The pledged assets are stated at book value. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company provided government bonds amounting to \$299,801 thousand, \$299,764 thousand and \$299,652 thousand to the Central Bank for insurance business in accordance with the Insurance Act, respectively. Loss allowance amounted to \$16 thousand, \$15 thousand and \$12 thousand, respectively which are in the scope of the impairment requirements under IFRS 9.

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

| Item of Assets                      | March 31, 2025  | December 31, 2024 | March 31, 2024  |
|-------------------------------------|-----------------|-------------------|-----------------|
| Government deposits - time deposits | <u>\$ 7,949</u> | <u>\$ 7,870</u>   | <u>\$ 7,888</u> |

The pledged assets are stated at book value. As of March 31, 2025, December 31, 2024 and March 31, 2024, according to the Insurance Act of Vietnam, Cathay Insurance Co., Ltd. (Vietnam) provides guarantee deposits at an amount equal to 2% of its paid-in capital. The guaranteed deposits of Cathay Insurance Co., Ltd. (Vietnam) are time deposits.

## 30. OTHER ITEMS

### a. Capital management

#### 1) Management objectives

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

## 2) Management policies

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

## 3) Management procedures

### a) Periodical calculation

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

### b) Aperiodic calculation

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

## 4) Current status of RBC ratio

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

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

| Items   | March 31, 2025                                 |   |                      |
|---|--|---|----------------------|
|   | Recovery/<br>Settlement<br>within 12<br>Months | Recovery/<br>Settlement<br>Over 12 Months | Total                |
| Cash and cash equivalents                         | \$ 10,936,733                                  | \$ -                                      | \$ 10,936,733        |
| Receivables                                       | 3,381,754                                      | -   | 3,381,754            |
| Investments                                       |  |   |                      |
| Financial assets at FVTPL                         | 13,333,083                                     | 153,175                                   | 13,486,258           |
| Financial assets at FVTOCI                        | -  | 654,789                                   | 654,789              |
| Financial assets at amortized cost                | 566,011  | 10,237,777                                | 10,803,788           |
| Investments accounted for using the equity method | -  | 2,482,925                                 | 2,482,925            |
| Loans   | 267  | 84,575                                    | 84,842               |
| Total investments                                 | <u>13,899,361</u>                              | <u>13,613,241</u>                         | <u>27,512,602</u>    |
| Reinsurance assets                                | 4,154,944                                      | 17,451,551                                | 21,606,495           |
| Property and equipment                            | -  | 422,180                                   | 422,180              |
| Right-of-use assets                               | -  | 160,088                                   | 160,088              |
| Intangible assets                                 | -  | 95,225                                    | 95,225               |
| Deferred tax assets                               | -  | 4,587,022                                 | 4,587,022            |
| Other assets                                      | <u>42,359</u>                                  | <u>565,869</u>                            | <u>608,228</u>       |
| Total assets                                      | <u>\$ 32,415,151</u>                           | <u>\$ 36,895,176</u>                      | <u>\$ 69,310,327</u> |

(Continued)

| <b>March 31, 2025</b>          |  |  |                      |
|--------------------------------|--|--|----------------------|
| <b>Items</b>                   | <b>Recovery/<br/>Settlement<br/>within 12<br/>Months</b> | <b>Recovery/<br/>Settlement<br/>Over 12 Months</b> | <b>Total</b>         |
| Payables                       | \$ 4,517,809   | \$ 69,488  | \$ 4,587,297         |
| Financial liabilities at FVTPL | 230,110  | -  | 230,110              |
| Insurance liabilities          |  |  |                      |
| Unearned premium reserve       | 16,081,248   | 4,020,318  | 20,101,566           |
| Loss reserve                   | -  | 22,212,585   | 22,212,585           |
| Policy reserve                 | -  | 26   | 26                   |
| Special reserve                | -  | 1,826,676  | 1,826,676            |
| Premium deficiency reserve     | -  | 3,932  | 3,932                |
| Total insurance liabilities    | <u>16,081,248</u>  | <u>28,063,537</u>                                  | <u>44,144,785</u>    |
| Provisions                     | -  | 298,535  | 298,535              |
| Lease liabilities              | 89,922   | 70,785   | 160,707              |
| Deferred tax liabilities       | -  | 461,249  | 461,249              |
| Other liabilities              | <u>1,297,101</u>   | <u>24,987</u>                                      | <u>1,322,088</u>     |
| Total liabilities              | <u>\$ 22,216,190</u>                                     | <u>\$ 28,988,581</u>                               | <u>\$ 51,204,771</u> |

(Concluded)

| <b>December 31, 2024</b>                          |  |  |                      |
|---|--|--|----------------------|
| <b>Items</b>                                      | <b>Recovery/<br/>Settlement<br/>within 12<br/>Months</b> | <b>Recovery/<br/>Settlement<br/>Over 12 Months</b> | <b>Total</b>         |
| Cash and cash equivalents                         | \$ 11,174,184  | \$ -   | \$ 11,174,184        |
| Receivables                                       | 3,338,812  | -  | 3,338,812            |
| Investments                                       |  |  |                      |
| Financial assets at FVTPL                         | 14,338,094   | 157,932  | 14,496,026           |
| Financial assets at FVTOCI                        | -  | 654,599  | 654,599              |
| Financial assets at amortized cost                | 562,943  | 9,476,782  | 10,039,725           |
| Investments accounted for using the equity method | -  | 2,406,891  | 2,406,891            |
| Loans   | <u>96</u>  | <u>96,355</u>                                      | <u>96,451</u>        |
| Total investments                                 | <u>14,901,133</u>  | <u>12,792,559</u>                                  | <u>27,693,692</u>    |
| Reinsurance assets                                | 2,557,071  | 14,755,653   | 17,312,724           |
| Property and equipment                            | -  | 463,754  | 463,754              |
| Right-of-use assets                               | -  | 197,399  | 197,399              |
| Intangible assets                                 | -  | 104,478  | 104,478              |
| Deferred tax assets                               | -  | 4,585,963  | 4,585,963            |
| Other assets                                      | <u>50,313</u>  | <u>582,127</u>                                     | <u>632,440</u>       |
| Total assets                                      | <u>\$ 32,021,513</u>                                     | <u>\$ 33,481,933</u>                               | <u>\$ 65,503,446</u> |

(Continued)

| <b>December 31, 2024</b>       |  |  |                      |
|--------------------------------|--|--|----------------------|
| <b>Items</b>                   | <b>Recovery/<br/>Settlement<br/>within 12<br/>Months</b> | <b>Recovery/<br/>Settlement<br/>Over 12 Months</b> | <b>Total</b>         |
| Payables                       | \$ 4,335,666   | \$ 59,724  | \$ 4,395,390         |
| Financial liabilities at FVTPL | 224,161  | -  | 224,161              |
| Insurance liabilities          |  |  |                      |
| Unearned premium reserve       | 15,705,631   | 3,853,254  | 19,558,885           |
| Loss reserve                   | -  | 18,932,743   | 18,932,743           |
| Policy reserve                 | -  | 28   | 28                   |
| Special reserve                | -  | 1,792,120  | 1,792,120            |
| Premium deficiency reserve     | -  | 692  | 692                  |
| Total insurance liabilities    | <u>15,705,631</u>  | <u>24,578,837</u>                                  | <u>40,284,468</u>    |
| Provisions                     | -  | 349,882  | 349,882              |
| Lease liabilities              | 121,448  | 76,182   | 197,630              |
| Deferred tax liabilities       | -  | 445,671  | 445,671              |
| Other liabilities              | <u>1,632,726</u>   | <u>26,335</u>                                      | <u>1,659,061</u>     |
| Total liabilities              | <u>\$ 22,019,632</u>                                     | <u>\$ 25,536,631</u>                               | <u>\$ 47,556,263</u> |

(Concluded)

| <b>March 31, 2024</b>                                |  |  |                      |
|--|--|--|----------------------|
| <b>Items</b>   | <b>Recovery/<br/>Settlement<br/>within 12<br/>Months</b> | <b>Recovery/<br/>Settlement<br/>Over 12 Months</b> | <b>Total</b>         |
| Cash and cash equivalents                            | \$ 9,537,040   | \$ -   | \$ 9,537,040         |
| Receivables  | 3,493,304  | -  | 3,493,304            |
| Investments  |  |  |                      |
| Financial assets at FVTPL                            | 11,821,752   | 262,062  | 12,083,814           |
| Financial assets at FVTOCI                           | -  | 667,696  | 667,696              |
| Financial assets at amortized cost                   | 1,158,989  | 8,686,398  | 9,845,387            |
| Investments accounted for using the equity<br>method | -  | 2,418,398  | 2,418,398            |
| Loans  | <u>151</u>   | <u>113,337</u>                                     | <u>113,488</u>       |
| Total investments                                    | <u>12,980,892</u>  | <u>12,147,891</u>                                  | <u>25,128,783</u>    |
| Reinsurance assets                                   | 2,915,906  | 10,656,159   | 13,572,065           |
| Property and equipment                               | -  | 440,556  | 440,556              |
| Right-of-use assets                                  | -  | 254,119  | 254,119              |
| Intangible assets                                    | -  | 110,316  | 110,316              |
| Deferred tax assets                                  | -  | 4,548,404  | 4,548,404            |
| Other assets   | <u>41,192</u>  | <u>611,812</u>                                     | <u>653,004</u>       |
| Total assets   | <u>\$ 28,968,334</u>                                     | <u>\$ 28,769,257</u>                               | <u>\$ 57,737,591</u> |

(Continued)

| March 31, 2024                 |  |   |                      |
|--------------------------------|--|---|----------------------|
| Items                          | Recovery/<br>Settlement<br>within 12<br>Months | Recovery/<br>Settlement<br>Over 12 Months | Total                |
| Payables                       | \$ 4,191,629                                   | \$ 53,558                                 | \$ 4,245,187         |
| Financial liabilities at FVTPL | 183,967  | -   | 183,967              |
| Insurance liabilities          |  |   |                      |
| Unearned premium reserve       | 14,728,403                                     | 3,139,954                                 | 17,868,357           |
| Loss reserve                   | -  | 14,713,140                                | 14,713,140           |
| Policy reserve                 | -  | 81  | 81                   |
| Special reserve                | -  | 1,763,851                                 | 1,763,851            |
| Premium deficiency reserve     | -  | 16  | 16                   |
| Total insurance liabilities    | <u>14,728,403</u>                              | <u>19,617,042</u>                         | <u>34,345,445</u>    |
| Provisions                     | -  | 329,993                                   | 329,993              |
| Lease liabilities              | 146,740  | 106,800                                   | 253,540              |
| Deferred tax liabilities       | -  | 394,749                                   | 394,749              |
| Other liabilities              | <u>1,724,557</u>                               | <u>28,809</u>                             | <u>1,753,366</u>     |
| Total liabilities              | <u>\$ 20,975,296</u>                           | <u>\$ 20,530,951</u>                      | <u>\$ 41,506,247</u> |

(Concluded)

### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2025

|   | Foreign<br>Currency | Exchange Rate    | Carrying<br>Amount |
|---|---------------------|------------------|--------------------|
| <u>Financial assets</u>                           |                     |                  |                    |
| Monetary items                                    |                     |                  |                    |
| USD   | \$ 261,106          | 33.182 (USD:NTD) | \$ 8,660,557       |
| CNY   | 25,012              | 4.576 (CNY:NTD)  | 114,355            |
| Non-monetary items                                |                     |                  |                    |
| USD   | 46,691              | 33.182 (USD:NTD) | 1,549,295          |
| SGD   | 4,829               | 24.747 (SGD:NTD) | 119,497            |
| Investments accounted for using the equity method |                     |                  |                    |
| CNY   | 542,621             | 4.576 (CNY:NTD)  | 2,482,925          |
| <u>Financial liabilities</u>                      |                     |                  |                    |
| Monetary items                                    |                     |                  |                    |
| USD   | 5,425               | 33.182 (USD:NTD) | 178,708            |
| EUR   | 127                 | 35.943 (EUR:NTD) | 4,485              |
| CNY   | 13,154              | 4.576 (CNY:NTD)  | 60,720             |
| INR   | 30,731              | 0.400 (INR:NTD)  | 12,284             |
| Non-monetary items                                |                     |                  |                    |
| Derivative instruments (Note)                     |                     |                  |                    |
| USD   | 194,600             | 33.182 (USD:NTD) | 230,110            |



December 31, 2024

|  | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|--|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u>                              |                             |                      |                            |
| Monetary items                                       |                             |                      |                            |
| USD  | \$ 235,498                  | 32.781 (USD:NTD)     | \$ 7,718,040               |
| Non-monetary items                                   |                             |                      |                            |
| USD  | 47,219                      | 32.781 (USD:NTD)     | 1,547,884                  |
| HKD  | 4,136                       | 4.222 (HKD:NTD)      | 17,465                     |
| SGD  | 4,438                       | 24.124 (SGD:NTD)     | 107,042                    |
| Investments accounted for using the<br>equity method |                             |                      |                            |
| CNY  | 535,901                     | 4.491 (CNY:NTD)      | 2,406,891                  |
| <u>Financial liabilities</u>                         |                             |                      |                            |
| Monetary items                                       |                             |                      |                            |
| USD  | 7,112                       | 32.781 (USD:NTD)     | 232,271                    |
| EUR  | 100                         | 34.132 (EUR:NTD)     | 3,510                      |
| CNY  | 9,063                       | 4.491 (CNY:NTD)      | 41,517                     |
| INR  | 30,731                      | 0.395 (INR:NTD)      | 12,136                     |
| Non-monetary items                                   |                             |                      |                            |
| Derivative instruments (Note)                        |                             |                      |                            |
| USD  | 173,600                     | 32.781 (USD:NTD)     | 224,161                    |

March 31, 2024

|  | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|--|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u>                              |                             |                      |                            |
| Monetary items                                       |                             |                      |                            |
| USD  | \$ 233,692                  | 31.990 (USD:NTD)     | \$ 7,473,962               |
| EUR  | 5,265                       | 34.450 (EUR:NTD)     | 181,665                    |
| CNY  | 18,803                      | 4.427 (CNY:NTD)      | 83,329                     |
| Non-monetary items                                   |                             |                      |                            |
| USD  | 40,206                      | 31.990 (USD:NTD)     | 1,286,183                  |
| SGD  | 4,117                       | 23.708 (SGD:NTD)     | 97,610                     |
| Investments accounted for using the<br>equity method |                             |                      |                            |
| CNY  | 546,062                     | 4.427 (CNY:NTD)      | 2,418,398                  |
| <u>Financial liabilities</u>                         |                             |                      |                            |
| Monetary items                                       |                             |                      |                            |
| USD  | 6,094                       | 31.990 (USD:NTD)     | 193,650                    |
| EUR  | 440                         | 34.450 (EUR:NTD)     | 15,450                     |
| CNY  | 4,168                       | 4.427 (CNY:NTD)      | 18,301                     |
| THB  | 5,343                       | 0.880 (THB:NTD)      | 4,920                      |
| INR  | 28,928                      | 0.386 (INR:NTD)      | 11,165                     |
| Non-monetary items                                   |                             |                      |                            |
| Derivative instruments (Note)                        |                             |                      |                            |
| USD  | 173,600                     | 31.990 (USD:NTD)     | 183,967                    |

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

For the three months ended March 31, 2025 and 2024 (realized and unrealized) net foreign exchange gains (losses) were \$103,302 thousand and \$279,612 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions.

## 32. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions and (b) investees:

- 1) Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None
- 2) Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None
- 3) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 3)
- 4) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4)
- 5) Trading in derivative instruments (Note 7)
- 6) Intercompany relationships and significant intercompany transactions (Table 5)
- 7) Information on investees (Table 6)

### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
  - a) For transactions involving each other's main business, such as underwriting an insurance policy where the proposer is the investee, the amount and percentage of transactions and the balance and percentage of the related payables at the end of the period.
  - b) The amount of property transactions and the amount of the resultant gains or losses.
  - c) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - d) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

- e) The amount or balance of transactions mentioned in subitems a - d above that reaches 10% or more of the insurance enterprise's total amount or balance of such transactions shall be separately presented, while the rest may be added up and reported as an aggregate amount.
- d. Information of major shareholders: The insurance enterprise whose stock is listed on the TWSE or listed on the TPEX shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the insurance enterprise's equity. For this purpose, the insurance enterprise may request the centralized securities depository enterprise to provide relevant information: None

### 33. SEGMENT INFORMATION

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

### 34. DISCLOSE OF INSURANCE CONTRACT

#### a. Retained earned premium

For the three months ended March 31, 2025

| Insurance Type                                   | Written Premium (1) | Reinsurance Premium (2) | Reinsurance Expenses (3) | Retained Premium (4)=(1)+(2)-(3) | Net Changes in Unearned Premium Reserve (5) | Retained Earned Premium (6)=(4)-(5) |
|--|---------------------|-------------------------|--------------------------|----------------------------------|---|-------------------------------------|
| Fire insurance                                   | \$ 1,377,572        | \$ 20,042               | \$ 1,015,389             | \$ 382,225                       | \$ 83,427                                   | \$ 298,798                          |
| Marine insurance                                 | 376,519             | 3,831                   | 246,175                  | 134,175                          | 27,217                                      | 106,958                             |
| Land and air insurance                           | 4,000,078           | 7                       | 280,519                  | 3,719,566                        | 69,447                                      | 3,650,119                           |
| Liability insurance                              | 889,189             | 5,375                   | 308,199                  | 586,365                          | 31,591                                      | 554,774                             |
| Guarantee insurance                              | 26,315              | 695                     | 17,402                   | 9,608                            | (3,093)                                     | 12,701                              |
| Other property insurance                         | 1,004,678           | 19,752                  | 850,046                  | 174,384                          | 14,610                                      | 159,774                             |
| Accident insurance                               | 1,159,959           | 1,890                   | 73,849                   | 1,088,000                        | (21,103)                                    | 1,109,103                           |
| Health insurance                                 | 111,126             | -                       | -                        | 111,126                          | 2,413                                       | 108,713                             |
| Policy-oriented residential earthquake insurance | 124,086             | 15,968                  | 124,086                  | 15,968                           | (669)                                       | 16,637                              |
| Compulsory automobile liability insurance        | 720,030             | 198,271                 | 303,135                  | 615,166                          | (666)                                       | 615,832                             |
|  | <u>\$ 9,789,552</u> | <u>\$ 265,831</u>       | <u>\$ 3,218,800</u>      | <u>\$ 6,836,583</u>              | <u>\$ 203,174</u>                           | <u>\$ 6,633,409</u>                 |

For the three months ended March 31, 2024

| Insurance Type                                   | Written Premium (1) | Reinsurance Premium (2) | Reinsurance Expenses (3) | Retained Premium (4)=(1)+(2)-(3) | Net Changes in Unearned Premium Reserve (5) | Retained Earned Premium (6)=(4)-(5) |
|--|---------------------|-------------------------|--------------------------|----------------------------------|---|-------------------------------------|
| Fire insurance                                   | \$ 1,209,016        | \$ 16,035               | \$ 834,976               | \$ 390,075                       | \$ 46,832                                   | \$ 343,243                          |
| Marine insurance                                 | 376,247             | 3,127                   | 311,534                  | 67,840                           | (7,190)                                     | 75,030                              |
| Land and air insurance                           | 3,702,322           | 872                     | 206,242                  | 3,496,952                        | 133,855                                     | 3,363,097                           |
| Liability insurance                              | 775,432             | 1,792                   | 255,478                  | 521,746                          | 67,519                                      | 454,227                             |
| Guarantee insurance                              | 20,456              | 393                     | 13,203                   | 7,646                            | (946)                                       | 8,592                               |
| Other property insurance                         | 718,674             | 24,077                  | 720,982                  | 21,769                           | 87,538                                      | (65,769)                            |
| Accident insurance                               | 1,060,707           | 2,524                   | 80,930                   | 982,301                          | (34,328)                                    | 1,016,629                           |
| Health insurance                                 | 87,680              | -                       | -                        | 87,680                           | (2,893)                                     | 90,573                              |
| Policy-oriented residential earthquake insurance | 117,011             | 17,851                  | 117,011                  | 17,851                           | 3,312                                       | 14,539                              |
| Compulsory automobile liability insurance        | 708,529             | 203,759                 | 297,197                  | 615,091                          | 7,412                                       | 607,679                             |
|  | <u>\$ 8,776,074</u> | <u>\$ 270,430</u>       | <u>\$ 2,837,553</u>      | <u>\$ 6,208,951</u>              | <u>\$ 301,111</u>                           | <u>\$ 5,907,840</u>                 |

Information on compulsory insurance and non-compulsory insurance of earned retained premium:

For the three months ended March 31, 2025

| <b>Insurance Type</b>    | <b>Written<br/>Premium (1)</b> | <b>Reinsurance<br/>Premium (2)</b> | <b>Reinsurance<br/>Expenses (3)</b> | <b>Retained<br/>Premium<br/>(4)=(1)+(2)-(3)</b> |
|--------------------------|--------------------------------|------------------------------------|-------------------------------------|---|
| Compulsory insurance     | \$ 720,030                     | \$ 198,271                         | \$ 303,135                          | \$ 615,166                                      |
| Non-compulsory insurance | <u>9,069,522</u>               | <u>67,560</u>                      | <u>2,915,665</u>                    | <u>6,221,417</u>                                |
|                          | <u>\$ 9,789,552</u>            | <u>\$ 265,831</u>                  | <u>\$ 3,218,800</u>                 | <u>\$ 6,836,583</u>                             |

| <b>Insurance Type</b>    | <b>Unearned Premium Reserves under<br/>Direct Business</b> |                      | <b>Unearned Premium Reserves under<br/>Reinsurance Inward Business</b> |                     | <b>Net Changes in<br/>Unearned<br/>Premium Reserve<br/>(9)=(5)-(6)+(7)-(8)</b> |
|--------------------------|--|----------------------|--|---------------------|--|
|                          | <b>Provision (5)</b>                                       | <b>Recovery (6)</b>  | <b>Provision (7)</b>   | <b>Recovery (8)</b> |  |
| Compulsory insurance     | \$ 1,296,747   | \$ 1,292,594         | \$ 485,951   | \$ 488,279          | \$ 1,825   |
| Non-compulsory insurance | <u>18,197,405</u>  | <u>17,682,471</u>    | <u>119,912</u>   | <u>116,293</u>      | <u>518,553</u>   |
|                          | <u>\$ 19,494,152</u>                                       | <u>\$ 18,975,065</u> | <u>\$ 605,863</u>  | <u>\$ 604,572</u>   | <u>520,378</u>   |

| <b>Insurance Type</b>    | <b>Unearned Premium Reserves<br/>under Ceded Reinsurance<br/>Business</b> |                      | <b>Net Changes<br/>in for<br/>Unearned<br/>Ceded<br/>Premium<br/>Reserve<br/>(12)=(10)-(11)</b> | <b>Retained<br/>Premium<br/>(13)=(4)-<br/>(9)+(12)</b> |
|--------------------------|---|----------------------|---|--|
|                          | <b>Provision (10)</b>   | <b>Recovery (11)</b> |   |  |
| Compulsory insurance     | \$ 778,048  | \$ 775,557           | \$ 2,491  | \$ 615,832   |
| Non-compulsory insurance | <u>6,050,827</u>  | <u>5,736,114</u>     | <u>314,713</u>  | <u>6,017,577</u>                                       |
|                          | <u>\$ 6,828,875</u>   | <u>\$ 6,511,671</u>  | <u>\$ 317,204</u>   | <u>\$ 6,633,409</u>                                    |

For the three months ended March 31, 2024

| <b>Insurance Type</b>    | <b>Written<br/>Premium (1)</b> | <b>Reinsurance<br/>Premium (2)</b> | <b>Reinsurance<br/>Expenses (3)</b> | <b>Retained<br/>Premium<br/>(4)=(1)+(2)-(3)</b> |
|--------------------------|--------------------------------|------------------------------------|-------------------------------------|---|
| Compulsory insurance     | \$ 708,529                     | \$ 203,759                         | \$ 297,197                          | \$ 615,091                                      |
| Non-compulsory insurance | <u>8,067,545</u>               | <u>66,671</u>                      | <u>2,540,356</u>                    | <u>5,593,860</u>                                |
|                          | <u>\$ 8,776,074</u>            | <u>\$ 270,430</u>                  | <u>\$ 2,837,553</u>                 | <u>\$ 6,208,951</u>                             |

| <b>Insurance Type</b>    | <b>Unearned Premium Reserves under<br/>Direct Business</b> |                      | <b>Unearned Premium Reserves under<br/>Reinsurance Inward Business</b> |                     | <b>Net Changes in<br/>Unearned<br/>Premium Reserve<br/>(9)=(5)-(6)+(7)-(8)</b> |
|--------------------------|--|----------------------|--|---------------------|--|
|                          | <b>Provision (5)</b>                                       | <b>Recovery (6)</b>  | <b>Provision (7)</b>   | <b>Recovery (8)</b> |  |
| Compulsory insurance     | \$ 1,268,884   | \$ 1,267,647         | \$ 481,069   | \$ 474,151          | \$ 8,155   |
| Non-compulsory insurance | <u>15,998,298</u>  | <u>15,656,964</u>    | <u>117,663</u>   | <u>115,875</u>      | <u>343,122</u>   |
|                          | <u>\$ 17,267,182</u>                                       | <u>\$ 16,924,611</u> | <u>\$ 598,732</u>  | <u>\$ 590,026</u>   | <u>\$ 351,277</u>  |

| Insurance Type           | Unearned Premium Reserves<br>under Ceded Reinsurance<br>Business |                     | Net Changes<br>in for<br>Unearned<br>Ceded<br>Premium<br>Reserve | Retained<br>Premium   |
|--------------------------|--|---------------------|--|-----------------------|
|                          | Provision (10)   | Recovery (11)       | (12)=(10)-(11)   | (13)=(4)-<br>(9)+(12) |
|                          |  |                     |  |                       |
| Compulsory insurance     | \$ 761,331   | \$ 760,588          | \$ 743   | \$ 607,679            |
| Non-compulsory insurance | <u>4,831,344</u>   | <u>4,781,921</u>    | <u>49,423</u>  | <u>5,300,161</u>      |
|                          | <u>\$ 5,592,675</u>  | <u>\$ 5,542,509</u> | <u>\$ 50,166</u>   | <u>\$ 5,907,840</u>   |

b. Retained claims

| For the Three Months Ended March 31, 2025           |  |                           |                             |                                       |
|---|--|---------------------------|-----------------------------|---------------------------------------|
| Insurance Type                                      | Loss Incurred<br>(Claims<br>Expense<br>Included) (1) | Reinsurance<br>Claims (2) | Claims<br>Recovered<br>from | Retained<br>Claims<br>(4)=(1)+(2)-(3) |
|   |  |                           | Reinsurances<br>(3)         |                                       |
| Fire insurance                                      | \$ 1,659,025   | \$ 27,566                 | \$ 1,568,291                | \$ 118,300                            |
| Marine insurance                                    | 80,724   | 1,319                     | 57,838                      | 24,205                                |
| Land and air insurance                              | 1,766,567  | -                         | 75,268                      | 1,691,299                             |
| Liability insurance                                 | 243,261  | 1,395                     | 37,198                      | 207,458                               |
| Guarantee insurance                                 | 3,628  | -                         | 376                         | 3,252                                 |
| Other property insurance                            | 64,979   | 4,546                     | 46,600                      | 22,925                                |
| Accident insurance                                  | 303,579  | 621                       | 22,145                      | 282,055                               |
| Health insurance                                    | 13,668   | -                         | (48)                        | 13,716                                |
| Policy-oriented residential<br>earthquake insurance | -  | 606                       | -                           | 606                                   |
| Compulsory automobile<br>liability insurance        | <u>476,708</u>                                       | <u>181,914</u>            | <u>281,981</u>              | <u>376,641</u>                        |
|   | <u>\$ 4,612,139</u>                                  | <u>\$ 217,967</u>         | <u>\$ 2,089,649</u>         | <u>\$ 2,740,457</u>                   |

| For the Three Months Ended March 31, 2024           |  |                           |  |                                       |
|---|--|---------------------------|--|---------------------------------------|
| Insurance Type                                      | Loss Incurred<br>(Claims<br>Expense<br>Included) (1) | Reinsurance<br>Claims (2) | Claims<br>Recovered<br>from<br>Reinsurances<br>(3) | Retained<br>Claims<br>(4)=(1)+(2)-(3) |
| Fire insurance                                      | \$ 202,474   | \$ 75,612                 | \$ 116,648   | \$ 161,438                            |
| Marine insurance                                    | 94,068   | 5,881                     | 62,274   | 37,675                                |
| Land and air insurance                              | 1,779,385  | 594                       | 86,810   | 1,693,169                             |
| Liability insurance                                 | 290,088  | 507                       | 72,688   | 217,907                               |
| Guarantee insurance                                 | 14,584   | 885                       | 11,054   | 4,415                                 |
| Other property insurance                            | 142,161  | 5,888                     | 113,190  | 34,859                                |
| Accident insurance                                  | 374,330  | 451                       | 27,013   | 347,768                               |
| Health insurance                                    | 25,039   | 6                         | 2,703  | 22,342                                |
| Policy-oriented residential<br>earthquake insurance | -  | -                         | -  | -                                     |
| Compulsory automobile<br>liability insurance        | <u>499,260</u>                                       | <u>189,667</u>            | <u>289,143</u>                                     | <u>399,784</u>                        |
|   | <u>\$ 3,421,389</u>                                  | <u>\$ 279,491</u>         | <u>\$ 781,523</u>                                  | <u>\$ 2,919,357</u>                   |

Retained claims of compulsory insurance and non-compulsory insurance:

| For the Three Months Ended March 31, 2025 |  |                           |  |                                       |
|---|--|---------------------------|--|---------------------------------------|
| Insurance Type                            | Loss Incurred<br>(Claims<br>Expense<br>Included) (1) | Reinsurance<br>Claims (2) | Claims<br>Recovered<br>from<br>Reinsurances<br>(3) | Retained<br>Claims<br>(4)=(1)+(2)-(3) |
| Compulsory insurance                      | \$ 476,708   | \$ 181,914                | \$ 281,981   | \$ 376,641                            |
| Non-compulsory insurance                  | <u>4,135,431</u>                                     | <u>36,053</u>             | <u>1,807,668</u>                                   | <u>2,363,816</u>                      |
|   | <u>\$ 4,612,139</u>                                  | <u>\$ 217,967</u>         | <u>\$ 2,089,649</u>                                | <u>\$ 2,740,457</u>                   |

| For the Three Months Ended March 31, 2024 |  |                           |  |                                       |
|---|--|---------------------------|--|---------------------------------------|
| Insurance Type                            | Loss Incurred<br>(Claims<br>Expense<br>Included) (1) | Reinsurance<br>Claims (2) | Claims<br>Recovered<br>from<br>Reinsurances<br>(3) | Retained<br>Claims<br>(4)=(1)+(2)-(3) |
| Compulsory insurance                      | \$ 499,260   | \$ 189,667                | \$ 289,143   | \$ 399,784                            |
| Non-compulsory insurance                  | <u>2,922,129</u>                                     | <u>89,824</u>             | <u>492,380</u>                                     | <u>2,519,573</u>                      |
|   | <u>\$ 3,421,389</u>                                  | <u>\$ 279,491</u>         | <u>\$ 781,523</u>                                  | <u>\$ 2,919,357</u>                   |

c. Liability on policyholders' claims filed and losses not yet filed

Claims and payments recoverable for policyholders' claims filed and paid

| Insurance Type                                   | Claims Filed and Paid |                   |                   |
|--|-----------------------|-------------------|-------------------|
|  | March 31, 2025        | December 31, 2024 | March 31, 2024    |
| Fire insurance                                   | \$ 430,542            | \$ 155,589        | \$ 45,509         |
| Marine insurance                                 | 30,724                | 47,866            | 39,509            |
| Land and air insurance                           | 78,582                | 98,878            | 81,020            |
| Liability insurance                              | 25,675                | 85,357            | 76,937            |
| Guarantee insurance                              | 376                   | 166               | 604               |
| Other property insurance                         | 39,504                | 64,031            | 48,635            |
| Accident insurance                               | 66,471                | 66,953            | 19,126            |
| Health insurance                                 | -                     | 48                | 1,364             |
| Policy-oriented residential earthquake insurance | -                     | -                 | -                 |
| Compulsory automobile liability insurance        | <u>140,848</u>        | <u>153,164</u>    | <u>147,098</u>    |
|  | 812,722               | 672,052           | 459,802           |
| Less: Loss allowance                             | <u>(8,127)</u>        | <u>(6,721)</u>    | <u>(4,598)</u>    |
| Net amount                                       | <u>\$ 804,595</u>     | <u>\$ 665,331</u> | <u>\$ 455,204</u> |

d. Receivables and payables of insurance contracts

Receivables

| Insurance Type                                   | Premiums Receivable |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | March 31, 2025      | December 31, 2024   | March 31, 2024      |
| Fire insurance                                   | \$ 755,205          | \$ 1,273,543        | \$ 1,214,120        |
| Marine insurance                                 | 514,981             | 399,441             | 502,694             |
| Land and air insurance                           | 195,999             | 184,170             | 182,355             |
| Liability insurance                              | 517,106             | 151,132             | 510,287             |
| Guarantee insurance                              | 19,717              | 26,554              | 48,937              |
| Other property insurance                         | 491,871             | 515,376             | 327,273             |
| Accident insurance                               | 154,476             | 137,054             | 142,893             |
| Health insurance                                 | 5,180               | 4,319               | 4,126               |
| Policy-oriented residential earthquake insurance | 36,006              | 33,802              | 35,425              |
| Compulsory automobile liability insurance        | <u>11,391</u>       | <u>19,129</u>       | <u>12,528</u>       |
|  | 2,701,932           | 2,744,520           | 2,980,638           |
| Less: Loss allowance                             | <u>(36,441)</u>     | <u>(36,113)</u>     | <u>(38,321)</u>     |
| Net amount                                       | <u>\$ 2,665,491</u> | <u>\$ 2,708,407</u> | <u>\$ 2,942,317</u> |

Aging analysis of premiums receivable:

|               | March 31, 2025      | December 31,<br>2024 | March 31, 2024      |
|---------------|---------------------|----------------------|---------------------|
| Up to 90 days | \$ 1,742,641        | \$ 1,839,072         | \$ 2,190,631        |
| Over 90 days  | <u>959,291</u>      | <u>905,448</u>       | <u>790,007</u>      |
|               | <u>\$ 2,701,932</u> | <u>\$ 2,744,520</u>  | <u>\$ 2,980,638</u> |

The overdue amounts as of March 31, 2025, December 31, 2024 and March 31, 2024 in the above premiums receivable were \$959,291 thousand, \$905,448 thousand and \$790,007 thousand, respectively, and loss allowance of \$19,186 thousand, \$18,109 thousand and \$15,800 thousand were provided, respectively.

#### Payables

|   | March 31, 2025        |                   |                   |
|---|-----------------------|-------------------|-------------------|
| Insurance Type                                      | Commission<br>Payable | Others            | Total             |
| Fire insurance                                      | \$ 41,657             | \$ 15,318         | \$ 56,975         |
| Marine insurance                                    | 19,839                | 16,189            | 36,028            |
| Land and air insurance                              | 347,389               | 130,052           | 477,441           |
| Liability insurance                                 | 33,193                | 45,904            | 79,097            |
| Guarantee insurance                                 | 3,274                 | 732               | 4,006             |
| Other property insurance                            | 16,122                | 17,176            | 33,298            |
| Accident insurance                                  | 9,347                 | 50,485            | 59,832            |
| Health insurance                                    | 539                   | 4,527             | 5,066             |
| Policy-oriented residential earthquake<br>insurance | 366                   | 4,020             | 4,386             |
| Compulsory automobile liability insurance           | <u>19,372</u>         | <u>-</u>          | <u>19,372</u>     |
|   | <u>\$ 491,098</u>     | <u>\$ 284,403</u> | <u>\$ 775,501</u> |

|   | December 31, 2024     |                   |                   |
|---|-----------------------|-------------------|-------------------|
| Insurance Type                                      | Commission<br>Payable | Others            | Total             |
| Fire insurance                                      | \$ 38,242             | \$ 15,142         | \$ 53,384         |
| Marine insurance                                    | 17,081                | 13,408            | 30,489            |
| Land and air insurance                              | 331,973               | 155,926           | 487,899           |
| Liability insurance                                 | 32,631                | 44,708            | 77,339            |
| Guarantee insurance                                 | 2,076                 | 739               | 2,815             |
| Other property insurance                            | 17,257                | 14,887            | 32,144            |
| Accident insurance                                  | 9,237                 | 48,926            | 58,163            |
| Health insurance                                    | 482                   | 3,574             | 4,056             |
| Policy-oriented residential earthquake<br>insurance | 329                   | 3,706             | 4,035             |
| Compulsory automobile liability insurance           | <u>21,987</u>         | <u>-</u>          | <u>21,987</u>     |
|   | <u>\$ 471,295</u>     | <u>\$ 301,016</u> | <u>\$ 772,311</u> |



| <b>March 31, 2024</b>                            |                           |                   |                   |
|--|---------------------------|-------------------|-------------------|
| <b>Insurance Type</b>                            | <b>Commission Payable</b> | <b>Others</b>     | <b>Total</b>      |
| Fire insurance                                   | \$ 48,477                 | \$ 14,764         | \$ 63,241         |
| Marine insurance                                 | 21,998                    | 15,361            | 37,359            |
| Land and air insurance                           | 281,070                   | 126,823           | 407,893           |
| Liability insurance                              | 40,082                    | 42,836            | 82,918            |
| Guarantee insurance                              | 5,137                     | 610               | 5,747             |
| Other property insurance                         | 14,388                    | 15,488            | 29,876            |
| Accident insurance                               | 10,033                    | 49,143            | 59,176            |
| Health insurance                                 | 635                       | 3,933             | 4,568             |
| Policy-oriented residential earthquake insurance | 329                       | 3,774             | 4,103             |
| Compulsory automobile liability insurance        | <u>17,802</u>             | <u>-</u>          | <u>17,802</u>     |
|  | <u>\$ 439,951</u>         | <u>\$ 272,732</u> | <u>\$ 712,683</u> |

Due from (to) reinsurers and ceding companies - reinsurance

| <b>March 31, 2025</b>          |   |   |
|--------------------------------|---|---|
|                                | <b>Due from Reinsurers and Ceding Companies</b> | <b>Due to Reinsurers and Ceding Companies</b> |
| AON                            | \$ 18,182                                       | \$ 164,488                                    |
| Central Re                     | 12,658  | 156,277                                       |
| Hannover Re in Shanghai        | 207,753   | 51,220  |
| HOWDEN                         | 314,002   | 856   |
| Marsh                          | 1,722,246                                       | 162,675                                       |
| Richmond                       | 209,847   | 14,367  |
| Transatlantic Re               | 90,825  | 190,816                                       |
| Association of the R.O.C.      | 142,520   | 369,770                                       |
| Others (individually below 5%) | <u>955,362</u>                                  | <u>1,722,788</u>                              |
|                                | 3,673,395                                       | 2,833,257                                     |
| Less: Loss allowance           | <u>(323,046)</u>                                | <u>-</u>                                      |
| Net amount                     | <u>\$ 3,350,349</u>                             | <u>\$ 2,833,257</u>                           |

|                                | <b>December 31, 2024</b>                                    |   |
|--------------------------------|---|---|
|                                | <b>Due from<br/>Reinsurers and<br/>Ceding<br/>Companies</b> | <b>Due to<br/>Reinsurers and<br/>Ceding<br/>Companies</b> |
| AON                            | \$ 63,382   | \$ 108,743  |
| Central Re                     | 11,847  | 160,704   |
| Guy Carpenter                  | 200,776   | 111,874   |
| Hannover Re in Shanghai        | 200,397   | 51,145  |
| Marsh                          | 1,199,228   | 142,554   |
| Swiss Re                       | 39,636  | 271,859   |
| Gallagher Re                   | 142,430   | 380,486   |
| Association of the R.O.C.      | 47,380  | 115,808   |
| Others (individually below 5%) | <u>295,138</u>  | <u>746,913</u>  |
|                                | 2,200,214   | 2,090,086   |
| Less: Loss allowance           | <u>(308,474)</u>  | <u>-</u>  |
| Net amount                     | <u>\$ 1,891,740</u>   | <u>\$ 2,090,086</u>                                       |

|                                | <b>March 31, 2024</b>                                       |   |
|--------------------------------|---|---|
|                                | <b>Due from<br/>Reinsurers and<br/>Ceding<br/>Companies</b> | <b>Due to<br/>Reinsurers and<br/>Ceding<br/>Companies</b> |
| Central Re                     | \$ 124,063  | \$ 289,253  |
| Guy Carpenter                  | 137,251   | 99,486  |
| Hannover Re in Shanghai        | 200,573   | 53,282  |
| Marsh                          | 1,030,426   | 290,644   |
| Munich Re                      | 130,139   | 207,828   |
| Association of the R.O.C.      | 145,464   | 344,213   |
| Others (individually below 5%) | <u>886,436</u>  | <u>1,542,793</u>  |
|                                | 2,654,352   | 2,827,499   |
| Less: Loss allowance           | <u>(193,650)</u>  | <u>-</u>  |
| Net amount                     | <u>\$ 2,460,702</u>   | <u>\$ 2,827,499</u>                                       |

The overdue amounts as of March 31, 2025, December 31, 2024 and March 31, 2024 in the above amounts due from (to) reinsurers and ceding companies were \$1,222,327 thousand, \$1,225,883 thousand and \$1,206,393 thousand, respectively, and loss allowances of \$298,331 thousand, \$298,409 thousand and \$178,214 thousand, were provided, respectively.

Due from and due to the reinsurers and ceding companies cannot be offset, except for those meeting the requirements in Article 42 of IAS 32.

e. Reserve required for specific assets

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

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

- 1) Government bonds, not including exchangeable government bonds.
- 2) Financial bonds, negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

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

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

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

- 1) Treasury bills.
- 2) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- 3) Government bonds under repurchase agreements.

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

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

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

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

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

f. Acquisition cost of insurance contracts

| Insurance Type                                   | For the Three Months Ended March 31, 2025 |                             |                                 |                   |                     |
|--|---|-----------------------------|---------------------------------|-------------------|---------------------|
|  | Commission Expenses                       | Service and Handling Charge | Reinsurance Commission Expenses | Others            | Total               |
| Fire insurance                                   | \$ 65,634                                 | \$ 817                      | \$ 576                          | \$ 8,335          | \$ 75,362           |
| Marine insurance                                 | 27,797                                    | 55                          | 430                             | 755               | 29,037              |
| Land and air insurance                           | 444,497                                   | -                           | 1                               | 157,989           | 602,487             |
| Liability insurance                              | 89,249                                    | -                           | 1,232                           | 13,987            | 104,468             |
| Guarantee insurance                              | 2,490                                     | -                           | -                               | 310               | 2,800               |
| Other property insurance                         | 42,505                                    | 31                          | 5,689                           | 2,154             | 50,379              |
| Accident insurance                               | 129,741                                   | -                           | 2                               | 47,045            | 176,788             |
| Health insurance                                 | 14,842                                    | -                           | -                               | 5,162             | 20,004              |
| Policy-oriented residential earthquake insurance | 3,177                                     | 5                           | -                               | 3,378             | 6,560               |
| Compulsory automobile liability insurance        | -   | 76,968                      | -                               | -                 | 76,968              |
|  | <u>\$ 819,932</u>                         | <u>\$ 77,876</u>            | <u>\$ 7,930</u>                 | <u>\$ 239,115</u> | <u>\$ 1,144,853</u> |

| Insurance Type                                   | For the Three Months Ended March 31, 2024 |                             |                                 |                   |                     |
|--|---|-----------------------------|---------------------------------|-------------------|---------------------|
|  | Commission Expenses                       | Service and Handling Charge | Reinsurance Commission Expenses | Others            | Total               |
| Fire insurance                                   | \$ 64,422                                 | \$ 1,326                    | \$ 1,772                        | \$ 9,146          | \$ 76,666           |
| Marine insurance                                 | 28,626                                    | 3                           | 327                             | 787               | 29,743              |
| Land and air insurance                           | 416,411                                   | -                           | 135                             | 161,429           | 577,975             |
| Liability insurance                              | 79,674                                    | 6                           | 139                             | 13,187            | 93,006              |
| Guarantee insurance                              | 2,117                                     | (1)                         | (18)                            | 280               | 2,378               |
| Other property insurance                         | 44,428                                    | 215                         | 6,209                           | 2,283             | 53,135              |
| Accident insurance                               | 120,798                                   | -                           | 155                             | 45,665            | 166,618             |
| Health insurance                                 | 11,985                                    | -                           | -                               | 4,174             | 16,159              |
| Policy-oriented residential earthquake insurance | 2,871                                     | 5                           | -                               | 3,365             | 6,241               |
| Compulsory automobile liability insurance        | -   | 76,531                      | -                               | -                 | 76,531              |
|  | <u>\$ 771,332</u>                         | <u>\$ 78,085</u>            | <u>\$ 8,719</u>                 | <u>\$ 240,316</u> | <u>\$ 1,098,452</u> |

Acquisition costs of insurance contracts were not deferred.

g. Profit and loss analysis of insurance business

Direct underwriting business

| For the Three Months Ended March 31, 2025        |  |   |  |   |                             |                     |
|--|--|---|--|---|-----------------------------|---------------------|
| Insurance Type                                   | Written Premium (Net of Premium Allowance) | Net Changes in Unearned Premium Reserve | Acquisition Costs of Insurance Contracts | Claims and Payments (Including Claim Expense) | Net Changes in Loss Reserve | Profit (Loss)       |
| Fire insurance                                   | \$ 1,377,572                               | \$ (23,147)                             | \$ 74,786                                | \$ 1,659,025                                  | \$ 1,629,852                | \$ (1,926,944)      |
| Marine insurance                                 | 376,519                                    | 37,714                                  | 28,607                                   | 80,724  | 126,697                     | 102,777             |
| Land and air insurance                           | 4,000,078                                  | 104,400                                 | 602,486                                  | 1,766,567                                     | 452,164                     | 1,074,461           |
| Liability insurance                              | 889,189                                    | 141,620                                 | 103,236                                  | 243,261                                       | 144,486                     | 256,586             |
| Guarantee insurance                              | 26,315                                     | (6,230)                                 | 2,800                                    | 3,628   | (16,125)                    | 42,242              |
| Other property insurance                         | 1,004,678                                  | 243,786                                 | 44,690                                   | 64,979  | 806,039                     | (154,816)           |
| Accident insurance                               | 1,159,959                                  | 13,833                                  | 176,786                                  | 303,579                                       | 87,707                      | 578,054             |
| Health insurance                                 | 111,126                                    | 2,413                                   | 20,004                                   | 13,668  | 9,394                       | 65,647              |
| Policy-oriented residential earthquake insurance | 124,086                                    | 545                                     | 6,560                                    | -   | -                           | 116,981             |
| Compulsory automobile liability insurance        | 720,030                                    | 4,153                                   | 76,968                                   | 476,708                                       | 27,596                      | 134,605             |
|  | <u>\$ 9,789,552</u>                        | <u>\$ 519,087</u>                       | <u>\$ 1,136,923</u>                      | <u>\$ 4,612,139</u>                           | <u>\$ 3,267,810</u>         | <u>\$ 253,593</u>   |
| For the Three Months Ended March 31, 2024        |  |   |  |   |                             |                     |
| Insurance Type                                   | Written Premium (Net of Premium Allowance) | Net Changes in Unearned Premium Reserve | Acquisition Costs of Insurance Contracts | Claims and Payments (Including Claim Expense) | Net Changes in Loss Reserve | Profit (Loss)       |
| Fire insurance                                   | \$ 1,209,016                               | \$ (82,960)                             | \$ 74,894                                | \$ 202,474                                    | \$ 60,208                   | \$ 954,400          |
| Marine insurance                                 | 376,247                                    | 52,329                                  | 29,416                                   | 94,068  | (18,336)                    | 218,770             |
| Land and air insurance                           | 3,702,322                                  | 112,654                                 | 577,840                                  | 1,779,385                                     | 313,771                     | 918,672             |
| Liability insurance                              | 775,432                                    | 79,594                                  | 92,867                                   | 290,088                                       | 129,488                     | 183,395             |
| Guarantee insurance                              | 20,456                                     | (14,309)                                | 2,396                                    | 14,584  | (7,262)                     | 25,047              |
| Other property insurance                         | 718,674                                    | 229,147                                 | 46,926                                   | 142,161                                       | (172,626)                   | 473,066             |
| Accident insurance                               | 1,060,707                                  | (30,768)                                | 166,463                                  | 374,330                                       | (12,641)                    | 563,323             |
| Health insurance                                 | 87,680                                     | (2,894)                                 | 16,159                                   | 25,039  | (14,306)                    | 63,682              |
| Policy-oriented residential earthquake insurance | 117,011                                    | (1,459)                                 | 6,241                                    | -   | -                           | 112,229             |
| Compulsory automobile liability insurance        | 708,529                                    | 1,237                                   | 76,531                                   | 499,260                                       | 38,460                      | 93,041              |
|  | <u>\$ 8,776,074</u>                        | <u>\$ 342,571</u>                       | <u>\$ 1,089,733</u>                      | <u>\$ 3,421,389</u>                           | <u>\$ 316,756</u>           | <u>\$ 3,605,625</u> |

Reinsurance inward business

| For the Three Months Ended March 31, 2025        |                     |   |                                |                   |                             |                  |
|--|---------------------|---|--------------------------------|-------------------|-----------------------------|------------------|
| Insurance Type                                   | Reinsurance Premium | Net Changes in Unearned Premium Reserve | Reinsurance Commission Expense | Reinsurance Claim | Net Changes in Loss Reserve | Profit (Loss)    |
| Fire insurance                                   | \$ 20,042           | \$ 105                                  | \$ 576                         | \$ 27,566         | \$ (11,248)                 | \$ 3,043         |
| Marine insurance                                 | 3,831               | 926                                     | 430                            | 1,319             | 6,341                       | (5,185)          |
| Land and air insurance                           | 7                   | (96)                                    | 1                              | -                 | (53)                        | 155              |
| Liability insurance                              | 5,375               | 3,799                                   | 1,232                          | 1,395             | 1,077                       | (2,128)          |
| Guarantee insurance                              | 695                 | 278                                     | -                              | -                 | (217)                       | 634              |
| Other property insurance                         | 19,752              | (529)                                   | 5,689                          | 4,546             | 18,149                      | (8,103)          |
| Accident insurance                               | 1,890               | (195)                                   | 2                              | 621               | 386                         | 1,076            |
| Health insurance                                 | -                   | -                                       | -                              | -                 | 632                         | (632)            |
| Policy-oriented residential earthquake insurance | 15,968              | (669)                                   | -                              | 606               | 1,286                       | 14,745           |
| Compulsory automobile liability insurance        | 198,271             | (2,328)                                 | -                              | 181,914           | (5,506)                     | 24,191           |
|  | <u>\$ 265,831</u>   | <u>\$ 1,291</u>                         | <u>\$ 7,930</u>                | <u>\$ 217,967</u> | <u>\$ 10,847</u>            | <u>\$ 27,796</u> |

**For the Three Months Ended March 31, 2024**

| Insurance Type                                   | Reinsurance Premium | Net Changes in           |  | Reinsurance Commission Expense | Reinsurance Claim | Net Changes in Loss Reserve | Profit (Loss)    |
|--|---------------------|--------------------------|--|--------------------------------|-------------------|-----------------------------|------------------|
|  |                     | Unearned Premium Reserve |  |                                |                   |                             |                  |
| Fire insurance                                   | \$ 16,035           | \$ (8,501)               |  | \$ 1,772                       | \$ 75,612         | \$ (58,408)                 | \$ 5,560         |
| Marine insurance                                 | 3,127               | 482                      |  | 327                            | 5,881             | (9,394)                     | 5,831            |
| Land and air insurance                           | 872                 | (8)                      |  | 135                            | 594               | 2,904                       | (2,753)          |
| Liability insurance                              | 1,792               | 728                      |  | 139                            | 507               | (335)                       | 753              |
| Guarantee insurance                              | 393                 | (473)                    |  | (18)                           | 885               | 612                         | (613)            |
| Other property insurance                         | 24,077              | 6,183                    |  | 6,209                          | 5,888             | (8,656)                     | 14,453           |
| Accident insurance                               | 2,524               | 65                       |  | 155                            | 451               | (331)                       | 2,184            |
| Health insurance                                 | -                   | -                        |  | -                              | 6                 | (169)                       | 163              |
| Policy-oriented residential earthquake insurance | 17,851              | 3,312                    |  | -                              | -                 | -                           | 14,539           |
| Compulsory automobile liability insurance        | 203,759             | 6,918                    |  | -                              | 189,667           | (8,639)                     | 15,813           |
|  | <u>\$ 270,430</u>   | <u>\$ 8,706</u>          |  | <u>\$ 8,719</u>                | <u>\$ 279,491</u> | <u>\$ (82,416)</u>          | <u>\$ 55,930</u> |

**Reinsurance outward business**

**For the Three Months Ended March 31, 2025**

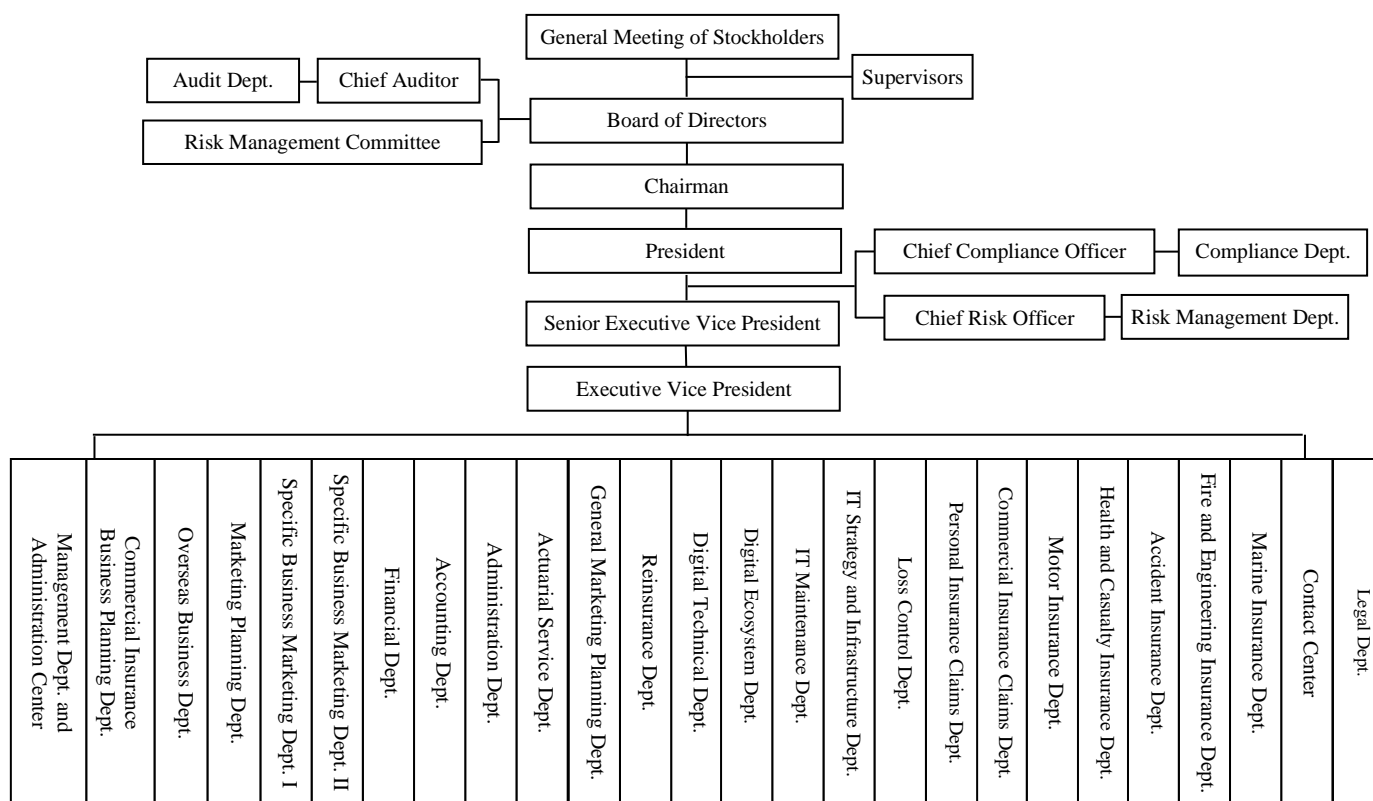
| Insurance Type                                   | Reinsurance Expenses | Net Changes in Ceded     |  | Reinsurance Commission Income | Claims and Payments (Recovered from Reinsurers) | Net Changes in Ceded Loss Reserve | Profit (Loss)         |
|--|----------------------|--------------------------|--|-------------------------------|---|-----------------------------------|-----------------------|
|  |                      | Unearned Premium Reserve |  |                               |   |                                   |                       |
| Fire insurance                                   | \$ 1,015,389         | \$ (106,469)             |  | \$ 81,933                     | \$ 1,568,291                                    | \$ 1,512,592                      | \$ (2,040,958)        |
| Marine insurance                                 | 246,175              | 11,423                   |  | 29,383                        | 57,838  | 114,678                           | 32,853                |
| Land and air insurance                           | 280,519              | 34,857                   |  | 71,243                        | 75,268  | 15,783                            | 83,368                |
| Liability insurance                              | 308,199              | 113,828                  |  | 48,945                        | 37,198  | 58,396                            | 49,832                |
| Guarantee insurance                              | 17,402               | (2,859)                  |  | 3,568                         | 376   | (13,975)                          | 30,292                |
| Other property insurance                         | 850,046              | 228,647                  |  | 97,128                        | 46,600  | 663,436                           | (185,765)             |
| Accident insurance                               | 73,849               | 34,741                   |  | 13,113                        | 22,145  | 10,285                            | (6,4353)              |
| Health insurance                                 | -                    | -                        |  | -                             | ( 48)   | 1,786                             | (1,738)               |
| Policy-oriented residential earthquake insurance | 124,086              | 545                      |  | -                             | -   | -                                 | 123,541               |
| Compulsory automobile liability insurance        | 303,135              | 2,491                    |  | -                             | 281,981   | 14,424                            | 4,239                 |
|  | <u>\$ 3,218,800</u>  | <u>\$ 317,204</u>        |  | <u>\$ 345,313</u>             | <u>\$ 2,089,649</u>                             | <u>\$ 2,377,405</u>               | <u>\$ (1,910,771)</u> |

**For the Three Months Ended March 31, 2024**

| Insurance Type                                   | Reinsurance Expenses | Net Changes in Ceded     |  | Reinsurance Commission Income | Claims and Payments (Recovered from Reinsurers) | Net Changes in Ceded Loss Reserve | Profit (Loss)       |
|--|----------------------|--------------------------|--|-------------------------------|---|-----------------------------------|---------------------|
|  |                      | Unearned Premium Reserve |  |                               |   |                                   |                     |
| Fire insurance                                   | \$ 834,976           | \$ (138,293)             |  | \$ 83,197                     | \$ 116,648                                      | \$ (1,784)                        | \$ 775,208          |
| Marine insurance                                 | 311,534              | 60,001                   |  | 26,125                        | 62,274  | (17,169)                          | 180,303             |
| Land and air insurance                           | 206,242              | (21,210)                 |  | 61,497                        | 86,810  | 7,975                             | 71,170              |
| Liability insurance                              | 255,478              | 12,803                   |  | 40,328                        | 72,688  | 93,776                            | 35,883              |
| Guarantee insurance                              | 13,203               | (13,835)                 |  | 2,683                         | 11,054  | (7,138)                           | 20,439              |
| Other property insurance                         | 720,982              | 147,791                  |  | 99,344                        | 113,190   | (130,233)                         | 490,890             |
| Accident insurance                               | 80,930               | 3,625                    |  | 16,162                        | 27,013  | 1,040                             | 33,090              |
| Health insurance                                 | -                    | -                        |  | -                             | 2,703   | (5,993)                           | 3,290               |
| Policy-oriented residential earthquake insurance | 117,011              | (1,459)                  |  | -                             | -   | -                                 | 118,470             |
| Compulsory automobile liability insurance        | 297,197              | 743                      |  | -                             | 289,143   | 17,997                            | (10,686)            |
|  | <u>\$ 2,837,553</u>  | <u>\$ 50,166</u>         |  | <u>\$ 329,336</u>             | <u>\$ 781,523</u>                               | <u>\$ (41,529)</u>                | <u>\$ 1,718,057</u> |

## h. Organization chart and responsibilities of risk management

### 1) Organization chart of risk management



### 2) Responsibility of each department:

#### Board of directors

- 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.
- The board of directors should establish an appropriate risk management system and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.
- The board of directors should consider the effect of the aggregated risks from the Company's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

#### Risk management department

##### a) 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.

- ii. The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of the overall management mechanisms regularly.
- iii. The committee should assist and monitor the risk management activities performed by each department.
- iv. The committee should assist in deliberating related procedures for formulating risk limits.
- v. The committee should arrange the risk category, risk limit allocation and risk-taking method according to changes in the environment.
- vi. The committee should enhance cross-department interaction and communication.

b) Chief risk officer

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

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

c) Risk management department

- i. The Group established a risk management department, which is responsible for monitoring, measuring and evaluating major risks. the department is independent from the business units.
- ii. Responsibilities of the risk management department are as follows:
  - i) Propose and execute the risk management policies set by the board of directors.
  - ii) Propose the risk limits based on risk appetite.
  - iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.
  - iv) Regularly present risk management reports.
  - v) Regularly review the risk limits and their use by each business unit.
  - vi) Assist to execute stress testing and back testing if necessary.
  - vii) Other risk management-related issues.



### Business units

- a) The risk management duties of the manager of a business unit are as follows:
  - i. Manage and report the daily risk of the business unit and take necessary responsive actions.
  - ii. Supervise regular submission of risk management information to the risk management department.
- b) The risk management duties of a business unit are as follows:
  - i. Identify and measure risks and report risk exposures and impacts.
  - ii. Regularly review various risks and their corresponding limits to ensure the effective implementation of risk limit policies within each business unit.
  - iii. Monitor risk exposures and report any breaches of risk limits, including the remedial actions taken by the respective business units.
  - iv. Assist to develop the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
  - v. Ensure that internal control procedures are executed effectively to comply with applicable rules and the Company's risk management policies.
  - vi. Assist to collect data related to operational risk.

### 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 the Company.

- i. Risk reporting and range and nature of risk assessment for the property insurance business
  - 1) Risks management reporting
    - a) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when the risk exposure exceeds the limit.
    - b) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limits, submits a monthly risk management report to the chairman, and submits quarterly reports to the risk management committee and the board of directors.
  - 2) The scope and nature of risk assessment

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

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

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

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

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

- l. Methods to limit insurance risk exposure and avoid inappropriate concentration risk

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

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

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

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

| Insurance Type                              | <b>For the Year Ended December 31</b> |              |
|---|---------------------------------------|--------------|
|   | <b>2025</b>                           | <b>2024</b>  |
| 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      |

m. Risk coordinated asset-liability management

1) Asset-liability coordinated with risk identification and measurement

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

2) Asset-liability coordinated with risk response

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

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

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

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

o. Sensitivity to insurance risk

1) The Company

For the three months ended March 31, 2025

| Insurance Type                                   | Premium Income      | Expected Loss Rate | Impact on Profit or Loss of 5% Increase in Expected Loss Rate |                       |
|--|---------------------|--------------------|---|-----------------------|
|  |                     |                    | Before Reinsurance  | After Reinsurance     |
| Fire insurance                                   | \$ 1,325,388        | 67.77%             | \$ (66,269)   | \$ (30,637)           |
| Marine insurance                                 | 374,442             | 75.06%             | (18,722)  | (5,723)               |
| Land and air insurance                           | 3,933,428           | 57.38%             | (196,671)   | (188,858)             |
| Liability insurance                              | 888,846             | 51.21%             | (44,442)  | (29,110)              |
| Guarantee insurance                              | 26,315              | 8.80%              | (1,316)   | (764)                 |
| Other property insurance                         | 1,004,284           | 63.41%             | (50,215)  | (10,410)              |
| Accident insurance                               | 1,147,976           | 37.70%             | (57,400)  | (51,114)              |
| Health insurance                                 | 111,126             | 34.67%             | (5,556)   | (5,505)               |
| Policy-oriented residential earthquake insurance | 124,086             | 13.40%             | (6,204)   | (6,204)               |
| Compulsory automobile liability insurance        | <u>720,030</u>      | Not applicable     | <u>Not applicable</u>   | <u>Not applicable</u> |
|  | <u>\$ 9,655,921</u> |                    | <u>\$ (446,795)</u>   | <u>\$ (328,325)</u>   |

For the three months ended March 31, 2024

| Insurance Type                                   | Premium Income      | Expected Loss Rate | Impact on Profit or Loss of 5% Increase in Expected Loss Rate |                       |
|--|---------------------|--------------------|---|-----------------------|
|  |                     |                    | Before Reinsurance  | After Reinsurance     |
| Fire insurance                                   | \$ 1,144,258        | 47.99%             | \$ (57,213)   | \$ (35,080)           |
| Marine insurance                                 | 373,587             | 72.93%             | (18,679)  | (7,036)               |
| Land and air insurance                           | 3,637,970           | 59.06%             | (181,899)   | (175,923)             |
| Liability insurance                              | 774,154             | 49.75%             | (38,708)  | (24,502)              |
| Guarantee insurance                              | 20,456              | 11.29%             | (1,023)   | (307)                 |
| Other property insurance                         | 717,688             | 43.79%             | (35,883)  | (8,086)               |
| Accident insurance                               | 1,045,956           | 41.88%             | (52,298)  | (47,454)              |
| Health insurance                                 | 87,680              | 37.61%             | (4,384)   | (4,012)               |
| Policy-oriented residential earthquake insurance | 117,011             | 0.47%              | (5,851)   | (5,851)               |
| Compulsory automobile liability insurance        | <u>708,529</u>      | Not applicable     | <u>Not applicable</u>   | <u>Not applicable</u> |
|  | <u>\$ 8,627,289</u> |                    | <u>\$ (395,938)</u>   | <u>\$ (308,251)</u>   |

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

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

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

For the three months ended March 31, 2025

| Insurance Type        | Premium Income    | Expected Loss Rate | Impact on Profit or Loss of 5% Increase in Expected Loss Rate |                   |
|-----------------------|-------------------|--------------------|---|-------------------|
|                       |                   |                    | Before Reinsurance  | After Reinsurance |
| Automobile insurance  | \$ 66,650         | 14.32 %            | \$ (3,332)  | \$ (3,724)        |
| Marine insurance      | 2,077             | 14.14 %            | (104)   | (40)              |
| Fire insurance        | 52,184            | 32.49 %            | (2,609)   | (163)             |
| Engineering insurance | 394               | 21.28 %            | (20)  | (5)               |
| Accident insurance    | 11,983            | 36.48 %            | (599)   | (706)             |
| Liability insurance   | <u>343</u>        | 2.52 %             | <u>(17)</u>   | <u>(27)</u>       |
|                       | <u>\$ 133,631</u> |                    | <u>\$ (6,681)</u>   | <u>\$ (4,665)</u> |

For the three months ended March 31, 2024

| Insurance Type        | Premium Income    | Expected Loss Rate | Impact on Profit or Loss of 5% Increase in Expected Loss Rate |                   |
|-----------------------|-------------------|--------------------|---|-------------------|
|                       |                   |                    | Before Reinsurance  | After Reinsurance |
| Automobile insurance  | \$ 64,352         | 14.78%             | \$ (3,218)  | \$ (3,212)        |
| Marine insurance      | 2,660             | 12.54%             | (133)   | (43)              |
| Fire insurance        | 64,758            | 34.70%             | (3,238)   | (111)             |
| Engineering insurance | 986               | 21.65%             | (42)  | (10)              |
| Accident insurance    | 14,751            | 36.88%             | (738)   | (736)             |
| Liability insurance   | <u>1,278</u>      | 1.67%              | <u>(71)</u>   | <u>(50)</u>       |
|                       | <u>\$ 148,785</u> |                    | <u>\$ (7,440)</u>   | <u>\$ (4,162)</u> |

Note: Expected loss rate is calculated based on the weighted average loss rate of the past five years.

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

p. Risk concentration

1) The Company

a) Situations that may cause concentration of insurance risk

i. Single insurance contract or several related contracts

As of March 31, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the insurance risk management guidelines by the underwriting department, reinsurance department and risk management department or in a project meeting.

ii. Exposure to unanticipated change in trend

As of March 31, 2025, there are no other unexpected changes in 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

Each unit of the Company has appointed a staff for compliance matters. In addition, before executing any external contracts, each unit is required to submit a “Legal Consultation Form” with specific legal questions to the Legal Department for legal advice first to minimize possible legal risk. As of March 31, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

- iv. Correlation and interaction among different risks

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

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

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

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

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

- vi. Concentration of geographic regions and operating segments

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

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

The following table summarizes Cathay Century's concentration of risk before and after for the three months ended March 31, 2025 and 2024 reinsurance by insurance type:

| Insurance Type                                   | For the Three Months Ended March 31, 2025 |                     |                      |                    |        |
|--|---|---------------------|----------------------|--------------------|--------|
|  | Premium Income                            | Reinsurance Premium | Reinsurance Expenses | Net Premium Income | %      |
| Fire insurance                                   | \$ 1,325,388                              | \$ 15,475           | \$ 964,596           | \$ 376,267         | 5.57   |
| Marine insurance                                 | 374,442                                   | 3,476               | 244,336              | 133,582            | 1.98   |
| Land and air insurance                           | 3,933,428                                 | -                   | 280,510              | 3,652,918          | 54.11  |
| Liability insurance                              | 888,846                                   | 5,073               | 307,870              | 586,049            | 8.68   |
| Guarantee insurance                              | 26,315                                    | 695                 | 17,402               | 9,608              | 0.14   |
| Other property insurance                         | 1,004,284                                 | 19,628              | 849,808              | 174,104            | 2.58   |
| Accident insurance                               | 1,147,976                                 | 1,881               | 73,849               | 1,076,008          | 15.94  |
| Health insurance                                 | 111,126                                   | -                   | -                    | 111,126            | 1.65   |
| Policy-oriented residential earthquake insurance | 124,086                                   | 15,968              | 124,086              | 15,968             | 0.24   |
| Compulsory automobile liability insurance        | 720,030                                   | 198,271             | 303,135              | 615,166            | 9.11   |
| Total  | \$ 9,655,921                              | \$ 260,467          | \$ 3,165,592         | \$ 6,750,796       | 100.00 |

| Insurance Type                                   | For the Three Months Ended March 31, 2024 |                     |                      |                    |        |
|--|---|---------------------|----------------------|--------------------|--------|
|  | Premium Income                            | Reinsurance Premium | Reinsurance Expenses | Net Premium Income | %      |
| Fire insurance                                   | \$ 1,144,258                              | \$ 12,045           | \$ 771,869           | \$ 384,434         | 6.29   |
| Marine insurance                                 | 373,587                                   | 3,043               | 309,624              | 67,006             | 1.09   |
| Land and air insurance                           | 3,637,970                                 | 752                 | 206,225              | 3,432,497          | 56.07  |
| Liability insurance                              | 774,154                                   | 1,233               | 254,099              | 521,288            | 8.52   |
| Guarantee insurance                              | 20,456                                    | 393                 | 13,203               | 7,646              | 0.12   |
| Other property insurance                         | 717,688                                   | 23,014              | 719,829              | 20,873             | 0.34   |
| Accident insurance                               | 1,045,956                                 | 2,065               | 80,930               | 967,091            | 15.80  |
| Health insurance                                 | 87,680                                    | -                   | -                    | 87,680             | 1.43   |
| Policy-oriented residential earthquake insurance | 117,011                                   | 17,851              | 117,011              | 17,851             | 0.29   |
| Compulsory automobile liability insurance        | 708,529                                   | 203,759             | 297,197              | 615,091            | 10.05  |
| Total  | \$ 8,627,289                              | \$ 264,155          | \$ 2,769,987         | \$ 6,121,457       | 100.00 |

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

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

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

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

### a) Situations that may cause concentration of insurance risk:

#### i. Single insurance contract or several related contracts

As of March 31, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meetings.

#### ii. Exposure to unanticipated change in trend

As of March 31, 2025, due to the impact of Typhoon Yagi in September, the fire insurance loss ratio increased. However, there has been no impact on business risk at present, and Cathay Insurance Co., Ltd. (Vietnam) will continue monitoring the changes in risk exposure.

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

“The Procedure for Subrogation” and “The Proceedings of the Court” are set up to safeguard the rights of Cathay Insurance Co., Ltd. (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claims. In addition, each unit has appointed staff for compliance matters to minimize possible legal risk. As of March 31, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

#### iv. Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance Co., Ltd. (Vietnam) established the Points for Handling Major Events of Cathay Insurance Co., Ltd. (Vietnam) under which an emergency team is set up in response to the event and executes emergency actions such as resource coordination and fund procurement to protect the rights of the insured and the Company and to maintain financial stability. As of March 31, 2025, there is no interaction among risks resulting from a catastrophe.

#### v. Concentration of geographic regions and operating segments

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



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

The following table summarizes Cathay Insurance (Vietnam)'s concentration of risk before and after for the three months ended March 31, 2025 and 2024 insurance types:

| Insurance Type        | For the Three Months Ended March 31, 2025 |                     |                      |                    |        |
|-----------------------|---|---------------------|----------------------|--------------------|--------|
|                       | Premium Income                            | Reinsurance Premium | Reinsurance Expenses | Net Premium Income | %      |
| Automobile insurance  | \$ 66,650                                 | \$ 7                | \$ 9                 | \$ 66,648          | 77.69  |
| Flood insurance       | 2,077                                     | 355                 | 1,839                | 593                | 0.69   |
| Fire insurance        | 52,184                                    | 6,466               | 52,692               | 5,958              | 6.95   |
| Engineering insurance | 394                                       | 124                 | 238                  | 281                | 0.33   |
| Accident insurance    | 11,983                                    | 9                   | -                    | 11,992             | 13.98  |
| Liability insurance   | 343                                       | 302                 | 329                  | 315                | 0.36   |
| Total                 | \$ 133,631                                | \$ 7,263            | \$ 55,107            | \$ 85,787          | 100.00 |

| Insurance Type        | For the Three Months Ended March 31, 2024 |                     |                      |                    |        |
|-----------------------|---|---------------------|----------------------|--------------------|--------|
|                       | Premium Income                            | Reinsurance Premium | Reinsurance Expenses | Net Premium Income | %      |
| Automobile insurance  | \$ 64,352                                 | \$ 120              | \$ 17                | \$ 64,455          | 73.67  |
| Flood insurance       | 2,660                                     | 84                  | 1,910                | 834                | 0.95   |
| Fire insurance        | 64,758                                    | 4,209               | 63,326               | 5,641              | 6.45   |
| Engineering insurance | 986                                       | 1,063               | 1,153                | 896                | 1.02   |
| Accident insurance    | 14,751                                    | 459                 | -                    | 15,210             | 17.38  |
| Liability insurance   | 1,278                                     | 559                 | 1,379                | 458                | 0.53   |
| Total                 | \$ 148,785                                | \$ 6,494            | \$ 67,785            | \$ 87,494          | 100.00 |

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

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

q. Development trend of claims

1) The Company

March 31, 2025

| Accident Year                        | ≤ 2017     | 2018          | 2019         | 2020          | 2021          | 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 | \$ 8,610,277 |               |
| After the first year                 | -          | 10,063,196    | 11,023,615   | 10,637,168    | 44,819,446    | 14,066,286    | 17,884,366    | -            |               |
| After the second year                | -          | 9,915,122     | 11,009,236   | 10,420,320    | 44,403,185    | 13,935,050    | -             | -            |               |
| After the third year                 | -          | 9,900,713     | 10,856,229   | 10,393,667    | 44,356,297    | -             | -             | -            |               |
| After the fourth year                | -          | 10,203,863    | 10,941,749   | 10,378,088    | -             | -             | -             | -            |               |
| After the fifth year                 | -          | 10,188,477    | 10,943,555   | -             | -             | -             | -             | -            |               |
| After the sixth year                 | -          | 10,190,329    | -            | -             | -             | -             | -             | -            |               |
| Final estimated claim payments       | -          | 10,190,329    | 10,943,555   | 10,378,088    | 44,356,297    | 13,935,050    | 17,884,366    | 8,610,277    |               |
| Accumulated claims disbursed         | -          | 10,149,782    | 10,821,213   | 9,863,831     | 43,480,212    | 12,420,602    | 10,750,297    | 359,765      |               |
|                                      | 277,934    | 40,547        | 122,342      | 514,257       | 876,085       | 1,514,448     | 7,134,069     | 8,250,512    | \$ 18,730,194 |
| Adjustment                           | -          | -             | -            | -             | -             | -             | -             | 312,740      | 312,740       |
| Amount recognized in balance sheet   | \$ 277,934 | \$ 40,547     | \$ 122,342   | \$ 514,257    | \$ 876,085    | \$ 1,514,448  | \$ 7,134,069  | \$ 8,563,252 | \$ 19,042,934 |

## December 31, 2024

| Accident Year                        | ≤2016      | 2017         | 2018          | 2019         | 2020          | 2021          | 2023          | 2024          | Total         |
|--------------------------------------|------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Accumulated estimated claim payments |            |              |               |              |               |               |               |               |               |
| End of the underwriting year         | \$ -       | \$ 9,090,990 | \$ 10,190,448 | \$ 9,508,911 | \$ 10,259,775 | \$ 43,545,821 | \$ 14,539,239 | \$ 18,967,938 |               |
| After the first year                 | -          | 8,574,948    | 10,063,196    | 11,023,615   | 10,637,168    | 44,819,446    | 14,066,286    | -             |               |
| After the second year                | -          | 8,479,083    | 9,915,122     | 11,009,236   | 10,420,320    | 44,403,185    | -             | -             |               |
| After the third year                 | -          | 8,447,631    | 9,900,713     | 10,856,229   | 10,393,667    | -             | -             | -             |               |
| After the fourth year                | -          | 8,413,409    | 10,203,863    | 10,941,749   | -             | -             | -             | -             |               |
| After the fifth year                 | -          | 8,415,865    | 10,188,476    | -            | -             | -             | -             | -             |               |
| After the sixth year                 | -          | 8,418,544    | -             | -            | -             | -             | -             | -             |               |
| Final estimated claim payments       | -          | 8,418,544    | 10,188,476    | 10,941,749   | 10,393,667    | 44,403,185    | 14,066,286    | 18,967,938    |               |
| Accumulated claims disbursed         | -          | 8,394,163    | 10,134,579    | 10,818,573   | 9,842,058     | 43,283,596    | 12,274,525    | 7,393,524     |               |
|                                      | 263,210    | 24,381       | 53,897        | 123,176      | 551,609       | 1,119,589     | 1,791,761     | 11,574,414    | \$ 15,502,037 |
| Adjustment                           | -          | -            | -             | -            | -             | -             | -             | 276,361       | 276,361       |
| Amount recognized in balance sheet   | \$ 263,210 | \$ 24,381    | \$ 53,897     | \$ 123,176   | \$ 551,609    | \$ 1,119,589  | \$ 1,791,761  | \$ 11,850,775 | \$ 15,778,398 |

## March 31, 2024

| Accident Year                        | ≤2016      | 2017         | 2018          | 2019         | 2020          | 2021          | 2023          | 2024         | Total         |
|--------------------------------------|------------|--------------|---------------|--------------|---------------|---------------|---------------|--------------|---------------|
| Accumulated estimated claim payments |            |              |               |              |               |               |               |              |               |
| End of the underwriting year         | \$ -       | \$ 9,090,990 | \$ 10,190,448 | \$ 9,508,911 | \$ 10,259,775 | \$ 43,545,821 | \$ 14,539,239 | \$ 3,676,661 |               |
| After the first year                 | -          | 8,574,948    | 10,063,196    | 11,023,615   | 10,637,168    | 44,819,446    | 13,984,603    | -            |               |
| After the second year                | -          | 8,479,083    | 9,915,122     | 11,009,236   | 10,420,320    | 44,801,602    | -             | -            |               |
| After the third year                 | -          | 8,447,631    | 9,900,713     | 10,856,229   | 10,439,214    | -             | -             | -            |               |
| After the fourth year                | -          | 8,413,409    | 10,203,863    | 10,947,303   | -             | -             | -             | -            |               |
| After the fifth year                 | -          | 8,415,865    | 10,182,145    | -            | -             | -             | -             | -            |               |
| After the sixth year                 | -          | 8,419,597    | 10,182,145    | -            | -             | -             | -             | -            |               |
| Final estimated claim payments       | -          | 8,419,597    | 10,182,145    | 10,947,303   | 10,439,214    | 44,801,602    | 13,984,603    | 3,676,661    |               |
| Accumulated claims disbursed         | -          | 8,389,534    | 9,911,975     | 10,595,096   | 9,701,333     | 42,382,612    | 10,112,296    | 343,487      |               |
|                                      | 246,320    | 30,065       | 270,170       | 352,207      | 737,881       | 2,418,990     | 3,872,307     | 3,333,174    | \$ 11,261,112 |
| Adjustment                           | -          | -            | -             | -            | -             | -             | -             | 236,065      | 236,065       |
| Amount recognized in balance sheet   | \$ 246,320 | \$ 30,063    | \$ 270,170    | \$ 352,207   | \$ 737,881    | \$ 2,418,990  | \$ 3,872,307  | \$ 3,569,239 | \$ 11,497,177 |

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

Note 2: The above tables exclude direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of \$1,485,425 thousand and \$1,394,787 thousand as of March 31, 2025, \$1,457,829 thousand and \$1,383,940 thousand as of December 31, 2024, \$1,604,365 thousand and \$1,429,476 thousand as of March 31, 2024.

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

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

#### r. Credit risk of insurance contract

The main source of the credit risk of insurance contracts is the reinsurance business. The Group arranges its reinsurance business under the Regulations Governing Insurance Enterprises, and it is engaged in operating reinsurance and other risk-diversification mechanisms. Most insurance enterprises choose to have a certain level of credit rating and are qualified for the reinsurance business. The Group regularly monitors the net changes in the credit rating of these enterprises. The Group discloses its transactions with unqualified ceded reinsurers as follows, based on Regulations for the Management of the Reserve for Unqualified Reinsurance.

- 1) The summary of unqualified reinsurance contracts and related insurance type are listed below:

March 31, 2025

| <b>Name</b>  | <b>Type</b>                                 |
|--|---|
| 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 |

December 31, 2024

| <b>Name</b>  | <b>Type</b>                                 |
|--|---|
| Trust International Insurance and Reinsurance Company B.S.C. | Treaty reinsurance of marine insurance      |
| Asia Capital Reinsurance Group Pte Ltd                       | Facultative reinsurance of marine insurance |

March 31, 2024

| <b>Name</b>  | <b>Type</b>                                 |
|--|---|
| Tugu Insurance Company HK                                    | Facultative reinsurance of marine insurance |
| 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 |
| S-Squared Insurance Company, Inc.                            | Facultative reinsurance of fire insurance   |

- 2) For the three months ended March 31, 2025 and 2024, the unqualified ceded reinsurance expense is \$0 thousand and \$14,747 thousand, respectively.
- 3) The reserves for unauthorized reinsurance consist of:

|  | <b>March 31, 2025</b> | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|--|-----------------------|--------------------------|-----------------------|
| Unearned premium reserve   | \$ -                  | \$ -                     | \$ 7,374              |
| Claims recoverable from reinsurers of paid claims overdue in nine months | 146                   | 168                      | 166                   |
| Claims recoverable from reinsurers which were reported but unpaid        | <u>87</u>             | <u>92</u>                | <u>120</u>            |
|  | <u>\$ 233</u>         | <u>\$ 260</u>            | <u>\$ 7,660</u>       |

### 35. INFORMATION OF DISCRETIONARY INVESTMENTS

|                | <b>March 31, 2025</b> | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|----------------|-----------------------|--------------------------|-----------------------|
| Listed stocks  | \$ 2,031,800          | \$ 2,871,807             | \$ 2,574,204          |
| Bank deposit   | 776,564               | 460,526                  | 566,202               |
| Future margins | <u>38,646</u>         | <u>38,646</u>            | <u>38,437</u>         |
|                | <u>\$ 2,847,010</u>   | <u>\$ 3,370,979</u>      | <u>\$ 3,178,843</u>   |

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

As of March 31, 2025, December 31, 2024 and March 31, 2024 the discretionary investment limits is \$1,200,000 thousand.

### 36. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

#### a. Unconsolidated structured entities

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

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

#### b. As of March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

|                                    | <b>March 31, 2025</b> | <b>December 31, 2024</b> | <b>March 31, 2024</b> |
|------------------------------------|-----------------------|--------------------------|-----------------------|
| Securitization vehicle             |                       |                          |                       |
| Financial assets at FVTPL          | \$ 327,178            | \$ 318,557               | \$ 331,492            |
| Financial assets at amortized cost | <u>293,021</u>        | <u>322,496</u>           | <u>322,493</u>        |
|                                    | <u>\$ 620,199</u>     | <u>\$ 641,053</u>        | <u>\$ 653,985</u>     |

**TABLE 1****CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES****BALANCE SHEET OF COMPULSORY AUTOMOBILE LIABILITY INSURANCE**  
**(In Thousands of New Taiwan Dollars)**

| Items                                    | Amount            |                      |                   | Items                                    | Amount            |                      |                   |
|--|-------------------|----------------------|-------------------|--|-------------------|----------------------|-------------------|
| Assets                                   | March 31,<br>2025 | December 31,<br>2024 | March 31,<br>2024 | Liabilities                              | March 31,<br>2025 | December 31,<br>2024 | March 31,<br>2024 |
| Cash and bank deposits                   | \$ 2,964,291      | \$ 2,911,612         | \$ 2,598,920      | Notes payable                            | \$ -              | \$ -                 | \$ -              |
| Notes receivable                         | 6,099             | 5,646                | 5,919             | Claims payable                           | -                 | -                    | -                 |
| Premiums receivable                      | 2,466             | 6,690                | 5,187             | Reinsurance indemnity payable            | -                 | -                    | -                 |
| Claims recoverable from reinsurers       | 140,848           | 153,164              | 147,098           | Due to reinsurers and ceding companies   | 215,282           | 233,123              | 193,409           |
| Due from reinsurers and ceding companies | 131,083           | 131,607              | 129,846           | Unearned premium reserves                | 1,782,698         | 1,780,873            | 1,749,953         |
| Other receivables                        | -                 | -                    | -                 | Loss reserves                            | 2,144,007         | 2,121,917            | 2,249,266         |
| Financial assets at FVTOCI               | 654,789           | 654,599              | 667,696           | Special reserves                         | 1,423,515         | 1,388,959            | 1,080,815         |
| Ceded unearned premium reserve           | 778,048           | 775,557              | 761,331           | Temporary receipts and suspense accounts | -                 | -                    | -                 |
| Ceded loss reserve                       | 884,835           | 870,411              | 950,485           | Other liabilities                        | -                 | -                    | -                 |
| Temporary payments and suspense accounts | 3,043             | 15,586               | 6,961             |  |                   |                      |                   |
| Other assets                             | -                 | -                    | -                 |  |                   |                      |                   |
| Total assets                             | \$ 5,565,502      | \$ 5,524,872         | \$ 5,273,443      | Total liabilities                        | \$ 5,565,502      | \$ 5,524,872         | \$ 5,273,443      |

**TABLE 2****CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES****OPERATING REVENUE AND COST OF COMPULSORY AUTOMOBILE LIABILITY**  
**(In Thousands of New Taiwan Dollars)**

| Item   | For the Three Months Ended<br>March 31 |            |
|--|--|------------|
|  | 2025                                   | 2024       |
| Operating revenues                                   | \$ 406,930                             | \$ 398,692 |
| Written premium                                      | 505,225                                | 495,328    |
| Reinsurance premium                                  | 198,271                                | 203,759    |
| Premiums income                                      | 703,496                                | 699,087    |
| Less: Reinsurance expenses                           | (303,135)                              | (297,197)  |
| Net changes in unearned premium reserve              | 666                                    | (7,412)    |
| Earned retained premium                              | 401,027                                | 394,478    |
| Interest income                                      | 5,903                                  | 4,214      |
| Operating costs (Note)                               | 418,863                                | 422,123    |
| Retained claims payments                             | 476,708                                | 499,260    |
| Reinsurance claims payments                          | 181,914                                | 189,667    |
| Less: Claim and payments recoverable from reinsurers | (281,981)                              | (289,143)  |
| Retained claims payments                             | 376,641                                | 399,784    |
| Net change in loss reserve                           | 7,666                                  | 11,824     |
| Net change in special reserve                        | 34,556                                 | 10,515     |

Note: Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11004107771, the Company is required to make reserve (recognized as expenses) in relation to this particular service at \$30 per insurance policy on a monthly basis starting from April 1, 2021 ; Pursuant to Instruction Jin-Guan-Bao-Chan-Zi No. 11304922071, the Company is required to make reserve (recognized as expenses) in relation to this particular service at \$15 per insurance policy on a monthly basis starting from October 1, 2024.

**TABLE 3**

**CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES**

**TRANSACTIONS WITH RELATED PARTIES INVOLVING MAIN BUSINESS ITEMS REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(In Thousands of New Taiwan Dollars)**

| The Company Involving<br>Main Business Items | Related Party                      | Relationship      | Transaction Details |            |               |                    | Abnormal Transaction (Note 1) |               | Notes/Accounts<br>Receivable (Payable) |               | Note<br>(Note 2) |
|--|------------------------------------|-------------------|---------------------|------------|---------------|--------------------|-------------------------------|---------------|--|---------------|------------------|
|  |                                    |                   | Purchase/<br>Sale   | Amount     | % of<br>Total | Payment Terms      | Unit Price                    | Payment Terms | Ending<br>Balance                      | % of<br>Total |                  |
| Cathay Century Insurance<br>Co., Ltd.        | Cathay Life Insurance Co.,<br>Ltd. | Fellow subsidiary | Premiums<br>income  | \$ 144,904 | 1.44          | Based on agreement | \$ -                          | -             | \$ 140,803                             | 4.86          |                  |

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

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

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

**TABLE 4**

**CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name                       | Related Party                   | Relationship      | Ending Balance<br>(Note 1) | Turnover Rate<br>(Times) | Overdue |               | Amount<br>Received in<br>Subsequent<br>Period | Allowance for<br>Impairment<br>Loss |
|------------------------------------|---------------------------------|-------------------|----------------------------|--------------------------|---------|---------------|---|-------------------------------------|
|                                    |                                 |                   |                            |                          | Amount  | Actions Taken |   |                                     |
| Cathay Century Insurance Co., Ltd. | Cathay Life Insurance Co., Ltd. | Fellow subsidiary | \$ 140,803                 | 8.16                     | \$ -    | -             | \$ 140,800                                    | \$ -                                |

Note: It is mainly related to premiums receivable.



CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Investee Company                   | Counterparty                         | Relationship<br>(Note 2) | Transaction Details          |          |                    |   |
|-----------------|------------------------------------|--------------------------------------|--------------------------|------------------------------|----------|--------------------|---|
|                 |                                    |                                      |                          | Financial Statement Accounts | Amount   | Payment Terms      | % of Total<br>Sales or Assets<br>(Note 3) |
| 0               | Cathay Century Insurance Co., Ltd. | Cathay Insurance Co., Ltd. (Vietnam) | a                        | Reinsurance premium          | \$ 1,899 | Based on agreement | 0.02                                      |

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

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

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: Information disclosed in this Table includes balances and transactions that have been eliminated on consolidation between the Group and its subsidiaries.

**TABLE 6**

**CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company                   | Investee Company                     | Location | Main Businesses and Products  | Original Investment Amount |                   | As of March 31, 2025 |     |                 | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|------------------------------------|--------------------------------------|----------|-------------------------------|----------------------------|-------------------|----------------------|-----|-----------------|-----------------------------------|------------------------|------|
|                                    |                                      |          |                               | March 31, 2025             | December 31, 2024 | Number of Shares     | %   | Carrying Amount |                                   |                        |      |
| Cathay Century Insurance Co., Ltd. | Cathay Insurance Co., Ltd. (Vietnam) | Vietnam  | Property insurance businesses | \$ 845,585                 | \$ 845,585        | -                    | 100 | \$ 745,197      | \$ 4,321                          | \$ 4,321               | Note |

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

TABLE 7

CATHAY CENTURY INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company                   | Main Businesses and Products  | Paid-in Capital                        | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 3) | Carrying Amount as of March 31, 2025 | Accumulated Repatriation of Investment Income as of March 31, 2025 |
|------------------------------------|-------------------------------|--|-------------------------------|---|---------------------|--------|--|-----------------------------------|--|---------------------------------|--------------------------------------|--|
|                                    |                               |  |                               |   | Outward             | Inward |  |                                   |  |                                 |                                      |  |
| Cathay Insurance Co., Ltd. (China) | Property insurance businesses | \$ 12,196,844 (CNY 2,632,653 thousand) | a                             | \$ 2,964,730  | \$ -                | \$ -   | \$ 2,964,730   | \$ 185,045                        | 24.5   | \$ 45,336                       | \$ 2,482,925                         | \$ -   |

| Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2025 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4) |
|---|---|---|
| \$2,964,730 (CNY645,000 thousand)   | \$2,964,730 (CNY645,000 thousand)                               | \$10,863,333  |

- Note 1: The investment amount is calculated based on historic exchange rate, and other columns are disclosed based on the exchange rate on March 31, 2025.
- Note 2: Investment type is as follows:
- a. The Company made the investment directly.
  - b. The Company made the investment through a company registered in a third region.
  - c. Others.
- Note 3: The calculation was based on unreviewed financial statement.
- Note 4: The limit is up to 60% of the investor’s net worth as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.
- Note 5: On December 31, 2006, according to letter No. 094022847 issued by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the Company is authorized to invest US\$28,963 thousand and establish an insurance subsidiary, engaging in the property insurance business. On October 8, 2007, according to letter No. 1272 (2007) issued by China Insurance Regulatory Commission (CIRC), the Company is authorized to establish a property insurance company in the form of joint venture with Cathay Life Insurance. The joint venture company named Cathay Insurance Company Ltd. (China) was established in Shanghai and has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, according to letter No. 10200136010 issued by the MOEAIC, the Company is authorized to remit CNY200,000 thousand to increase the share capital. The Company was authorized by CIRC to remit CNY100,000 thousand each on June 13, 2013 and March 18, 2014. On November 23, 2018, according to No. 10700281680 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 issued by the MOEAIC, the Company was authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 31, 2022, according to No. 11100514060 issued by the MOEAIC, the Company was authorized to write down CNY245,000 thousand which had been remitted according to No. 10800291980 issued by the MOEAIC. As of March 31, 2025, the Company has remitted US\$97,292 thousand in total.
- Note 6: The relevant information about Cathay Insurance Co., Ltd. (China) is as follows:
- a. The location: Shanghai, China.
  - b. Status of capital operation and related income: As of March 31, 2025, the assets for investments of Cathay Insurance Co., Ltd. (China) were \$7,527,947 thousand, and the net investment loss was \$133,008 thousand.

(Continued)

c. Reserves recognized and balances of reserves:

As of March 31, 2025, the balances of reserves of Cathay Insurance Co., Ltd. (China) were as follows:

|                          | March 31, 2025       |
|--------------------------|----------------------|
| Unearned premium reserve | \$ 8,408,751         |
| Loss reserve             | <u>4,766,972</u>     |
|                          | <u>\$ 13,175,723</u> |

Reserves recognized as follows:

- 1) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of the unearned premium reserve is based on the unexpired risk.
  - 2) Loss reserve: The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on past experiences with actual claims and expenses in line with actuarial principles.
  - 3) Policy reserve: Reserve in accordance with the life table and interest rates by reserves regulations and laws of the mainland China and Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.
- d. Percentage of the premium income: For the three months ended March 31, 2025, the premium income of Cathay Insurance Company Limited (China) amounted to \$5,339,018 thousand, and the percentage of the Company’s premium income is 53.84%.
- e. Percentage of insurance claim and payments: For the three months ended March 31, 2025, the insurance claim and payments of Cathay Insurance Company Limited (China) amounted to \$3,518,597 thousand, and the percentage of the Company’s insurance claim and payments is 73.33%.

(Concluded)