

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2025 and 2024 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATHAY LIFE INSURANCE CO., LTD.

By

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MING-HO HSIUNG  
Chairman

March 11, 2026

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Cathay Life Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2025 are as follows:

#### Valuation of Policy Reserve

The management of Cathay Life Insurance Co., Ltd. adopted the actuarial model and its related multiple significant assumptions for the estimation of the policy reserve. Significant assumptions in the measurement of the policy reserve include the mortality rate, discount rate, lapse rate, morbidity rate, etc. These assumptions are made based on legislation and regulations, taking into consideration its actual experience as well as industry-specific experience. Since any changes in the actuarial model and significant assumptions may lead to a material impact on the estimation results of the policy reserve, the valuation of policy reserves was identified as a key audit matter. For related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 26 to the accompanying consolidated financial statements.

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

1. We obtained an understanding of the internal controls related to management's valuation of policy reserves as well as evaluated the operating effectiveness of these internal controls.
2. We obtained the actuarial report issued by the contracted actuary, which was used as the basis for the management's valuation of policy reserves, and evaluated the contracted actuary's professional competence and capability.
3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:
  - a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.
  - b. Evaluated the actuarial model and significant assumptions used in the valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.
  - c. Performed profiling tests on long-term insurance policies as of December 31, 2025 to identify any abnormalities in the recognized amounts of policy reserve on each individual insurance policy.
  - d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the year ended December 31, 2025.

## Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, the Company used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of fair values involve significant judgments and estimates, we determined the assessment of the fair values of investment properties as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 16 to the accompanying consolidated financial statements.

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

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and verified the qualification of the appraisers.
2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by the management, including the appraisal methods, main parameters and discount rates.

### **Other Matter**

We have also audited the parent company only financial statements of Cathay Life Insurance Co., Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Shiu-Ran Cheng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2026

Notice to Readers

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

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

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 37)	\$ 280,967,668	3	\$ 216,664,932	2
RECEIVABLES (Notes 4, 5, 7 and 37)	112,530,397	1	134,320,811	2
CURRENT TAX ASSETS (Note 4)	137,040	-	9,874	-
INVESTMENTS				
Financial assets at fair value through profit or loss (Notes 4, 5, 8, 37 and 42)	1,586,650,127	17	1,726,152,402	19
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 40 and 42)	889,340,149	10	647,793,931	7
Financial assets measured at amortized cost (Notes 4, 5, 14, 40 and 42)	4,079,499,577	45	4,320,018,167	48
Financial assets for hedging (Notes 4, 5 and 10)	36,010	-	6,615	-
Investments accounted for using the equity method (Notes 4, 13 and 40)	77,783,721	1	59,531,996	1
Other financial assets (Note 15)	1,499,643	-	-	-
Investment property (Notes 4, 5, 16 and 37)	563,226,573	6	545,007,264	6
Investment property under construction (Notes 4, 16 and 37)	20,899,061	-	14,779,174	-
Prepayments for buildings and land - investments (Notes 4 and 16)	977,717	-	1,097,313	-
Loans (Notes 4, 5, 17 and 37)	421,742,653	5	402,349,780	4
Total investments	<u>7,641,655,231</u>	<u>84</u>	<u>7,716,736,642</u>	<u>85</u>
REINSURANCE ASSETS (Notes 4, 18 and 26)	2,169,149	-	2,321,984	-
PROPERTY AND EQUIPMENT (Notes 4, 19 and 40)	41,078,154	1	41,132,343	-
RIGHT-OF-USE ASSETS (Notes 4, 20 and 37)	1,159,815	-	1,403,664	-
INTANGIBLE ASSETS (Notes 4 and 21)	20,976,738	-	22,810,143	-
DEFERRED TAX ASSETS (Notes 4 and 36)	67,335,088	1	77,042,155	1
OTHER ASSETS (Notes 22, 37 and 40)	73,648,185	1	90,980,568	1
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 38)	<u>840,120,906</u>	<u>9</u>	<u>790,958,446</u>	<u>9</u>
TOTAL	<u>\$ 9,081,778,371</u>	<u>100</u>	<u>\$ 9,094,381,562</u>	<u>100</u>
LIABILITIES AND EQUITY				
PAYABLES (Notes 23 and 37)	\$ 26,411,245	-	\$ 32,590,526	1
CURRENT TAX LIABILITIES (Note 4)	411,720	-	301,899	-
SHORT-TERM DEBT (Note 24)	1,484,601	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 8 and 42)	59,859,830	1	70,517,679	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 10)	919,871	-	2,591,575	-
BONDS PAYABLE (Notes 25 and 37)	193,603,582	2	195,257,330	2
OTHER FINANCIAL LIABILITIES (Note 42)	39,209,760	1	30,325,544	-
INSURANCE LIABILITIES (Notes 4, 5 and 26)				
Unearned premium reserve	24,158,621	-	23,210,123	-
Loss reserve	15,451,972	-	15,257,619	-
Policy reserve	6,936,340,708	77	7,034,523,396	78
Special reserve	29,877	-	11,106,980	-
Premium deficiency reserve	5,966,081	-	5,719,451	-
Other reserve	89,879	-	1,818,394	-
Total insurance liabilities	<u>6,982,037,138</u>	<u>77</u>	<u>7,091,635,963</u>	<u>78</u>
RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS (Notes 4 and 27)	1,491,520	-	26,861,096	-
RESERVE FOR FOREIGN EXCHANGE VALUATION (Notes 4 and 28)	113,806,568	1	27,514,387	-
PROVISIONS (Notes 4 and 30)	56,245	-	56,245	-
LEASE LIABILITIES (Notes 4, 20 and 37)	15,758,222	-	15,874,291	-
DEFERRED TAX LIABILITIES (Notes 4 and 36)	44,826,674	1	75,022,985	1
OTHER LIABILITIES (Notes 31 and 37)	11,453,024	-	17,200,198	-
SEPARATE ACCOUNT INSURANCE PRODUCT LIABILITIES (Notes 4 and 38)	<u>840,120,906</u>	<u>9</u>	<u>790,958,446</u>	<u>9</u>
Total liabilities	<u>8,331,450,906</u>	<u>92</u>	<u>8,376,708,164</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 33)				
Share capital				
Ordinary shares	63,515,274	1	63,515,274	1
Capital surplus	91,914,104	1	91,938,672	1
Retained earnings				
Legal reserve	72,298,082	1	58,377,758	1
Special reserve	547,117,433	6	491,399,453	5
Unappropriated earnings	61,071,739	-	67,900,347	1
Total retained earnings	<u>680,487,254</u>	<u>7</u>	<u>617,677,558</u>	<u>7</u>
Other equity	(86,887,335)	(1)	(68,634,431)	(1)
Total equity attributable to owners of the Company	749,029,297	8	704,497,073	8
NON-CONTROLLING INTERESTS (Notes 4, 33 and 48)	1,298,168	-	13,176,325	-
Total equity	<u>750,327,465</u>	<u>8</u>	<u>717,673,398</u>	<u>8</u>
TOTAL	<u>\$ 9,081,778,371</u>	<u>100</u>	<u>\$ 9,094,381,562</u>	<u>100</u>

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

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	2025		2024	
	Amount	%	Amount	%
<b>OPERATING REVENUE</b>				
Retained earned premium (Notes 4, 29 and 37)				
Written premium	\$ 449,091,788	57	\$ 433,445,414	53
Reinsurance premium	<u>(28,193)</u>	<u>-</u>	<u>88,010</u>	<u>-</u>
Premium income	449,063,595	57	433,533,424	53
Less: Reinsurance expense	(2,885,056)	(1)	(2,861,395)	-
Net changes in unearned premium reserve (Notes 4 and 26)	<u>(1,208,013)</u>	<u>-</u>	<u>(1,737,399)</u>	<u>-</u>
Total retained earned premium	444,970,526	56	428,934,630	53
Reinsurance commission income	652,007	-	317,717	-
Fee income (Notes 37 and 38)	13,300,169	2	13,542,387	2
Net investment incomes (losses)				
Interest income (Notes 4, 35 and 37)	208,922,595	26	207,279,612	25
Gain (loss) on financial assets and liabilities at fair value through profit or loss (Notes 4 and 8)	173,254,220	22	(116,346,251)	(14)
Gain (loss) on derecognition of financial assets measured at amortized cost (Notes 4 and 14)	2,251,667	-	(504,299)	-
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 9)	8,790,388	1	7,163,409	1
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	3,485,239	1	2,777,077	-
Foreign exchange (loss) gain	(123,384,966)	(16)	210,956,678	26
Net changes in reserve for foreign exchange valuation (Notes 4 and 28)	(71,658,752)	(9)	(6,741,061)	(1)
Gain on investment property (Notes 4, 16 and 37)	22,579,710	3	13,934,570	2
Expected credit loss on investments (Notes 4 and 35)	(2,419,357)	-	(1,838,259)	-
Other net investment income (Note 37)	637,687	-	150,505	-
Gain (loss) on reclassification using overlay approach (Notes 4 and 8)	28,731,775	4	(16,313,576)	(2)
Other operating revenue (Note 37)	1,582,142	-	1,550,323	-
Separate account insurance product income (Notes 4 and 38)	<u>80,394,157</u>	<u>10</u>	<u>67,116,912</u>	<u>8</u>
Total operating revenue	<u>792,089,207</u>	<u>100</u>	<u>811,980,374</u>	<u>100</u>

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# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	2025		2024	
	Amount	%	Amount	%
<b>OPERATING COSTS</b>				
Retained claims payments (Notes 4, 29 and 37)				
Insurance claims payments	\$ 455,952,237	57	\$ 477,971,769	59
Less: Claims and payments recovered from reinsurers	<u>(1,556,141)</u>	<u>-</u>	<u>(2,121,479)</u>	<u>(1)</u>
Total retained claims payments	454,396,096	57	475,850,290	58
Net changes in other insurance liabilities (Notes 4, 5 and 26)				
Net changes in loss reserve	749,878	-	1,986,328	-
Net changes in policy reserve	109,171,365	14	110,025,897	14
Net changes in special reserve	6,221	-	16,441	-
Net changes in premium deficiency reserve	284,420	-	(1,127,489)	-
Net changes in other reserve	<u>(28,515)</u>	<u>-</u>	<u>(15,859)</u>	<u>-</u>
Total net changes in other insurance liabilities	110,183,369	14	110,885,318	14
Net changes in reserve for insurance contracts with the nature of financial products (Notes 4 and 27)	1,945,558	-	2,105,199	-
Underwriting expenses (Note 35)	16,823,031	2	16,922,111	2
Commission expenses (Note 35)	23,440,652	3	21,615,323	3
Finance costs (Notes 25 and 37)	11,384,371	2	7,417,917	1
Other operating costs (Note 37)	8,626,269	1	8,485,666	1
Separate account insurance product expenses (Notes 4 and 38)	<u>80,394,157</u>	<u>10</u>	<u>67,116,912</u>	<u>8</u>
Total operating costs	<u>707,193,503</u>	<u>89</u>	<u>710,398,736</u>	<u>87</u>
<b>OPERATING EXPENSES (Notes 35 and 37)</b>				
General expenses	18,201,913	3	15,765,020	2
Administrative expenses	17,994,373	2	16,378,587	2
Employee training expenses	74,340	-	75,236	-
Expected credit loss on non-investment (Notes 4 and 35)	<u>4,232</u>	<u>-</u>	<u>20,697</u>	<u>-</u>
Total operating expenses	<u>36,274,858</u>	<u>5</u>	<u>32,239,540</u>	<u>4</u>

(Continued)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING INCOME	\$ 48,620,846	6	\$ 69,342,098	9
NON-OPERATING INCOME AND EXPENSES (Notes 35 and 37)	<u>2,527,731</u>	<u>-</u>	<u>2,538,391</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	51,148,577	6	71,880,489	9
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 36)	<u>5,416,342</u>	<u>1</u>	<u>(5,624,329)</u>	<u>(1)</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>56,564,919</u>	<u>7</u>	<u>66,256,160</u>	<u>8</u>
PROFIT FROM DISCONTINUED OPERATIONS (Note 11)	<u>-</u>	<u>-</u>	<u>1,023,944</u>	<u>-</u>
NET PROFIT	<u>56,564,919</u>	<u>7</u>	<u>67,280,104</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 33)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,040,196	-	3,011,253	-
Gain on equity instruments at fair value through other comprehensive income	9,326,907	1	22,322,896	3
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	151,605	-	(69,602)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 36)	112,675	-	(703,549)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(2,370,463)	-	2,426,651	1
Loss on hedging instruments	(1,553,736)	-	(1,088,655)	-
Gain (loss) on debt instruments at fair value through other comprehensive income	15,238,567	2	(24,019,465)	(3)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	(4,263,770)	(1)	1,363,974	-

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# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Other comprehensive (loss) income reclassified using overlay approach	\$ (28,731,775)	(4)	\$ 16,313,576	2
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 36)	<u>(2,416,250)</u>	<u>-</u>	<u>1,860,255</u>	<u>-</u>
Total other comprehensive (loss) income, net of income tax	<u>(13,466,044)</u>	<u>(2)</u>	<u>21,417,334</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 43,098,875</u>	<u>5</u>	<u>\$ 88,697,438</u>	<u>11</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 56,575,280	7	\$ 66,883,309	8
Non-controlling interests	<u>(10,361)</u>	<u>-</u>	<u>396,795</u>	<u>-</u>
	<u>\$ 56,564,919</u>	<u>7</u>	<u>\$ 67,280,104</u>	<u>8</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 44,624,335	5	\$ 84,110,574	10
Non-controlling interests	<u>(1,525,460)</u>	<u>-</u>	<u>4,586,864</u>	<u>1</u>
	<u>\$ 43,098,875</u>	<u>5</u>	<u>\$ 88,697,438</u>	<u>11</u>
EARNINGS PER SHARE (Note 34)				
From continuing and discontinued operations				
Basic earnings per share	<u>\$ 8.91</u>		<u>\$ 10.53</u>	
From continuing operations				
Basic earnings per share	<u>\$ 8.91</u>		<u>\$ 10.38</u>	

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

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company														
	Equity Attributable to Owners of the Company					Other Equity							Non-controlling Interests	Total Equity	
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain or (Loss) on Hedging Instruments	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Other			Total
BALANCE ON JANUARY 1, 2024	\$ 63,515,274	\$ 91,588,303	\$ 55,071,783	\$ 478,075,900	\$ 14,928,256	\$ (10,989,545)	\$ (13,995,150)	\$ 510,499	\$ 1,690,843	\$ 405,764	\$ (60,621,148)	\$ (1,762,024)	\$ 618,418,755	\$ 9,456,250	\$ 627,875,005
Appropriation of 2023 earnings	-	-	3,305,975	-	(3,305,975)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	3,305,975	-	(3,305,975)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	22,622,909	(22,622,909)	-	-	-	-	-	-	-	-	-	-
Special reserve offset deficits	-	-	-	(5,488,104)	5,488,104	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,512,524)	5,512,524	-	-	-	-	-	-	-	-	-	-
Provision of special reserve for catastrophic events and fluctuation of risks	-	-	-	1,683,615	(1,683,615)	-	-	-	-	-	-	-	-	-	-
Provision of special reserve for personal insures travel insurance	-	-	-	17,657	(17,657)	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	350,369	-	-	(135,700)	-	(8,949)	-	-	-	-	-	205,720	-	205,720
Disposals of investments in subsidiaries accounted for using the equity method	-	-	-	-	94	-	(94)	-	-	-	-	1,762,024	1,762,024	-	1,762,024
Net profit for the year ended December 31, 2024	-	-	-	-	66,883,309	-	-	-	-	-	-	-	66,883,309	396,795	67,280,104
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	3,305,587	2,805,148	(864,766)	2,442,007	(3,706)	9,542,995	-	17,227,265	4,190,069	21,417,334
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	66,883,309	3,305,587	2,805,148	(864,766)	2,442,007	(3,706)	9,542,995	-	84,110,574	4,586,864	88,697,438
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	2,853,916	-	(2,853,916)	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(866,789)	(866,789)
BALANCE ON DECEMBER 31, 2024	63,515,274	91,938,672	58,377,758	491,399,453	67,900,347	(7,683,958)	(14,052,961)	(354,267)	4,132,850	402,058	(51,078,153)	-	704,497,073	13,176,325	717,673,398
Appropriation of 2024 earnings	-	-	13,920,324	-	(13,920,324)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	13,920,324	-	(13,920,324)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	59,324,090	(59,324,090)	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,344,067)	5,344,067	-	-	-	-	-	-	-	-	-	-
Provision of special reserve for catastrophic events and fluctuation of risks	-	-	-	1,719,219	(1,719,219)	-	-	-	-	-	-	-	-	-	-
Provision of special reserve for personal insures travel insurance	-	-	-	18,738	(18,738)	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	(16,248)	-	-	(339)	-	339	-	-	-	-	-	(16,248)	-	(16,248)
Disposals of investments in subsidiaries accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,964,043)	(9,964,043)
Changes in ownership interests in subsidiaries	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	(75,863)	(309,600)	(385,463)
Net profit for the year ended December 31, 2025	-	-	-	-	56,575,280	-	-	-	-	-	-	-	56,575,280	(10,361)	56,564,919
Other comprehensive (loss) income for the year ended December 31, 2025, net of income tax	-	-	-	-	-	(1,638,157)	22,109,548	(1,242,697)	826,902	-	(32,006,541)	-	(11,950,945)	(1,515,099)	(13,466,044)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	56,575,280	(1,638,157)	22,109,548	(1,242,697)	826,902	-	(32,006,541)	-	44,624,335	(1,525,460)	43,098,875
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	6,302,298	-	(6,302,298)	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,054)	(79,054)
BALANCE ON DECEMBER 31, 2025	\$ 63,515,274	\$ 91,914,104	\$ 72,298,082	\$ 547,117,433	\$ 61,071,739	\$ (9,322,115)	\$ 1,754,628	\$ (1,596,964)	\$ 4,959,752	\$ 402,058	\$ (83,084,694)	\$ -	\$ 749,029,297	\$ 1,298,168	\$ 750,327,465

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

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax from continuing operations	\$ 51,148,577	\$ 71,880,489
Profit before income tax from discontinued operations	-	2,514,676
Profit before income tax	<u>51,148,577</u>	<u>74,395,165</u>
Adjustments for:		
Depreciation expenses	2,321,509	2,293,742
Amortization expenses	2,055,439	2,146,472
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(159,693,624)	128,071,606
Realized gain on financial assets at fair value through other comprehensive income	(2,608,665)	(939,986)
(Gain) loss on derecognition of financial assets measured at amortized cost	(2,251,667)	504,299
Interest expense	12,068,559	7,687,723
Interest income	(208,922,595)	(207,313,263)
Dividend income	(19,742,319)	(18,008,365)
Net changes in insurance liabilities	42,043,863	216,918,607
Net changes in reserve for insurance contracts with the nature of financial products	1,204,933	3,336,897
Net changes in reserve for foreign exchange valuation	71,658,752	6,741,061
Expected credit loss on investments	2,419,357	1,838,259
Expected credit loss on non-investments	4,232	20,697
Share of profit of associates and joint ventures accounted for using the equity method	(3,485,239)	(2,777,077)
(Gain) loss on reclassification using overlay approach	(28,731,775)	16,313,576
Loss on disposal and retirement of property and equipment	749	723
Gain on disposal of investments accounted for using the equity method	-	(6,766)
Gain on changes in fair value of investment property	(8,395,532)	(587,594)
Gain on disposal of subsidiary and other	(247,306)	(2,636,626)
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	346,497,355	164,278,126
Increase in financial assets at fair value through other comprehensive income	(214,550,339)	(79,724,172)
Decrease (increase) in financial assets measured at amortized cost	240,809,029	(275,972,922)
Increase in financial assets for hedging	(9,587)	(74,149)
Increase in other financial assets	(1,500,000)	-
Decrease (increase) in notes receivable	59,070	(20,464)
Decrease (increase) in other receivables	8,279,607	(27,638,099)
Decrease (increase) in prepaid expenses and other prepayments	87,538	(1,267,392)
Decrease (increase) in guarantee deposits paid	14,615,054	(49,771,917)
Decrease (increase) in reinsurance assets	161,876	(398,312)
(Increase) decrease in other assets	(931,013)	815,325
Decrease in financial liabilities at fair value through profit or loss	(226,877,846)	(301,256,492)
Decrease in financial liabilities for hedging	(3,245,248)	(466,338)

(Continued)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
(Decrease) increase in notes payable	\$ (890,850)	\$ 91,990
(Decrease) increase in claims payable	(22,810)	34,956
(Decrease) increase in other payables	(6,302,235)	10,123,357
Decrease in due to reinsurers and ceding companies	(9,974)	(328,527)
Increase in commissions payable	700,638	1,143,630
Decrease in advance receipts	(8,662)	(36,343)
Increase (decrease) in guarantee deposits received	312,947	(12,686,395)
Decrease in deferred fee income	(36,552)	(54,886)
(Decrease) increase in other liabilities	<u>(5,625,645)</u>	<u>11,894,120</u>
Cash used in operations	(97,640,399)	(333,315,754)
Interest received	206,339,297	203,062,994
Dividends received	21,201,623	18,753,822
Interest paid	(10,962,572)	(4,970,095)
Income tax (paid) refunded	<u>(2,443,417)</u>	<u>7,456,441</u>
Net cash generated from (used in) operating activities	<u>116,494,532</u>	<u>(109,012,592)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	(10,346,859)	(3,761,119)
Proceeds from disposal of investments accounted for using the equity method	-	26,520
Acquisition of subsidiaries (net of cash acquired)	637	-
Disposal of subsidiary	(15,663,780)	(3,787,537)
Proceeds from return of capital on reduction of investments accounted for using the equity method	206,578	291,320
Acquisition of property and equipment	(1,918,079)	(2,315,454)
Proceeds from disposal of property and equipment	43	505
Acquisition of intangible assets	(261,902)	(282,279)
(Increase) decrease in loans	(25,429,637)	1,442,264
Acquisition of investment property	<u>(14,783,032)</u>	<u>(16,563,310)</u>
Net cash used in investing activities	<u>(68,196,031)</u>	<u>(24,949,090)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial papers payable	1,484,601	-
Increase in other financial liabilities	8,462,610	22,650,405
Repayments of the principal portion of lease liabilities	(558,500)	(629,235)
Proceeds from issuance of bonds	-	79,739,712
Acquisition of additional interests in subsidiaries	(386,100)	-
Changes in non-controlling interests	<u>(79,054)</u>	<u>(335,896)</u>
Net cash generated from financing activities	<u>8,923,557</u>	<u>101,424,986</u>

(Continued)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

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	2025	2024
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>7,080,678</u>	\$ <u>(2,045,460)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64,302,736	(34,582,156)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>216,664,932</u>	<u>251,247,088</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 280,967,668</u>	<u>\$ 216,664,932</u>

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

(Concluded)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 11, 2026.

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

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

#### Identification of related parties

In accordance with the Q&A “Identification of Related Parties” issued by the ARDF in June 2025, the Group has reassessed its relationship with funds managed by the investment trust company to determine whether it exercises control or significant influence, or if it solely provides key management services to them. Since the fellow subsidiary only provides key management services to certain managed funds, the previous identification of related parties based on the Q&A issued by the ARDF in July 2013 was revised. Accordingly, these funds are no longer identified as related parties of the Group, effective from January 1, 2025. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 needs not to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

- b. The Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

1) IFRS 17 “Insurance Contracts”(including the 2020 and 2021 amendments to IFRS 17)

Under the current financial reporting framework, insurance contracts and financial instruments with or without discretionary participation features are accounted for in accordance with the requirements of IFRS 4 and the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises. The related policy reserves are determined and certified by qualified actuaries approved by the FSC. Please refer to Note 4, summary of material accounting policy information.

In accordance with the regulations of the FSC, the date of initial application of IFRS 17 is January 1, 2026. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and will replace IFRS 4. IFRS 17 applies to insurance contracts issued by an entity (including reinsurance contracts), reinsurance contracts held, and investment contracts with discretionary participation features issued by an entity, provided that the entity also issues insurance contracts. IFRS 17 introduces a consistent measurement model for insurance liabilities. The standard provides three measurement approaches: The General Measurement Model, the Variable Fee Approach, and the Premium Allocation Approach. The Variable Fee Approach applies to insurance contracts with direct participation features. In addition, when certain eligibility criteria are met, an entity may elect to apply the Premium Allocation Approach as a simplified method for measuring groups of insurance contracts.

The General Measurement Model estimates the amount, timing, and uncertainty of the future cash flows of a group of insurance contracts based on current assumptions, and includes a risk adjustment for non-financial risk to reflect the compensation required for bearing the uncertainty. The model considers the market interest rates and the effects of options and guarantees embedded in insurance contracts on the related cash flows. The model also determines the contractual service margin (“CSM”), which represents the unearned profit that the entity recognizes as it provides services under the insurance contracts.

The Group applies the transition requirements of IFRS 17 in the preparation of its financial statements. As a general principle, the Group applies the full retrospective approach. Where the application of the full retrospective approach is impracticable, the Group applies either the modified retrospective approach or the fair value approach, as appropriate.

When applying the full retrospective approach, the Group identifies, recognizes, and measures each group of insurance contracts as of January 1, 2025 as if IFRS 17 had always been applied. When applying the modified retrospective approach, the Group uses reasonable and supportable information to achieve results that are as close as possible to those obtained under the full retrospective approach. When applying the fair value approach, the Group also uses reasonable and supportable information, and determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025 based on the difference between the fair value of the group of insurance contracts at that date and the fulfillment cash flows measured as of the same date.

Prior to the application of IFRS 17, in order to mitigate the potential impacts and inconsistencies arising from the earlier effective date of IFRS 9 relative to IFRS 17, the Group elected to apply the overlay approach to the designated financial assets in accordance with IFRS 4. Upon the application of IFRS 17, the Group will discontinue the application of the overlay approach.

#### Redesignation of financial assets

At the date of initial application of IFRS 17, an entity that has already applied IFRS 9 may redesignate financial assets that meet the requirements of paragraph C29 of IFRS 17. In addition, for financial assets that were derecognized during the comparative period prior to the date of initial application of IFRS 17, an entity may elect to apply the classification overlay approach on an instrument-by-instrument basis as if those financial assets had been redesignated in accordance with paragraph C29 of IFRS 17 during the comparative period.

The Group expects to assess the redesignation of relevant financial assets based on the financial assets held as of January 1, 2026 and the facts and circumstances existing on that date.

The Group has elected not to restate the comparative information for the year ended December 31, 2025 in relation to the redesignation of financial assets. Any difference between the previous carrying amounts of those financial assets and their carrying amounts at the date of initial application will be recognized in opening retained earnings (or other appropriate components of equity) at the date of initial application. The Group will disclose the classification changes under IFRS 9 and the related reconciliation information in the 2026 financial statements.

As of the date of issuance of the consolidated financial statements, the Group had performed a preliminary assessment of the impact of adopting IFRS 17 and estimated that, on the transition date (i.e., January 1, 2025), equity attributable to owners of the Company would increase by approximately \$73.4 billion, while non-controlling interests would decrease by approximately \$6.0 billion, resulting in a net increase in total equity of approximately \$67.4 billion. In addition, the Group has completed its assessment of the impact of IFRS 17 on its financial position and financial performance for the year ended December 31, 2025 as of the date of initial application (i.e., January 1, 2026). Reflecting changes in market interest rates and the resulting impact on insurance contract liabilities, as well as the redesignation of financial assets to support investment stability and asset-liability management objectives, the Group expects that, as of the initial application date, equity attributable to owners of the Company and total equity would decrease by approximately \$244.5 billion.

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

The Company's circumstances in which its foreign-currency-denominated assets correspond to its New Taiwan dollar-denominated liabilities meet the conditions set out in the Insurance Bureau's interpretation, Bao Tsai No. 1140495239 dated January 2, 2026. In accordance with the amended Regulations Governing the Preparation of Financial Reports issued by FSC and as resolved by the Board of Directors on January 22, 2026, effective from January 1, 2026, for the Company's investments in debt instruments at amortized cost with no designation of foreign currency risk hedging components, the Company adopts the straight-line amortization of the unrealized exchange differences, on an individual basis, over the expected remaining life. The unamortized cumulative unrealized exchange net gain (loss) is recognized in other assets or other liabilities, as appropriate. Upon derecognition of the debt instruments, the entire amount is recognized in exchange gains or losses for the period.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact 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><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

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

**IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments**

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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

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

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

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

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

c. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a joint venture.

Refer to Note 12, Table 1 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

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 measured at fair value that are denominated in foreign currencies 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 cases, the exchange differences are also recognized directly in other comprehensive income.

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

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

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

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

f. Investments in associates and joint ventures

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. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture 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 and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture 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 and joint venture. 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 and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture 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 and a joint venture equals or exceeds its interest in that associate and joint venture (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 and joint venture), the Group discontinues recognizing its share of further losses. 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 and joint venture.

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 or a joint venture. 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 and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate and joint venture 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 and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent that interests in the associate and joint venture 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.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for their intended use.

Except for its own land, 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction if the definition of investment properties is met. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties and investment properties acquired through leases are measured initially at cost, including transaction costs. All investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

For a transfer of classification from investment properties to property and equipment, the deemed cost of the property for subsequent accounting is its fair value at the commencement of owner-occupation. For a transfer of classification from property and equipment to investment properties at the end of owner-occupation, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

k. Impairment of property and equipment, right-of-use assets and intangible assets other than goodwill

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, excluding goodwill, 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 42.

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 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 under IFRS 9, but would not have been measured at FVTPL under IAS 39; and
- iii) The financial assets are designated to apply overlay approach at the first application of IFRS 9, in the initial recognition of a new financial asset or when a financial asset starts to meet the conditions.

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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. 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 assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in debt instruments at FVTOCI

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

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

iv. Investments in equity instruments at FVTOCI

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

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

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

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 loans) and investments in debt instruments that are measured at FVTOCI.

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

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

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

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

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

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

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

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

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. 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 financial liabilities at FVTPL, all 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 gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 42.

#### 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 interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, cross currency swaps and options.

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is 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.

### 5) Modification of financial instruments

When the contractual cash flows of a financial instrument are renegotiated or modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges, or cash flow hedges.

1) Fair value hedges

Gains or losses on derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

n. Separate account insurance products

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets is measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account insurance product liabilities. The revenue and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product income and separate account insurance product expenses.

o. Insurance liabilities

1) The Company

Funds reserved for insurance contracts and financial instruments with or without a discretionary participation features are determined in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and validated by the certified actuarial professionals approved by the FSC. For investment contracts with discretionary participation features, the guaranteed elements are not separately recognized from the discretionary participation features, and the whole contract is classified as a liability. The provision of reserve for short-term group insurance is based upon the greater of premium received or calculated according to Jin Guan Bao Tsai No. 11004925801. Provision of reserve for the other insurance liabilities is as follows:

a) Unearned premium reserve

For an unexpired in-force contract with a policy period shorter than one year or an injury insurance policy with a policy period longer than one year, the calculation of unearned premium reserve is based on the unexpired risk of each insurance.

b) Loss reserve

Loss reserve is provided for claims filed but not yet paid and claims not yet filed. 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 the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance and health or life insurance policies with a policy period shorter than one year.

c) Policy reserve

Based on the life table and projected interest rates in the manual reported to the authority for each insurance type, life insurance policy reserve is calculated and provided according to the modified calculation method in Article 12 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the manual of each insurance product reported to the authority and the relevant calculation methods approved by the authority.

In accordance with Jin Guan Bao Tsai No. 11004931041 issued on August 24, 2021, for existing effective insurance policies commencing from policy year of 2003, the downward adjustments of the bonus due to the offset between mortality gain (loss) and gain (loss) from the difference of interest rates should be calculated and recognized according to the regulations issued by the authorities.

In accordance with Jin Guan Bao Tsai No. 10102500530 issued on January 19, 2012, life insurance enterprises shall transfer a special reserve that equals to the unwritten allowance for doubtful account resulting from 3% business tax cut to life insurance policy reserve - allowance for doubtful account pertinent to 3% business tax cut from 2012. Besides, life insurance enterprises shall reclassify the recoverable special reserve for catastrophic events defined in Article 19 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises to life insurance policy reserve - recovery of catastrophic event reserve.

When an insurance enterprise elects to measure investment property at fair value, it should also measure its insurance liabilities at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds their book value, the insurance enterprise must set aside the difference to policy reserve and decrease retained earnings. The Company changed its accounting policy for subsequent measurement of investment property from the cost method to the fair value method starting from 2014. In accordance with Jin Guan Bao Tsai No. 10302501161 issued by the FSC on March 21, 2014, the fair value of insurance liabilities measured did not exceed their book value and no additional insurance liabilities should be provided accordingly.

d) Special reserve

When selling participating life insurance policies, according to the Regulation for Allocation of Revenue and Expenses related to Participating/Nonparticipating Policy reported to the authority, the Company is required to set aside a special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividends should be withdrawn from special reserve - participating policies dividends reserve. The excess dividends should be accounted as special reserve - provisions for risk of dividends.

The increments due to measuring the property at fair value, except for the portion in offsetting adverse effects of the first-time adoption of IFRS Accounting Standards on other accounts, the excess should be set aside as special reserve for revaluation increments of property under insurance liabilities.

e) Premium deficiency reserve

For life insurance, health insurance and annuity insurance policies with policy periods longer than one year commencing from 2001, when the gross premium is less than the net premium used in the calculation of policy reserve, a deficiency reserve is required to set aside such deficiencies for remaining payment periods as a premium deficiency reserve. The premium deficiency reserve of each life insurance category should be calculated and recorded according to the specific method reported to the authorities.

In addition, for unexpired in-force contracts with policy periods shorter than one year and injury insurance policies with policy periods longer than one year, if the probable claims and expenses are greater than the aggregate of unearned premium reserves and estimated future premiums, the premium deficiency reserve is set aside based on the deficiencies by insurance type.

f) Other reserve

Pursuant to IFRS 3 “Business Combinations”, Cathay Life recognizes other reserve to reflect the fair value of the life insurance contracts assumed at the time when the identifiable assets and assumed liabilities acquired from the business combination are recognized at fair value.

g) Liability adequacy reserve

The liability adequacy reserve is set aside based on the adequacy test of liability required by IFRS 4.

2) Cathay Lujiazui Life Insurance Co., Ltd. (“Cathay Lujiazui Life”)

In accordance with the Insurance Act of the People’s Republic of China, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by National Financial Regulatory Administration (legally China Insurance Regulatory Commission).

3) Cathay Life Insurance (Vietnam) Co., Ltd. (“Cathay Life (Vietnam)”)

In accordance with the Insurance Act of Vietnam, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by Vietnam government.

p. Liability adequacy test

Liability adequacy test is based on all insurance contracts and related requirements of ASP of IFRS 4 - contract classification and liability adequacy test announced by Actuarial Institute of Chinese Taipei. In this test, the amount of insurance liabilities net of deferred acquisition costs and related intangible assets is compared with the estimated present values of insurance contract cash flow at each reporting date. If the net book values are lower than the estimated present values, all insufficient amounts should be recognized in profit or loss.

q. Reserve for insurance contract with the nature of financial products

For non-separate account insurance products classified as financial instruments without discretionary participation features, the reserve should be recognized in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and depository accounting.

r. Reserve for foreign exchange valuation

The Company provides reserve for foreign exchange valuation according to all of its foreign investments in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and Direction for Reserve for Foreign Exchange Valuation by Life Insurance Enterprises.

s. Recognition of insurance premium income and expenses

1) The Company

For the Company’s insurance contracts and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue when collection and underwriting procedures finished, and subsequent collection on the appointed dates, respectively. The relevant acquisition costs, such as commission expenses and underwriting expenses, are recognized as current expenses when the insurance contracts become effective.

For non-separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected is recognized as reserves for insurance contract with the nature of financial products on the balance sheet.

For separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected net of preprocessing expense or investment management fees is entirely recognized as separate account insurance product liabilities on the balance sheet. The acquisition costs incurred due to investment management services for such insurance products, such as commissions and incremental costs directly attributable to the issue of new contracts, are deferred and recorded under deferred acquisition costs and amortized on a straight-line basis over the service period. The amortization is recognized under other operating costs.

2) Cathay Lujiazui Life

In accordance with the related accounting laws and regulations issued by the local government, Cathay Lujiazui Life records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

3) Cathay Life (Vietnam)

In accordance with the related accounting laws and regulations issued by the local government, Cathay Life (Vietnam) records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

t. Classification of insurance products

An insurance contract refers to a contract where the insurer accepts the insurance policyholder's transfer of a 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.

Insurance contracts with features of financial instruments are contracts that transfer significant financial risks. Financial risks refer to the risks that the changes in one or more specific indicators may cause, including interest rates, financial commodity prices, product prices, exchange rates, price index, rate index, credit ratings and other indicators. If the above indicators are not financial, these indicators exist in both sides under the contracts.

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.

Insurance contracts and those with features of financial instruments are further classified into separate categories depending on whether or not the contracts have discretionary participation features. Discretionary participation features refer to a contractual right to receive additional payments in addition to guaranteed payments from the contract. The contractual rights have the following characteristics:

- 1) Additional payments may be a significant portion of total contractual benefits.
- 2) The amounts or timing for additional payments are contractually at the Group's discretion.
- 3) Additional payments are contractually based on one of the following matters:
  - a) The performance on a specified combination of contracts or a specified type of contract.
  - b) The investment returns on a specified combination of assets held by the Group.
  - c) The profit or loss of the Group, funds, or other entities.

When the embedded derivative instrument has economic characteristics and risks not closely related to those of the primary contracts, it should be recorded separately from the primary contracts and measured at fair value with changes in fair values recognized in profit or loss when incurred. However, if the embedded derivative instrument meets the definition of an insurance contract or the whole contract is measured at fair value with changes in fair values recognized in profit or loss when incurred, the Group does not separately recognize the embedded derivative instrument and the insurance contract.

u. Reinsurance

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.

The Group holds the rights over the reinsurer including reinsurance assets, claims and payments recoverable from reinsurers and net due from reinsurers and ceding companies, and regularly assesses if the rights are impaired or unrecoverable. If an objective evidence, which occurred after initial recognition of reinsures assets, shows that the Group may not receive all amounts of receivables from the reinsurer and the unrecoverable amount can be reasonably estimated, the Group recognizes the difference between the recoverable amount of reinsurance assets and carrying value as an impairment loss.

For the classification of reinsurance contracts, the Group assesses whether or not such contracts transfer significant insurance risk to the reinsurer. If the reinsurance contract does not transfer a significant insurance risk to the reinsurer, the contract is recognized and measured in accordance with deposit accounting.

For a reinsurance contract that transfers a significant insurance risk, if the Group can measure its saving element separately, the insurance element and the saving element of the reinsurance contract are recognized separately. That is, the Group recognizes the contract premium received (or paid) less the amount of insurance as financial liabilities (or assets) rather than income (or expenses). The financial liabilities (or assets) are recognized at the fair values based on the present values of future cash flows.

v. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of each balance sheet date, taking into account the risks and uncertainties of the obligation.

w. Leases

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and amortized on a straight-line basis over the lease terms.

## 2) 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, and 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, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4 h. for the accounting policies for investment properties.

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 Group uses the lessee's incremental borrowing rate.

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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## x. 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, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. 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. Remeasurements recognized in other comprehensive income are reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) 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.

y. Taxation

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

1) Current tax

Income tax payable (refundable) 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 ROC, an additional tax on 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.

In accordance with Article 49 of the Financial Holding Company Act, the Company and its parent company jointly filed income tax returns and surtax on unappropriated retained earnings since 2002 under the integrated income tax system with the financial holding company (the parent) as the taxpayer. Such effects on current tax and deferred tax are accounted for as receivables or payables.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all temporary differences and loss carryforwards which are probably deductible.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, 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. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in the subsidiary.

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

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

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

### a. Estimated impairment of financial assets

The provisions for impairment of receivables, loans and investments in debt instruments are based on assumptions about probability of default and expected credit loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, refer to Note 42.

### b. Fair value measurements and valuation processes

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 16 and 42.

c. Valuation of policy reserve

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

The management examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Cash on hand	\$ 26,175	\$ 27,779
Cash in banks	243,035,694	156,227,754
Time deposits	36,695,799	43,067,643
Cash equivalents	<u>1,210,000</u>	<u>17,341,756</u>
	<u>\$ 280,967,668</u>	<u>\$ 216,664,932</u>

## 7. RECEIVABLES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Notes receivable	\$ 290,814	\$ 349,884
Other receivables	117,549,759	138,085,259
Overdue receivables	<u>23,263</u>	<u>8,598</u>
	117,863,836	138,443,741
Less: Loss allowance	<u>(5,333,439)</u>	<u>(4,122,930)</u>
	<u>\$ 112,530,397</u>	<u>\$ 134,320,811</u>

The movements in the loss allowance are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 4,122,930	\$ 2,550,290
Provision for the current year	1,210,812	1,578,368
Amounts written off	(433)	(5,855)
Foreign exchange differences	<u>130</u>	<u>127</u>
Ending balance	<u>\$ 5,333,439</u>	<u>\$ 4,122,930</u>

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Domestic stocks	\$ 318,852,395	\$ 329,861,700
Beneficiary certificates	859,243,897	833,813,675
Financial debentures	20,804,523	20,420,471
Overseas stocks	132,853,252	186,134,659
Real estate investment trust	8,286,553	9,885,460
Overseas bonds	218,183,372	326,747,980
Structured time deposits	14,308,859	13,966,047
Derivative financial assets (not under hedge accounting)		
Currency swap contracts ("SWAP")	4,685,155	1,655,964
Foreign exchange forward contacts ("Forward")	9,432,121	3,665,462
Call warrants	<u>-</u>	<u>984</u>
	<u>\$ 1,586,650,127</u>	<u>\$ 1,726,152,402</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
SWAP	\$ 39,780,111	\$ 32,499,819
Forward	<u>20,079,719</u>	<u>38,017,860</u>
	<u>\$ 59,859,830</u>	<u>\$ 70,517,679</u>

- a. The Group selects to present the profit or loss of the designated financial assets using the overlay approach under IFRS 4 “Insurance Contracts”. 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>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Domestic stocks	\$ 318,852,395	\$ 329,861,700
Beneficiary certificates	844,687,868	825,174,278
Financial debentures	20,804,523	20,420,471
Overseas stocks	132,853,252	186,134,659
Real estate investment trust	8,286,553	9,885,460
Overseas bonds	218,183,372	326,747,980
Structured time deposits	<u>14,308,859</u>	<u>13,966,047</u>
	<u>\$ 1,557,976,822</u>	<u>\$ 1,712,190,595</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Gain due to application of IFRS 9 to profit or loss	\$ 136,993,739	\$ 175,304,614
Gain if applying IAS 39 to profit or loss	<u>(165,725,514)</u>	<u>(158,991,038)</u>
(Gain) loss reclassified due to application of overlay approach	<u>\$ (28,731,775)</u>	<u>\$ 16,313,576</u>

Due to application of overlay approach, the amounts of gain or loss on financial assets and liabilities at FVTPL for the years ended December 31, 2025 and 2024 had increased from gain of \$173,254,220 thousand to gain of \$201,985,995 thousand and increased from loss of \$116,346,251 thousand to loss of \$132,659,827 thousand, respectively.

- b. As of December 31, 2025 and 2024, structured notes which were accounted for as financial assets at FVTPL amounted to \$170,463,122 thousand and \$167,194,562 thousand, respectively.
- c. The financial assets at FVTPL held by the Group were not pledged as collateral.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Investments in equity instruments at FVTOCI		
Domestic stocks	\$ 147,856,413	\$ 152,647,764
Overseas stocks	<u>1,929,300</u>	<u>2,755,270</u>
	<u>149,785,713</u>	<u>155,403,034</u>

(Continued)

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Investments in debt instruments at FVTOCI		
Corporate bonds	\$ 2,176,326	\$ 2,147,787
Government bonds	24,914,575	23,892,676
Overseas bonds	723,133,805	476,818,621
Financial debentures	1,520,054	3,582,331
Less: Litigation deposits	(34,764)	(44,824)
Less: Deposits to Central Bank	(2,104,085)	(2,010,987)
Less: Derivative instruments collateral	<u>(10,051,475)</u>	<u>(11,994,707)</u>
	<u>739,554,436</u>	<u>492,390,897</u>
	<u>\$ 889,340,149</u>	<u>\$ 647,793,931</u>
		(Concluded)

- a. These investments in equity instruments are not held for trading, and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI held by the Group on the balance sheet date for the years ended December 31, 2025 and 2024 were \$6,181,723 thousand and \$6,223,423 thousand, respectively. Those related to investments derecognized for the years ended December 31, 2025 and 2024 were \$296,286 thousand and \$902,170 thousand, respectively.
- c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair values of \$40,064,937 thousand and \$30,851,938 thousand at the time of sale, and transferred unrealized gain of \$6,302,298 thousand and \$2,853,916 thousand from other equity to retained earnings for the years ended December 31, 2025 and 2024, respectively.
- d. Refer to Note 40 for the financial assets at FVTOCI that were pledged as collateral.
- e. Refer to Note 42 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.
- f. Refer to Note 42 for information relating to the debt instruments at FVTOCI reclassified to financial assets measured at amortized cost.

## 10. HEDGING INSTRUMENTS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Financial assets for hedging</u>		
Interest rate swap contracts (“IRS”)	\$ 28,289	\$ 6,615
Forward	<u>7,721</u>	<u>-</u>
	<u>\$ 36,010</u>	<u>\$ 6,615</u>
		(Continued)

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Financial liabilities for hedging</u>		
Interest rate swap contracts (“IRS”)	\$ 166,925	\$ -
Forward	752,946	2,533,212
Bond forward contract	<u>-</u>	<u>58,363</u>
	<u>\$ 919,871</u>	<u>\$ 2,591,575</u>
		(Concluded)

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

## 11. DISCONTINUED OPERATIONS

On July 6, 2023, the board of directors resolved to dispose of all the shares of Conning Holdings Limited and its subsidiaries previously held by the Company to Generali Investments Holding S.p.A. in exchange for approximately 16.75% of its shareholding. The transaction was approved by the Financial Supervisory Commission (FSC) and the Investment Commission of the Ministry of Economic Affairs (MOEA) on December 21, 2023 and February 29, 2024, respectively, and the disposal was completed on April 3, 2024.

The above transaction met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, the related profit or loss was expressed as profit or loss from discontinued operations.

The details of profit from discontinued operations and the related cash flow information were as follows:

	<b>January 1, 2024 to April 3, 2024</b>
Operating revenue	\$ 2,825,893
Operating costs	<u>(383,233)</u>
Gross profit	2,442,660
General expenses	(101,143)
Administrative expenses	<u>(2,126,389)</u>
Profit from operations	215,128
Other income and expenses	<u>-</u>
Profit before income tax	215,128
Income tax expense	<u>(88,037)</u>
Income from discontinued operations before elimination	127,091
Elimination of transactions with related parties	<u>(337,446)</u>
Profit or loss	(210,355)
Gain on disposals	2,636,994
Income tax expense	<u>(1,402,695)</u>
Profit from discontinued operations	<u>\$ 1,023,944</u>
	(Continued)

**January 1, 2024  
to April 3, 2024**

Profit from discontinued operations attributable to:	
Shareholders of the Corporation	\$ 973,026
Non-controlling interests	<u>50,918</u>

\$ 1,023,944

Cash flows

Operating activities	\$ (226,514)
Investing activities	(18,222)
Financing activities	(280,487)
Net foreign exchange losses	<u>(815,782)</u>

Net cash outflows \$ (1,341,005)  
(Concluded)

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)		Note
			December 31		
			2025	2024	
The Company	Cathay Lujiazui Life	Life insurance	50.00	50.00	Note 1
The Company	Cathay Life (Vietnam)	Life insurance	100.00	100.00	
The Company	Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	100.00	100.00	
The Company	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	
The Company	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	
The Company	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	
The Company	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	
The Company	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate services	99.00	99.00	
The Company	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	
The Company	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	Note 2
The Company	Cathay Wind Power Holdings Co., Ltd. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	Note 3
The Company	Cathay II Wind Power Holdings Co., Ltd. ("Cathay II Wind Power Holdings")	Energy technical services	99.00	-	Note 4
Cathay Power	Sunrise Pv One Co., Ltd. ("Sunrise Pv One")	Energy technical services	100.00	100.00	
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech.")	Energy technical services	100.00	100.00	
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	97.00	70.00	Note 5
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	
Cathay Power	Cathay Wind Power Holdings Co., Ltd.	Energy technical services	1.00	1.00	Note 3
Cathay Power	Cathay II Wind Power Holdings	Energy technical services	1.00	-	Note 4
Cathay Power	Jian Kun Energy Co., Ltd. ("Jian Kun Energy")	Energy technical services	95.10	-	Note 6
Sunrise Pv One	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. ("Cathay Wind Power")	Energy technical services	100.00	100.00	Note 7

Note 1: On October 9, 2025, Cathay Lujiazui Life amended its Articles of Incorporation, resulting in the Company's investment being reclassified from a subsidiary to a joint venture. Please refer to Note 47 for related disclosures regarding the disposal of the subsidiary.

Note 2: Cathaylife Singapore Pte. Ltd.'s establishment was approved by the Singaporean authorities on June 5, 2024. The Company injected capital of US\$30 million into the subsidiary on July 3, 2024.

- Note 3: Cathay Wind Power Holdings Co., Ltd. was originally 100% owned by Cathay Power. The Company completed a capital increase in Cathay Wind Power Holdings on October 29, 2024, raising its ownership interest to 99%.
- Note 4: Cathay II Wind Power Holdings Co., Ltd. was established on October 8, 2025 and was originally 100% owned by Cathay Power Inc. The Company completed a capital increase in Cathay II Wind Power Holdings on December 17, 2025, raising its ownership interest to 99%.
- Note 5: On June 26, 2025, Cathay Power acquired an additional 27% equity interest of CM Energy, increasing the percentage of ownership from 70% to 97%
- Note 6: On November 3, 2025, Cathay Power acquired a 95.10% equity interest of Jian Kun Energy in cash and obtained control over Jian Kun Energy, Please refer to Note 46 for the related disclosures regarding the business combination.
- Note 7: Cathay Wind Power became wholly-owned by Cathay Wind Power Holdings on January 12, 2024.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)		Note
			December 31		
			2025	2024	
The Company	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Securities investment consulting services	100.00	100.00	

The consolidated financial statements did not include Cathay Securities Investment Consulting because its total assets and operating revenue were insignificant to the total assets and operating revenue of the Company.

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

	December 31	
	2025	2024
Investments in unconsolidated subsidiaries	\$ 675,439	\$ 712,380
Investments in associates	57,892,142	54,550,980
Investments in joint ventures	<u>19,216,140</u>	<u>4,268,636</u>
	<u>\$ 77,783,721</u>	<u>\$ 59,531,996</u>

Refer to Table 1 and Table 8 for the nature of business activities, main operating locations and countries of incorporation of the unconsolidated subsidiaries, associates and joint ventures.

a. Investments in unconsolidated subsidiaries

	December 31	
	2025	2024
Cathay Securities Investment Consulting	<u>\$ 675,439</u>	<u>\$ 712,380</u>

b. Investments in associates

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The Group' share of:		
Net profit	\$ 3,236,655	\$ 2,627,663
Other comprehensive (loss) income	<u>(205,164)</u>	<u>462,650</u>
Total comprehensive income for the year	<u>\$ 3,031,491</u>	<u>\$ 3,090,313</u>

c. Investments in joint ventures

Aggregate information of joint ventures that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The Group' share of:		
Net profit (loss)	\$ 115,591	\$ (45,606)
Other comprehensive (loss) income	<u>(917,567)</u>	<u>11,011</u>
Total comprehensive loss for the year	<u>\$ (801,976)</u>	<u>\$ (34,595)</u>

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

The investments in associates were not pledged as collateral. Refer to Note 40 for the amounts of investments in joint ventures pledged as loan collateral.

**14. FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Time deposits	\$ 36,553,347	\$ 36,443,368
Financial debentures	19,332,244	17,939,115
Corporate bonds	23,288,719	24,336,898
Government bonds	17,086,455	23,936,790
Overseas bonds	4,027,706,811	4,262,975,196
Asset-backed securities	404,958	1,792,000
Less: Litigation deposits	(26,297,410)	(23,267,646)
Less: Deposits to Central Bank	(7,148,001)	(7,155,518)
Less: Derivative instruments collateral	(7,819,059)	(13,456,870)
Less: Loss allowance (Note)	<u>(3,608,487)</u>	<u>(3,525,166)</u>
	<u>\$ 4,079,499,577</u>	<u>\$ 4,320,018,167</u>

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of December 31, 2025 and 2024, the amounts were \$4,396 thousand and \$6,686 thousand, respectively.

- a. For the years ended December 31, 2025 and 2024, the Group disposed of bonds before the maturity due to increases in credit risk, which resulted in losses on disposal of \$212,128 thousand and \$1,375,992 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of \$8,640 thousand and \$1,629 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales that are insignificant in value (either individually or in aggregate) resulted in gains on disposal of \$3,223,129 thousand and \$1,086,298 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$750,694 thousand and \$212,976 thousand, respectively.
- b. Refer to Note 40 for information relating to investments in financial assets at amortized cost pledged as collateral.
- c. Refer to Note 42 for information relating to the credit risk management and impairment of investments in debt instruments at amortized cost.

## 15. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Structured time deposits	\$ 1,500,000	\$ -
Less: Loss allowance	<u>(357)</u>	<u>-</u>
	<u>\$ 1,499,643</u>	<u>\$ -</u>

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

	<b>Investment Property</b>		<b>Total</b>	<b>Investment Property Under Construction</b>	<b>Prepayments for Buildings and Land - Investments</b>
	<b>Land</b>	<b>Buildings</b>			
Balance on January 1, 2024	\$ 392,203,252	\$ 136,430,132	\$ 528,633,384	\$ 8,983,487	\$ 4,188,723
Additions	98	-	98	11,804,702	4,758,608
Reclassification	5,869,267	8,318,074	14,187,341	(6,135,462)	(8,051,879)
Gain on changes in fair value of investment property	390,925	196,669	587,594	-	-
Foreign exchange	<u>523,510</u>	<u>1,075,337</u>	<u>1,598,847</u>	<u>126,447</u>	<u>201,861</u>
Balance on December 31, 2024	<u>\$ 398,987,052</u>	<u>\$ 146,020,212</u>	<u>\$ 545,007,264</u>	<u>\$ 14,779,174</u>	<u>\$ 1,097,313</u>
Balance on January 1, 2025	\$ 398,987,052	\$ 146,020,212	\$ 545,007,264	\$ 14,779,174	\$ 1,097,313
Additions	-	1,010	1,010	11,891,883	2,890,139
Disposals	-	(699)	(699)	-	-
Reclassification	2,705,792	6,120,673	8,826,465	(5,803,412)	(3,023,053)
Gain (loss) on changes in fair value of investment property	9,655,831	(1,260,299)	8,395,532	-	-
Foreign exchange	<u>368,238</u>	<u>628,763</u>	<u>997,001</u>	<u>31,416</u>	<u>13,318</u>
Balance on December 31, 2025	<u>\$ 411,716,913</u>	<u>\$ 151,509,660</u>	<u>\$ 563,226,573</u>	<u>\$ 20,899,061</u>	<u>\$ 977,717</u>

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Rental income from investment properties	\$ 14,184,178	\$ 13,346,976
Direct operating expenses of investment properties that generate rental income	(927,607)	(911,016)
Direct operating expenses of investment properties that do not generate rental income	<u>(348,107)</u>	<u>(252,577)</u>
	<u>\$ 12,908,464</u>	<u>\$ 12,183,383</u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.
- b. As of December 31, 2025, the investment properties of the Company amounted to \$518,585,997 thousand. The investment properties are held mainly for lease business. All the lease agreements of the Group's lease business are operating leases and the primary terms of lease agreements are the same with general lease agreement. Rents from investment property are received annually, semi-annually, quarterly, monthly or in lump sum. Investment properties held by the Group were not pledged.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.
- d. The valuation of the Group's investment property has been carried out by the following appraisers from joint appraisal firms that meet the qualification requirements for real estate appraisers in the ROC with valuation dates on December 31, 2025 and 2024, respectively.

<b>Name of Appraiser Firms</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
DTZ Real Estate Appraiser Firm	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu;	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Shih-Yu, Yeh
REPro KnightFrank Real Estate Appraiser Firm	Hong-hsu Wu; Hsiang-yi Hsu; Hsin-ya Wang	Yu-hsiang, Tsai; Hsiang-yi, Hsu;
V-LAND Real Estate Appraiser Firm	Tai-li Li; Xi-Zhong Wang	Tai-li, Li; Xi-Zhong, Wang
Shang-shang Real Estate Appraiser Firm	Wei-Zhi Wang; Hong-yuan Wang; Jian-Hao Huang	Wei-Zhi, Wang; Hong-yuan, Wang; Jian-Hao, Huang

(Continued)

Name of Appraiser Firms	December 31	
	2025	2024
Sinyi Real Estate Appraiser Firm	Wei-xin Chi; Liang-an Ji; Wen-zhe Cai; Shi-ming Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin Chen; Yi-huei Luo; Siou-ying Jhan; Hsin-Hao Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Hsin-Hao, Chen
CBRE Real Estate Appraiser Firm	Fu-xue, Shi; Zhi-Jia, Zhang	Fu-xue, Shi; Zhi-Jia, Zhang
Colliers International Group Inc.	Jian-Huei, Gu	Jian-Huei, Gu

(Concluded)

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

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include sales comparison approach, income approach - direct capitalization method, income approach - discounted cash flow method, cost approach and the method of land development analysis. Commercial office buildings and residences are mainly valued by sales comparison approach and income approach because of the market liquidity and comparable sales and rental cases in the neighboring areas. Hotels, department stores and marketplaces are mainly valued by income approach - direct capitalization method and income approach - discounted cash flow method because of the stable rental income in the long term. Industrial plants for lease are valued by sales comparison approach and cost approach. Wholesale stores located in industrial districts are valued by cost approach since the buildings are constructed for specific purposes because fewer similar transactions could be referred to in the market. Vacant land and buildings under construction of logistics parks located in industrial and commercial integrated district are valued by cost approach. Land under construction with building permit is mainly valued by comparison approach and land development analysis. Urban renewal land under construction with building permit is valued by comparison approach and income approach based on the allocated real estates (office buildings, hotels, etc.) under the urban renewal program.

The main inputs used are as follows:

	December 31	
	2025	2024
Direct capitalization rates (net)	0.56%-6.74%	0.56%-6.23%
Discount rates	2.82%-4.63%	2.82%-4.63%

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

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

Reconciliation of fair value measurements in Level 3 movements is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 507,509,228	\$ 499,000,922
Amount recognized in profit or loss		
Gain from investment property	8,395,532	587,594
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	997,001	1,598,847
Disposals	(699)	-
Transfers from investment property under construction	1,104,563	2,082,281
Transfers from investment property measured at cost	13,178,027	-
Transfers from prepayments for buildings and land	<u>-</u>	<u>4,239,584</u>
Ending balance	<u>\$ 531,183,652</u>	<u>\$ 507,509,228</u>

The above amounts did not include those measured at cost.

- e. Refer to Table 6 for the acquisition of individual real estate at cost or price of at least \$100 million or 20% of the paid-in capital.
- f. Refer to Table 7 for the disposal of individual real estate at cost or price of at least \$100 million or 20% of the paid-in capital.

## 17. LOANS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Life insurance policy loans (a)	\$ 155,070,452	\$ 160,028,166
Premium loans (b)	11,697,964	12,062,643
Secured loans (c)	258,297,968	232,557,527
Non-accrual receivables	<u>428,036</u>	<u>1,764,736</u>
	425,494,420	406,413,072
Less: Loss allowance	<u>(3,751,767)</u>	<u>(4,063,292)</u>
	<u>\$ 421,742,653</u>	<u>\$ 402,349,780</u>

- a. Life insurance policy loans were secured by policies issued by the Group.
- b. Policyholders may state on the application form or issue a written statement prior to end of grace period for premium payment to request the insurer to automatically deduct the premiums due and interest of the premium loan (as well as the principal and interest of the life insurance policy loan, if applicable) from the policyholders' policy value reserve after the second installment becomes overdue in order to maintain the effective insurance policy. Policyholders may also inform the insurer in writing to terminate the premium loan option prior to the next due date of premium payment.

- c. Secured loans are secured by government bonds, stocks, corporate bonds and real estate. The Group applied IFRS 9 and assessed impairment in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. Refer to Note 42 for related information of loss allowance for the years ended December 31, 2025 and 2024.

## 18. REINSURANCE ASSETS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Due from reinsurers and ceding companies	\$ 748,141	\$ 977,493
Reinsurance reserve assets		
Ceded unearned premium reserve	1,101,548	987,414
Ceded loss reserve	19,962	20,362
Ceded policy reserve	299,498	331,199
Non-accrual receivables	<u>-</u>	<u>13,410</u>
	2,169,149	2,329,878
Less: Loss allowance	<u>-</u>	<u>(7,894)</u>
	<u>\$ 2,169,149</u>	<u>\$ 2,321,984</u>

### CNY Co-reinsurance Business

Authorized by the FSC under Jin Guan Bao Tsai No. 10302112370, the Company signed a CNY co-reinsurance contract with Central Reinsurance Corporation in 2014. The Company discloses the ceding information following Article 6 of the Guideline for Reinsurance with Ceded Policy Reserve by Life Insurance Enterprises.

- a. Purpose, rationalization and expected benefit

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

- b. Claims recovered from reinsurers and reinsurance commission income

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Claims recovered from reinsurers	\$ 33,306	\$ 41,416
Reinsurance commission income	1,497	1,682

- c. Net income or loss from CNY co-reinsurance business

Net income from reinsurance of \$12,819 thousand was recognized for the year ended December 31, 2025 from CNY co-reinsurance business. The amount was calculated as follows:

Reinsurance commission income of \$1,497 thousand + Claims recovered from reinsurers of \$33,306 thousand - Net changes in reinsurance reserve assets of \$22,914 thousand + Foreign exchange gain of \$930 thousand.

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

e. Accounting treatment for ceded CNY co-reinsurance business

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

f. Other notes designated by authorities: None.

**19. PROPERTY AND EQUIPMENT**

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvement	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
<b>Cost</b>								
Balance on January 1, 2024	\$ 18,447,922	\$ 22,110,597	\$ 5,162,725	\$ 680,070	\$ 11,236	\$ 17,524,383	\$ 919,143	\$ 64,856,076
Additions	38	-	454,839	5,922	1,679	547,254	1,305,760	2,315,492
Disposals	-	-	(88,133)	-	(1,374)	(34,101)	-	(123,608)
Disposal of subsidiary (Note 47)	-	-	(1,364,751)	(306,334)	-	(113,757)	-	(1,784,842)
Reclassification	37,000	14,454	-	-	-	796,734	(848,188)	-
Foreign exchange	-	22,046	60,445	24,366	124	4,037	-	111,018
Balance on December 31, 2024	<u>\$ 18,484,960</u>	<u>\$ 22,147,097</u>	<u>\$ 4,225,125</u>	<u>\$ 404,024</u>	<u>\$ 11,665</u>	<u>\$ 18,724,550</u>	<u>\$ 1,376,715</u>	<u>\$ 65,374,136</u>
<b>Depreciation and impairment</b>								
Balance on January 1, 2024	\$ 98,268	\$ 13,361,871	\$ 3,320,985	\$ 489,784	\$ 9,479	\$ 6,045,334	\$ -	\$ 23,325,721
Depreciation expenses	-	389,941	420,205	27,856	655	880,285	-	1,718,942
Disposals	-	-	(86,490)	-	(1,237)	(34,653)	-	(122,380)
Disposal of subsidiary (Note 47)	-	-	(483,686)	(162,799)	-	(87,515)	-	(734,000)
Foreign exchange	-	9,043	23,820	17,562	61	3,024	-	53,510
Balance on December 31, 2024	<u>\$ 98,268</u>	<u>\$ 13,760,855</u>	<u>\$ 3,194,834</u>	<u>\$ 372,403</u>	<u>\$ 8,958</u>	<u>\$ 6,806,475</u>	<u>\$ -</u>	<u>\$ 24,241,793</u>
Carrying amount on December 31, 2024	<u>\$ 18,386,692</u>	<u>\$ 8,386,242</u>	<u>\$ 1,030,291</u>	<u>\$ 31,621</u>	<u>\$ 2,707</u>	<u>\$ 11,918,075</u>	<u>\$ 1,376,715</u>	<u>\$ 41,132,343</u>
<b>Cost</b>								
Balance on January 1, 2025	\$ 18,484,960	\$ 22,147,097	\$ 4,225,125	\$ 404,024	\$ 11,665	\$ 18,724,550	\$ 1,376,715	\$ 65,374,136
Additions	-	-	772,981	5,712	109	272,611	866,666	1,918,079
Disposals	-	-	(80,062)	-	-	(26,832)	-	(106,894)
Disposal of subsidiary (Note 47)	-	-	(215,086)	(391,659)	(3,273)	(162)	(95,172)	(705,352)
Reclassification	12,965	137,339	-	-	-	593,299	(743,603)	-
Foreign exchange	-	966	(13,237)	(18,077)	(157)	-	(810)	(31,315)
Balance on December 31, 2025	<u>\$ 18,497,925</u>	<u>\$ 22,285,402</u>	<u>\$ 4,689,721</u>	<u>\$ -</u>	<u>\$ 8,344</u>	<u>\$ 19,563,466</u>	<u>\$ 1,403,796</u>	<u>\$ 66,448,654</u>
<b>Depreciation and impairment</b>								
Balance on January 1, 2025	\$ 98,268	\$ 13,760,855	\$ 3,194,834	\$ 372,403	\$ 8,958	\$ 6,806,475	\$ -	\$ 24,241,793
Depreciation expenses	-	386,425	461,316	11,280	513	939,197	-	1,798,731
Disposals	-	-	(79,712)	-	-	(26,390)	-	(106,102)
Disposal of subsidiary (Note 47)	-	-	(171,545)	(367,045)	(1,492)	(162)	-	(540,244)
Foreign exchange	-	3,094	(10,077)	(16,638)	(57)	-	-	(23,678)
Balance on December 31, 2025	<u>\$ 98,268</u>	<u>\$ 14,150,374</u>	<u>\$ 3,394,816</u>	<u>\$ -</u>	<u>\$ 7,922</u>	<u>\$ 7,719,120</u>	<u>\$ -</u>	<u>\$ 25,370,500</u>
Carrying amount on December 31, 2025	<u>\$ 18,399,657</u>	<u>\$ 8,135,028</u>	<u>\$ 1,294,905</u>	<u>\$ -</u>	<u>\$ 422</u>	<u>\$ 11,844,346</u>	<u>\$ 1,403,796</u>	<u>\$ 41,078,154</u>

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

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

b. Property and equipment pledged as collateral are set out in Note 40.

## 20. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Carrying amount		
Land	\$ 216,606	\$ 243,469
Buildings	923,881	1,146,472
Office equipment	-	2,206
Transportation equipment	<u>19,328</u>	<u>11,517</u>
	<u>\$ 1,159,815</u>	<u>\$ 1,403,664</u>
Right-of-use assets presented as investment properties	<u>\$ 12,760,363</u>	<u>\$ 12,787,580</u>
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Additions to right-of-use assets	<u>\$ 529,141</u>	<u>\$ 461,455</u>
Depreciation expense for right-of-use assets		
Land	\$ 14,102	\$ 14,643
Buildings	499,186	547,950
Office equipment	3,343	5,549
Transportation equipment	<u>6,147</u>	<u>6,658</u>
	<u>\$ 522,778</u>	<u>\$ 574,800</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Carrying amount	<u>\$ 15,758,222</u>	<u>\$ 15,874,291</u>

Range of discount rates for lease liabilities is as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Land	1.24%-2.63%	1.24%-2.63%
Buildings	1.11%-8.57%	1.11%-8.57%
Office equipment	4.75%	4.75%
Transportation equipment	2.46%-3.66%	2.49%-3.66%
Investment property - right of superficies	2.82%-4.24%	2.82%-4.24%

## 21. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Other Intangible Assets	Total
<b>Cost</b>							
Balance on January 1, 2024	\$ 3,278,300	\$ 37,659,600	\$ 465,912	\$ 6,097,632	\$ 15,134,431	\$ 217,421	\$ 62,853,296
Acquisitions through business combinations	-	-	-	-	11,991	-	11,991
Additions	282,279	-	-	-	-	-	282,279
Disposal	(409)	-	-	-	-	-	(409)
Disposal of subsidiary (Note 47)	(35,765)	-	(484,936)	(6,346,616)	(12,187,864)	(223,130)	(19,278,311)
Other	-	-	-	-	-	(368)	(368)
Foreign exchange	11,676	-	19,024	248,984	478,253	8,753	766,690
Balance on December 31, 2024	<u>\$ 3,536,081</u>	<u>\$ 37,659,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 2,676</u>	<u>\$ 44,635,168</u>
<b>Amortization and impairment</b>							
Balance on January 1, 2024	\$ 2,712,727	\$ 17,092,822	\$ -	\$ 3,310,815	\$ -	\$ 214,377	\$ 23,330,741
Amortizations	256,913	1,788,416	-	101,143	-	-	2,146,472
Disposal	(409)	-	-	-	-	-	(409)
Disposal of subsidiary (Note 47)	(35,765)	-	-	(3,548,898)	-	(223,130)	(3,807,793)
Foreign exchange	10,321	-	-	136,940	-	8,753	156,014
Balance on December 31, 2024	<u>\$ 2,943,787</u>	<u>\$ 18,881,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,825,025</u>
Carrying amount on December 31, 2024	<u>\$ 592,294</u>	<u>\$ 18,778,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 2,676</u>	<u>\$ 22,810,143</u>
<b>Cost</b>							
Balance on January 1, 2025	\$ 3,536,081	\$ 37,659,600	\$ -	\$ -	\$ 3,436,811	\$ 2,676	\$ 44,635,168
Additions	259,594	-	128	-	-	2,180	261,902
Disposal	(19,875)	-	-	-	-	-	(19,875)
Disposal of subsidiary (Note 47)	(295,148)	-	-	-	-	-	(295,148)
Other	-	-	-	-	-	(2,596)	(2,596)
Foreign exchange	(14,679)	-	-	-	-	-	(14,679)
Balance on December 31, 2025	<u>\$ 3,465,973</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 2,260</u>	<u>\$ 44,564,772</u>
<b>Amortization and impairment</b>							
Balance on January 1, 2025	\$ 2,943,787	\$ 18,881,238	\$ -	\$ -	\$ -	\$ -	\$ 21,825,025
Amortizations	267,023	1,788,415	1	-	-	-	2,055,439
Disposal	(19,875)	-	-	-	-	-	(19,875)
Disposal of subsidiary (Note 47)	(259,675)	-	-	-	-	-	(259,675)
Foreign exchange	(12,880)	-	-	-	-	-	(12,880)
Balance on December 31, 2025	<u>\$ 291,380</u>	<u>\$ 20,669,653</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,588,034</u>
Carrying amount on December 31, 2025	<u>\$ 547,593</u>	<u>\$ 16,989,947</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 2,260</u>	<u>\$ 20,976,738</u>

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

Computer software	1-10 years
Franchises	20 years
Trademarks	46 years
Customer relationships	5-15 years

b. The Group recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd., on July 1, 2015; (2) 100% interest in Conning Holdings Limited on September 18, 2015; (3) 81.89% interest in Octagon Credit Investors, LLC (through Conning & Company, a 100% owned subsidiary of the Group) on February 1, 2016; and (4) 8% equity shares in Global Evolution Holding ApS by Conning Holdings Limited, which increased its ownership interest to 53% on June 25, 2020; (5) Cathay Power and its subsidiaries, which increased its ownership interest to 70% on November 25, 2022; (6) 55.5% equity interest in Pearlmark Real Estate LLC (through Conning & Company, a 100% owned subsidiary of the group) on March 28, 2023. The goodwill recognized in the acquisition of Pearlmark and its subsidiaries mainly represents the control premium. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill increased by \$11,991 thousand from January 1 to March 31, 2024 as a result of adjustments to the identifiable net assets acquired during the measurement period.

c. The Company disposed of its shares of CHL and its subsidiaries on April 3, 2024. Thus the goodwill arising from the acquisition was eliminated. Refer to Note 47 for related information.

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

## 22. OTHER ASSETS

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Insurance Industry Stability Fund (a)	\$ 15,540,738	\$ 14,929,232
Less: Reserve for Insurance Industry Stability Fund (a)	(15,540,738)	(14,929,232)
Guarantee deposits paid (b)	54,876,651	74,212,642
Deferred acquisition costs (c)	215,555	252,644
Prepayments	1,198,993	1,529,042
Net defined benefit assets (Note 32)	13,145,181	11,742,537
Others	<u>4,211,805</u>	<u>3,243,703</u>
	<u>\$ 73,648,185</u>	<u>\$ 90,980,568</u>

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Insurance operation guarantee deposit	\$ 9,269,595	\$ 11,880,207
Deposit for futures and options trading	228,428	5,212,432
Deposit for derivatives trading	18,522,895	33,264,490
Other guarantee deposits	<u>26,855,733</u>	<u>23,855,513</u>
	<u>\$ 54,876,651</u>	<u>\$ 74,212,642</u>

The Group provided cash, demand deposits, time deposits and government bonds as guarantees. Refer to Note 40 for related information.

c. Deferred acquisition costs

The Company issues investment-linked insurance contracts without discretionary participation feature of financial instruments. Deferred acquisition costs related to investment management services of such contracts are summarized below:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 252,644	\$ 289,733
Amortization	<u>(37,089)</u>	<u>(37,089)</u>
Ending balance	<u>\$ 215,555</u>	<u>\$ 252,644</u>

**23. PAYABLES**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Notes payable	\$ 361	\$ 891,211
Claims payable	142,539	1,096,996
Commissions payable	3,241,184	3,905,161
Due to reinsurers and ceding companies	856,348	960,981
Other payables	<u>22,170,813</u>	<u>25,736,177</u>
	<u>\$ 26,411,245</u>	<u>\$ 32,590,526</u>

**24. SHORT-TERM DEBT**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Commercial paper payable	\$ 1,487,200	\$ -
Less: Discount on commercial paper payable	<u>(2,599)</u>	<u>-</u>
	<u>\$ 1,484,601</u>	<u>\$ -</u>
Interest rate range	2.10%-3.00%	-

## 25. BONDS PAYABLE

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
First perpetual non-cumulative subordinated corporate bonds of 2016 (a)	\$ 35,000,000	\$ 35,000,000
First perpetual cumulative subordinated corporate bonds of 2017 (b)	35,000,000	35,000,000
First perpetual cumulative subordinated corporate bonds of 2019 (c)	10,000,000	10,000,000
First unsecured cumulative subordinated corporate bonds of 2023 (d)	25,100,000	25,100,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (e)	3,552,494	3,704,253
Third USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (f)	785,950	819,525
Fourth unsecured cumulative subordinated corporate bonds of 2023 (g)	5,500,000	5,500,000
First unsecured cumulative subordinated corporate bonds of 2024 (h)	44,000,000	44,000,000
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2024 (i)	5,878,906	6,130,047
Overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (j)	18,862,800	19,668,600
Overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds (k)	10,060,160	10,489,920
Discounts on bonds payable	<u>(136,728)</u>	<u>(155,015)</u>
	<u>\$ 193,603,582</u>	<u>\$ 195,257,330</u>

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

- 1) Issue amount: \$35,000,000 thousand.
- 2) Principal amount and issue price: The face value is \$1,000,000 thousand each, and is issued at par.
- 3) Years to maturity: Perpetual.
- 4) Coupon rate: From the issue date to the tenth year, the coupon rate is 3.6%; from the day following the tenth year maturity and on every tenth year maturity from then on, if the bonds are not redeemed, the coupon rate will be adjusted to a fixed annual rate of Taiwan 10 years government bond plus the issue spread.
- 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date. The Company may stop making interest payments and such interest payments will not be cumulated or deferred under the following circumstances: The Company has no earnings or the earnings are insufficient to make interest payments; the Company would fail to meet the required risk-based capital (“RBC”) ratio or other minimum requirements from the authorities if making those interest payments; the Company has other essential considerations.
- 6) Right of early redemption: The Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest. The Company may redeem the bond once a year.
- 7) Forms of bonds: Physical certificate.

- 8) Interest expense: Interest expense of \$1,260,000 thousand and \$1,260,179 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- b. Pursuant to Order No. Securities-TPEX-Bond-10600099421 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. Key terms and conditions are as follows:
- 1) Issue amount: \$35,000,000 thousand.
  - 2) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
  - 3) Years to maturity: Perpetual.
  - 4) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year maturity.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$1,155,000 thousand and \$1,157,030 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- c. Pursuant to Order No. Securities-TPEX-Bond-10800055731 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
- 1) Issue amount: \$10,000,000 thousand.
  - 2) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
  - 3) Years to maturity: Perpetual.
  - 4) Coupon rate: Fixed rate of 3%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$300,000 thousand and \$300,420 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.

- d. Pursuant to Order No. Securities-TPEX-Bond-11200070741 of the Taipei Exchange, the Company issued first domestic unsecured cumulative subordinated corporate bonds on August 1, 2023. Key terms and conditions are as follows:
- 1) Issue amount: \$25,100,000 thousand, which is divided into Note A of \$17,600,000 thousand and Note B of \$7,500,000 thousand by issue terms.
  - 2) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
  - 3) Years to maturity: Note A is 10 years, and Note B is 15 years.
  - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$939,950 thousand and \$941,037 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- e. Pursuant to Order No. Securities-TPEX-Bond-11200073801 of the Taipei Exchange, the Company issued second domestic USD-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023. Key terms and conditions are as follows:
- 1) Issue amount: US\$113,000 thousand.
  - 2) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
  - 3) Years to maturity: 10 years.
  - 4) Coupon rate: Fixed rate of 6.1%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: None.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$215,488 thousand and \$221,719 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- f. Pursuant to Order No. Securities-TPEX-Bond-11200097881 of the Taipei Exchange, the Company issued third domestic USD-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023. Key terms and conditions are as follows:
- 1) Issue amount: US\$25,000 thousand.
  - 2) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.

- 3) Years to maturity: 10 years.
  - 4) Coupon rate: Fixed rate of 6.1%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: None.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$47,674 thousand and \$49,048 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- g. Pursuant to Order No. Securities-TPEX-Bond-11200099051 of the Taipei Exchange, the Company issued fourth domestic unsecured cumulative subordinated corporate bonds on October 12, 2023. Key terms and conditions are as follows:
- 1) Issue amount: \$5,500,000 thousand, which is divided into Note A of \$2,500,000 thousand and Note B of \$3,000,000 thousand by issue terms.
  - 2) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
  - 3) Years to maturity: Note A is 10 years, and Note B is 15 years.
  - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$208,000 thousand and \$208,127 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- h. Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, the Company issued its first domestic unsecured cumulative subordinated corporate bonds on April 24, 2024. Key terms and conditions are as follows:
- 1) Issue amount: \$44,000,000 thousand, which is divided into Note A of \$32,350,000 thousand and Note B of \$11,650,000 thousand by issue terms.
  - 2) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
  - 3) Years to maturity: Note A is 10 years, and Note B is 15 years.
  - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

- 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$1,645,475 thousand and \$1,136,049 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- i. Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, the Company issued its second domestic USD-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024. Key terms and conditions are as follows:
- 1) Issue amount: US\$187,000 thousand.
  - 2) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
  - 3) Years to maturity: 10 years.
  - 4) Coupon rate: Fixed rate of 5.80%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
  - 6) Right of early redemption: None.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$339,065 thousand and \$225,888 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.
- j. On July 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas ten-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2034. The Company acts as the guarantor. Key terms and conditions are as follows:
- 1) Issue amount: US\$600,000 thousand.
  - 2) Principal amount and issue price: The face value is US\$200 thousand each and integral multiples of US\$1,000 in excess; the issue price was 99.717.
  - 3) Years to maturity: 10 years.
  - 4) Coupon rate: Fixed rate of 5.95%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.
  - 6) Right of early redemption: None.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$1,119,620 thousand and \$174,507 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.

- k. On September 5, 2024, Cathaylife Singapore Pte. Ltd. issued overseas fifteen-year USD-denominated unsecured cumulative Tier 2 subordinated corporate bonds due in 2039. The Company acts as the guarantor. Key terms and conditions are as follows:
- 1) Issue amount: US\$320,000 thousand.
  - 2) Principal amount and issue price: The face value is US\$200 thousand each and integral multiples of US\$1,000 in excess; the issue price was 99.777.
  - 3) Years to maturity: 15 years.
  - 4) Coupon rate: Fixed rate of 5.30%.
  - 5) Terms of interest payments: The interest payments are calculated and paid at the coupon rate semi-annually from the issue date.
  - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
  - 7) Forms of bonds: Book-entry securities.
  - 8) Interest expense: Interest expense of \$532,263 thousand and \$561,021 thousand was recorded as finance costs for the years ended December 31, 2025 and 2024, respectively.

## 26. INSURANCE LIABILITIES

The details of insurance contracts and financial instruments with discretionary participation feature are summarized below:

a. The Company

1) Unearned premium reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 24,211	\$ -	\$ 24,211	\$ 65,983	\$ -	\$ 65,983
Individual injury insurance	9,570,026	-	9,570,026	8,893,208	-	8,893,208
Individual health insurance	13,215,814	-	13,215,814	12,491,218	-	12,491,218
Group insurance	1,132,295	-	1,132,295	1,068,249	-	1,068,249
Investment-linked insurance	134,125	-	134,125	126,888	-	126,888
	<u>24,076,471</u>	<u>-</u>	<u>24,076,471</u>	<u>22,645,546</u>	<u>-</u>	<u>22,645,546</u>
Less ceded unearned premium reserve:						
Individual life insurance	604,067	-	604,067	568,065	-	568,065
Individual injury insurance	26,168	-	26,168	-	-	-
Individual health insurance	471,313	-	471,313	419,349	-	419,349
	<u>1,101,548</u>	<u>-</u>	<u>1,101,548</u>	<u>987,414</u>	<u>-</u>	<u>987,414</u>
	<u>\$ 22,974,923</u>	<u>\$ -</u>	<u>\$ 22,974,923</u>	<u>\$ 21,658,132</u>	<u>\$ -</u>	<u>\$ 21,658,132</u>

The changes in unearned premium reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 22,645,546	\$ -	\$ 22,645,546	\$ 21,238,149	\$ -	\$ 21,238,149
Provision	24,076,524	-	24,076,524	22,645,486	-	22,645,486
Recovery	(22,645,546)	-	(22,645,546)	(21,238,149)	-	(21,238,149)
Foreign exchange	(53)	-	(53)	60	-	60
Ending balance	<u>24,076,471</u>	<u>-</u>	<u>24,076,471</u>	<u>22,645,546</u>	<u>-</u>	<u>22,645,546</u>
Less ceded unearned premium reserve:						
Beginning balance	987,414	-	987,414	1,241,869	-	1,241,869
Increase	114,134	-	114,134	-	-	-
Decrease	-	-	-	(254,455)	-	(254,455)
Ending balance	<u>1,101,548</u>	<u>-</u>	<u>1,101,548</u>	<u>987,414</u>	<u>-</u>	<u>987,414</u>
Net ending balance	<u>\$ 22,974,923</u>	<u>\$ -</u>	<u>\$ 22,974,923</u>	<u>\$ 21,658,132</u>	<u>\$ -</u>	<u>\$ 21,658,132</u>

2) Loss reserve

	December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance						
Filed but not paid	\$ 4,741,444	\$ 70,723	\$ 4,812,167	\$ 4,266,293	\$ 21,053	\$ 4,287,346
Not yet filed	12,675	-	12,675	31,810	-	31,810
Individual injury insurance						
Filed but not paid	271,104	-	271,104	255,145	-	255,145
Not yet filed	2,878,802	-	2,878,802	2,805,526	-	2,805,526
Individual health insurance						
Filed but not paid	912,094	-	912,094	851,613	-	851,613
Not yet filed	5,036,193	-	5,036,193	4,801,827	-	4,801,827
Group insurance						
Filed but not paid	261,479	-	261,479	254,178	-	254,178
Not yet filed	899,543	-	899,543	1,054,922	-	1,054,922
Investment-linked insurance						
Filed but not paid	294,072	-	294,072	266,127	-	266,127
Not yet filed	75	-	75	4,292	-	4,292
	<u>15,307,481</u>	<u>70,723</u>	<u>15,378,204</u>	<u>14,591,733</u>	<u>21,053</u>	<u>14,612,786</u>
Less ceded loss reserve						
Individual life insurance	17,584	-	17,584	9,742	-	9,742
Individual health insurance	2,378	-	2,378	2,847	-	2,847
	<u>19,962</u>	<u>-</u>	<u>19,962</u>	<u>12,589</u>	<u>-</u>	<u>12,589</u>
	<u>\$ 15,287,519</u>	<u>\$ 70,723</u>	<u>\$ 15,358,242</u>	<u>\$ 14,579,144</u>	<u>\$ 21,053</u>	<u>\$ 14,600,197</u>

The changes of loss reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 14,591,733	\$ 21,053	\$ 14,612,786	\$ 12,689,212	\$ 10,835	\$ 12,700,047
Provision	15,336,890	70,723	15,407,613	14,555,155	21,053	14,576,208
Recovery	(14,591,733)	(21,053)	(14,612,786)	(12,689,211)	(10,835)	(12,700,046)
Foreign exchange	(29,409)	-	(29,409)	36,577	-	36,577
Ending balance	<u>15,307,481</u>	<u>70,723</u>	<u>15,378,204</u>	<u>14,591,733</u>	<u>21,053</u>	<u>14,612,786</u>
Less ceded loss reserve						
Beginning balance	12,589	-	12,589	107,237	-	107,237
Increase	7,373	-	7,373	-	-	-
Decrease	-	-	-	(94,648)	-	(94,648)
Ending balance	<u>19,962</u>	<u>-</u>	<u>19,962</u>	<u>12,589</u>	<u>-</u>	<u>12,589</u>
Net ending balance	<u>\$ 15,287,519</u>	<u>\$ 70,723</u>	<u>\$ 15,358,242</u>	<u>\$ 14,579,144</u>	<u>\$ 21,053</u>	<u>\$ 14,600,197</u>

3) Policy reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Life insurance (Note 1)	\$ 5,770,664,685	\$ 1,920	\$ 5,770,666,605	\$ 5,824,252,901	\$ 1,914	\$ 5,824,254,815
Injury insurance	8,339,334	-	8,339,334	7,874,472	-	7,874,472
Health insurance	1,132,431,193	-	1,132,431,193	1,073,455,945	-	1,073,455,945
Annuity insurance	1,001,345	3,617,808	4,619,153	1,050,400	4,666,247	5,716,647
Investment-linked insurance	<u>1,223,079</u>	-	<u>1,223,079</u>	<u>1,144,416</u>	-	<u>1,144,416</u>
Total (Note 2)	<u>6,913,659,636</u>	<u>3,619,728</u>	<u>6,917,279,364</u>	<u>6,907,778,134</u>	<u>4,668,161</u>	<u>6,912,446,295</u>
Less ceded policy reserve						
Life insurance	<u>299,498</u>	-	<u>299,498</u>	<u>321,483</u>	-	<u>321,483</u>
	<u>\$ 6,913,360,138</u>	<u>\$ 3,619,728</u>	<u>\$ 6,916,979,866</u>	<u>\$ 6,907,456,651</u>	<u>\$ 4,668,161</u>	<u>\$ 6,912,124,812</u>

The changes of policy reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 6,907,778,134	\$ 4,668,161	\$ 6,912,446,295	\$ 6,728,866,194	\$ 5,626,906	\$ 6,734,493,100
Provision	487,484,485	49,280	487,533,765	470,081,319	51,086	470,132,405
Recovery (Note 3)	(416,503,365)	(1,097,719)	(417,601,084)	(389,193,204)	(1,009,825)	(390,203,029)
Foreign exchange	(63,249,513)	6	(63,249,507)	98,023,825	(6)	98,023,819
Reclassified to reserve for foreign exchange valuation (Note 1)	<u>(1,850,105)</u>	<u>-</u>	<u>(1,850,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>6,913,659,636</u>	<u>3,619,728</u>	<u>6,917,279,364</u>	<u>6,907,778,134</u>	<u>4,668,161</u>	<u>6,912,446,295</u>
Less ceded policy reserve						
Beginning balance	321,483	-	321,483	339,816	-	339,816
Decrease	(22,914)	-	(22,914)	(29,850)	-	(29,850)
Foreign exchange	<u>929</u>	<u>-</u>	<u>929</u>	<u>11,517</u>	<u>-</u>	<u>11,517</u>
Ending balance	<u>299,498</u>	<u>-</u>	<u>299,498</u>	<u>321,483</u>	<u>-</u>	<u>321,483</u>
Net ending balance	<u>\$ 6,913,360,138</u>	<u>\$ 3,619,728</u>	<u>\$ 6,916,979,866</u>	<u>\$ 6,907,456,651</u>	<u>\$ 4,668,161</u>	<u>\$ 6,912,124,812</u>

Note 1: As of December 31, 2024, allowance for doubtful account pertinent to 3% business tax cut and recovery of reserve for catastrophic event are included. Moreover, according to Jin Guan Bao Shou No. 1140420671 issued on May 28, 2025, the aforementioned reserve amounting to \$1,850,105 thousand has been reclassified to the reserve for foreign exchange valuation.

Note 2: Total policy reserve including policy-reserve payables for the insured amounted to \$6,920,602,727 thousand and \$6,915,551,389 thousand as of December 31, 2025 and 2024, respectively.

Note 3: In accordance with Jin Guan Bao Tsai No. 11404924811 issued on June 30, 2025, adjustments were made to the applicable interest rates and mortality rates for selected insurance products. The difference in policy reserves before and after adjustment may be released within 40% of the difference between the most recent fair value of liabilities and the carrying amount of policy reserves. After submission for regulatory approval, consent was obtained via Jin Guan Bao Shou No. 1140424941 allowing a release of \$49,899,309 thousand from policy reserve as of June 30, 2025. Furthermore, approval was granted under Jin Guan Bao Shou No. 1140424940 to increase the reserve for foreign exchange valuation.

4) Special reserve

	December 31							
	2025				2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total
Participating policies dividends reserve	\$ 29,877	\$ -	\$ -	\$ 29,877	\$ 23,656	\$ -	\$ -	\$ 23,656
Special reserve for revaluation increments of property	-	-	-	-	-	-	11,083,324	11,083,324
	<u>\$ 29,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,877</u>	<u>\$ 23,656</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,106,980</u>

The changes of special reserve are summarized below:

	For the Year Ended December 31							
	2025				2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total
Beginning balance	\$ 23,656	\$ -	\$ 11,083,324	\$ 11,106,980	\$ 7,215	\$ -	\$ 11,083,324	\$ 11,090,539
Provision for participating policies dividends reserve	23,212	-	-	23,212	26,261	-	-	26,261
Recovery of participating policies dividends reserve	(16,991)	-	-	(16,991)	(9,820)	-	-	(9,820)
Reclassified to reserve for foreign exchange valuation (Note)	-	-	(11,083,324)	(11,083,324)	-	-	-	-
Ending balance	<u>\$ 29,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,877</u>	<u>\$ 23,656</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,106,980</u>

Note: In accordance with the Jin Guan Bao Shou No. 1140420671 issued on May 28, 2025, the special reserve for revaluation increments of property amounting to \$11,083,324 thousand has been reclassified to the reserve for foreign exchange valuation.

5) Premium deficiency reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance	\$ 3,973,646	\$ -	\$ 3,973,646	\$ 4,257,673	\$ -	\$ 4,257,673
Individual injury insurance	2,807	-	2,807	3,370	-	3,370
Individual health insurance	1,989,627	-	1,989,627	1,439,539	-	1,439,539
Group insurance	<u>1</u>	<u>-</u>	<u>1</u>	<u>18,869</u>	<u>-</u>	<u>18,869</u>
	<u>\$ 5,966,081</u>	<u>\$ -</u>	<u>\$ 5,966,081</u>	<u>\$ 5,719,451</u>	<u>\$ -</u>	<u>\$ 5,719,451</u>

The changes of premium deficiency reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 5,719,451	\$ -	\$ 5,719,451	\$ 6,770,608	\$ -	\$ 6,770,608
Provision	1,548,701	-	1,548,701	66,081	-	66,081
Recovery	(1,264,281)	-	(1,264,281)	(1,193,570)	-	(1,193,570)
Foreign exchange	<u>(37,790)</u>	<u>-</u>	<u>(37,790)</u>	<u>76,332</u>	<u>-</u>	<u>76,332</u>
Ending balance	<u>\$ 5,966,081</u>	<u>\$ -</u>	<u>\$ 5,966,081</u>	<u>\$ 5,719,451</u>	<u>\$ -</u>	<u>\$ 5,719,451</u>

6) Other reserve

	December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Other	\$ 89,879	\$ -	\$ 89,879	\$ 1,818,394	\$ -	\$ 1,818,394

The changes of other reserve are summarized below:

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,818,394	\$ -	\$ 1,818,394	\$ 1,834,253	\$ -	\$ 1,834,253
Recovery	(28,515)	-	(28,515)	(15,859)	-	(15,859)
Reclassified to reserve for foreign exchange valuation (Note)	(1,700,000)	-	(1,700,000)	-	-	-
Ending balance	\$ 89,879	\$ -	\$ 89,879	\$ 1,818,394	\$ -	\$ 1,818,394

Note: In accordance with Jin Guan Bao Shou No. 1140420671 issued on May 28, 2025, the other reserve for business value of the acquisition amounting to \$1,700,000 thousand has been reclassified to the reserve for foreign exchange valuation.

7) Liability adequacy reserve

	<b>Insurance Contracts and Financial Instruments with Discretionary Participation Feature</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Unearned premium reserve	\$ 24,076,471	\$ 22,645,546
Policy reserve	6,920,602,727	6,915,551,389
Premium deficiency reserve	5,966,081	5,719,451
Other reserve	<u>89,879</u>	<u>1,818,394</u>
Book value of insurance liabilities	<u>\$ 6,950,735,158</u>	<u>\$ 6,945,734,780</u>
Estimated present value of cash flows	<u>\$ 6,322,126,486</u>	<u>\$ 6,281,340,645</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: Loss reserve and special reserve are not included in liability adequacy test. Loss reserve is determined based on claims incurred before valuation date and therefore not included in the test.

Note 3: The Company has settled the acquisition of Global Life and Singfor Life. Thus, the value of acquired business, i.e., other reserve, shall be considered when calculating the book value of insurance liability included in liability adequacy test.

Liability adequacy testing methodology is listed as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Significant assumptions		
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.
b) Discount rate	Under assets allocation plan on September 30, 2025, discount rates are calculated using the best estimated scenario investment return based on actuary report of 2024. In addition, due to the adoption of the new framework for the reserve for foreign exchange valuation starting May 2025, the best estimated scenario assumptions have been adjusted accordingly to calculate the investment return, with neutral assumption for discount rates after 30 years	Under assets allocation plan on September 30, 2024, discount rates are calculated using the best estimated scenario investment return based on actuary report of 2023, with neutral assumption for discount rates after 30 years.

b. Cathay Lujiazui Life

1) Unearned premium reserve

	December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual injury insurance	\$ -	\$ -	\$ -	\$ 4,168	\$ -	\$ 4,168
Individual health insurance	-	-	-	38,737	-	38,737
Group insurance	-	-	-	453,769	-	453,769
	\$ -	\$ -	\$ -	\$ 496,674	\$ -	\$ 496,674

The changes of unearned premium reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 496,674	\$ -	\$ 496,674	\$ 410,568	\$ -	\$ 410,568
Provision	355,104	-	355,104	655,472	-	655,472
Recovery	(483,018)	-	(483,018)	(584,750)	-	(584,750)
Foreign exchange	(22,267)	-	(22,267)	15,384	-	15,384
Disposal of subsidiary (Note 47)	<u>(346,493)</u>	<u>-</u>	<u>(346,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,674</u>	<u>\$ -</u>	<u>\$ 496,674</u>

2) Loss reserve

	December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance						
Filed but not paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Not yet filed	-	-	-	-	-	-
Individual injury insurance						
Filed but not paid	-	-	-	-	-	-
Not yet filed	-	-	-	109	-	109
Individual health insurance						
Filed but not paid	-	-	-	-	-	-
Not yet filed	-	-	-	17,810	-	17,810
Group insurance						
Filed but not paid	-	-	-	18,051	-	18,051
Not yet filed	-	-	-	<u>541,742</u>	-	<u>541,742</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>577,712</u>	<u>-</u>	<u>577,712</u>
Less ceded loss reserve						
Individual injury insurance	-	-	-	13	-	13
Individual health insurance	-	-	-	4,337	-	4,337
Group insurance	-	-	-	<u>3,423</u>	-	<u>3,423</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,773</u>	<u>-</u>	<u>7,773</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,939</u>	<u>\$ -</u>	<u>\$ 569,939</u>

The changes of loss reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 577,712	\$ -	\$ 577,712	\$ 556,828	\$ -	\$ 556,828
Provision	1,416,775	-	1,416,775	1,990,972	-	1,990,972
Recovery	(1,465,509)	-	(1,465,509)	(1,990,329)	-	(1,990,329)
Foreign exchange	(26,743)	-	(26,743)	20,241	-	20,241
Disposal of subsidiary (Note 47)	(502,235)	-	(502,235)	-	-	-
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>577,712</u>	<u>-</u>	<u>577,712</u>
Less ceded loss reserve						
Beginning balance	7,773	-	7,773	9,959	-	9,959
Increase	22,543	-	22,543	36,029	-	36,029
Decrease	(22,284)	-	(22,284)	(38,560)	-	(38,560)
Foreign exchange	(368)	-	(368)	345	-	345
Disposal of subsidiary (Note 47)	(7,664)	-	(7,664)	-	-	-
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,773</u>	<u>-</u>	<u>7,773</u>
Net ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,939</u>	<u>\$ -</u>	<u>\$ 569,939</u>

3) Policy reserve

	December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ -	\$ -	\$ -	\$ 92,926,941	\$ -	\$ 92,926,941
Health insurance	-	-	-	10,657,826	-	10,657,826
Investment-linked insurance	-	-	-	673	-	673
	-	-	-	<u>103,585,440</u>	-	<u>103,585,440</u>
Less ceded policy reserve						
Life insurance	-	-	-	2,931	-	2,931
Health insurance	-	-	-	6,785	-	6,785
	-	-	-	<u>9,716</u>	-	<u>9,716</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,575,724</u>	<u>\$ -</u>	<u>\$ 103,575,724</u>

The changes of policy reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contract</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 103,585,440	\$ -	\$ 103,585,440	\$ 72,258,070	\$ -	\$ 72,258,070
Provision	40,456,360	-	40,456,360	33,211,143	-	33,211,143
Recovery	(2,683,827)	-	(2,683,827)	(5,221,401)	-	(5,221,401)
Reclassification	72,441	-	72,441	525,006	-	525,006
Foreign exchange	(5,187,850)	-	(5,187,850)	2,812,622	-	2,812,622
Disposal of subsidiary (Note 47)	<u>(136,242,564)</u>	<u>-</u>	<u>(136,242,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,585,440</u>	<u>-</u>	<u>103,585,440</u>
Less ceded policy reserve						
Beginning balance	9,716	-	9,716	8,188	-	8,188
Increase	26,755	-	26,755	41,423	-	41,423
Decrease	(27,382)	-	(27,382)	(40,201)	-	(40,201)
Foreign exchange	(450)	-	(450)	306	-	306
Disposal of subsidiary (Note 47)	<u>(8,639)</u>	<u>-</u>	<u>(8,639)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,716</u>	<u>-</u>	<u>9,716</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,575,724</u>	<u>\$ -</u>	<u>\$ 103,575,724</u>

4) Liability adequacy reserve

	<b>Insurance Contracts and Financial Instruments with Discretionary Participation Feature</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Unearned premium reserve	\$ -	\$ 496,674
Policy reserve	<u>-</u>	<u>103,585,440</u>
Book value of insurance liabilities	<u>\$ -</u>	<u>\$ 104,082,114</u>
Estimated present value of cash flows	<u>\$ -</u>	<u>\$ 83,265,691</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: The loss reserve is not included in the liability adequacy test. The loss reserve is determined based on claims incurred before the valuation date and is therefore not included in the test.

Liability adequacy testing methodology is listed as follows:

<b>December 31, 2024</b>	
Test method	Gross premium valuation method (GPV)
Groups	Integrated testing
Significant assumptions	
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.
b) Discount rate	Discount rates are calculated using the best estimated scenario investment return based on actuary report of 2023 with neutral assumption for discount rates after 40 years.

c. Cathay Life (Vietnam)

The details of insurance contracts and financial instruments with discretionary participation feature are summarized below:

1) Unearned premium reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual injury insurance	\$ 13,313	\$ -	\$ 13,313	\$ 13,118	\$ -	\$ 13,118
Individual health insurance	<u>68,837</u>	<u>-</u>	<u>68,837</u>	<u>54,785</u>	<u>-</u>	<u>54,785</u>
	<u>\$ 82,150</u>	<u>\$ -</u>	<u>\$ 82,150</u>	<u>\$ 67,903</u>	<u>\$ -</u>	<u>\$ 67,903</u>

The changes of unearned premium reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 67,903	\$ -	\$ 67,903	\$ 62,117	\$ -	\$ 62,117
Provision	19,083	-	19,083	4,885	-	4,885
Foreign exchange	<u>(4,836)</u>	<u>-</u>	<u>(4,836)</u>	<u>901</u>	<u>-</u>	<u>901</u>
Ending balance	<u>\$ 82,150</u>	<u>\$ -</u>	<u>\$ 82,150</u>	<u>\$ 67,903</u>	<u>\$ -</u>	<u>\$ 67,903</u>

2) Loss reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Individual life insurance						
Filed but not paid	\$ 9,967	\$ -	\$ 9,967	\$ 9,395	\$ -	\$ 9,395
Individual injury insurance						
Filed but not paid	2,105	-	2,105	2,568	-	2,568
Not yet filed	2,423	-	2,423	2,751	-	2,751
Individual health insurance						
Filed but not paid	22,630	-	22,630	18,073	-	18,073
Not yet filed	19,660	-	19,660	18,700	-	18,700
Investment-linked insurance						
Filed but not paid	<u>16,983</u>	<u>-</u>	<u>16,983</u>	<u>15,634</u>	<u>-</u>	<u>15,634</u>
	<u>\$ 73,768</u>	<u>\$ -</u>	<u>\$ 73,768</u>	<u>\$ 67,121</u>	<u>\$ -</u>	<u>\$ 67,121</u>

The changes of loss reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 67,121	\$ -	\$ 67,121	\$ 53,963	\$ -	\$ 53,963
Provision	11,417	-	11,417	12,344	-	12,344
Foreign exchange	<u>(4,770)</u>	<u>-</u>	<u>(4,770)</u>	<u>814</u>	<u>-</u>	<u>814</u>
Ending balance	<u>\$ 73,768</u>	<u>\$ -</u>	<u>\$ 73,768</u>	<u>\$ 67,121</u>	<u>\$ -</u>	<u>\$ 67,121</u>

3) Policy reserve

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Life insurance	\$ 12,330,581	\$ -	\$ 12,330,581	\$ 12,745,771	\$ -	\$ 12,745,771
Investment-linked insurance	<u>3,407,400</u>	<u>-</u>	<u>3,407,400</u>	<u>2,640,796</u>	<u>-</u>	<u>2,640,796</u>
	<u>\$ 15,737,981</u>	<u>\$ -</u>	<u>\$ 15,737,981</u>	<u>\$ 15,386,567</u>	<u>\$ -</u>	<u>\$ 15,386,567</u>

The changes of policy reserve are summarized below:

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Feature</b>	<b>Total</b>
Beginning balance	\$ 15,386,567	\$ -	\$ 15,386,567	\$ 13,114,141	\$ -	\$ 13,114,141
Provision	1,442,610	-	1,442,610	2,078,151	-	2,078,151
Foreign exchange	<u>(1,091,196)</u>	<u>-</u>	<u>(1,091,196)</u>	<u>194,275</u>	<u>-</u>	<u>194,275</u>
Ending balance	<u>\$ 15,737,981</u>	<u>\$ -</u>	<u>\$ 15,737,981</u>	<u>\$ 15,386,567</u>	<u>\$ -</u>	<u>\$ 15,386,567</u>

4) Liability adequacy reserve

	<b>Insurance Contracts and Financial Instruments with Discretionary Participation Feature</b>	
	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Unearned premium reserve	\$ 82,150	\$ 67,903
Policy reserve	<u>15,737,981</u>	<u>15,386,567</u>
Book value of insurance liabilities	<u>\$ 15,820,131</u>	<u>\$ 15,454,470</u>
Estimated present value of cash flows	<u>\$ 9,054,421</u>	<u>\$ 8,076,311</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: Loss reserve is not included in liability adequacy test. Loss reserve is determined based on claims incurred before valuation date and therefore not included in the test.

Liability adequacy testing methodology is listed as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Significant assumptions		
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.
b) Discount rate	Discount rates are calculated using the 5-year financial forecast return of the investments of the current year with neutral assumption for discount rates after 5 years	Discount rates are calculated using the 5-year financial forecast return of the investments of the current year with neutral assumption for discount rates after 5 years.

## 27. RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS

The Company and Cathay Lujiazui Life issued financial instruments without discretionary participation feature and recognized reserve for insurance contracts with the nature of financial products. As of December 31, 2025 and 2024, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

### a. The Company

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Life insurance	\$ 66,744	\$ 66,188
Investment-linked insurance	<u>1,424,776</u>	<u>1,264,465</u>
	<u>\$ 1,491,520</u>	<u>\$ 1,330,653</u>
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 1,330,653	\$ 1,153,105
Claims and payments	(1,207,206)	(1,156,393)
Net provision of statutory reserve	1,381,566	1,309,361
Foreign exchange	<u>(13,493)</u>	<u>24,580</u>
Ending balance	<u>\$ 1,491,520</u>	<u>\$ 1,330,653</u>

### b. Cathay Lujiazui Life

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Life insurance	\$ _____ -	\$ 25,530,443
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 25,530,443	\$ 22,371,094
Premiums received	3,703,392	4,951,350
Claims and payments	(2,004,252)	(3,416,110)
Net provision of statutory reserve	563,992	795,838
Foreign exchange	(1,219,066)	828,271
Disposal of subsidiary (Note 47)	<u>(26,574,509)</u>	_____ -
Ending balance	<u>\$ _____ -</u>	<u>\$ 25,530,443</u>

## 28. RESERVE FOR FOREIGN EXCHANGE VALUATION

### a. The hedging strategy and risk exposure

Based on the principle of risk control and to maintain the consistent level of reserve for foreign exchange valuation, the Company consistently adjusts the hedge ratios and risk exposure position under the risk control.

b. Reconciliation for reserve for foreign exchange valuation

	For the Year Ended December 31, 2025					
	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Policy Reserve - Operating Loss Reserve	Life Insurance Policy Reserve - Recovery of Catastrophic Event Reserve	Life Insurance Policy Reserve - Other Enhanced Provisions	Other Reserve - Business Value of the Acquisition
Beginning balance	\$ 27,514,387	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,818,394
Provision						
Compulsory reserve	13,157,755	-	-	-	-	-
Additional reserve (Note 1)	<u>148,021,264</u>	-	-	-	-	-
	161,179,019	-	-	-	-	-
Recovery	(89,520,267)	-	-	-	-	(28,515)
Reclassified from policy reserves and other liability reserves (Note 2)	<u>14,633,429</u>	<u>(11,083,324)</u>	<u>(980)</u>	<u>(63,291)</u>	<u>(1,785,834)</u>	<u>(1,700,000)</u>
Ending balance	<u>\$ 113,806,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,879</u>

  

	For the Year Ended December 31, 2024					
	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Policy Reserve - Operating Loss Reserve	Life Insurance Policy Reserve - Recovery of Catastrophic Event Reserve	Life Insurance Policy Reserve - Other Enhanced Provisions	Other Reserve - Business Value of the Acquisition
Beginning balance	\$ 20,773,326	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,834,253
Provision						
Compulsory reserve	7,616,445	-	-	-	-	-
Additional reserve	<u>39,605,849</u>	-	-	-	-	-
	47,222,294	-	-	-	-	-
Recovery	<u>(40,481,233)</u>	-	-	-	-	(15,859)
Ending balance	<u>\$ 27,514,387</u>	<u>\$ 11,083,324</u>	<u>\$ 980</u>	<u>\$ 63,291</u>	<u>\$ 1,785,834</u>	<u>\$ 1,818,394</u>

Note 1: The Company applied to and obtained approval from Jin Guan Bao Shou No. 1140424940, allowing an additional provision of \$50,848,511 thousand to the reserve for foreign exchange valuation in June 2025. Additionally, an amount of \$21,749,390 thousand, representing 30% of the profit before tax for the year, was appropriated as a reserve for foreign exchange valuation in December 2025.

Note 2: The Company applied to and obtained approval from Jin Guan Bao Shou No. 1140420671, allowing the reclassification of special reserves, policy reserves, and other reserves to the reserve for foreign exchange valuation in May 2025, in the amounts of \$11,083,324 thousand, \$1,850,105 thousand, and \$1,700,000 thousand, respectively.

c. Effects due to reserve for foreign exchange valuation

Items	For the Year Ended December 31, 2025		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net profit attributable to owners of the Company	\$ 113,902,282	\$ 56,575,280	\$ (57,327,002)
Earnings per share	17.93	8.91	(9.02)
Reserve for foreign exchange valuation	-	113,806,568	113,806,568
Equity attributable to owners of the Company	824,764,912	749,029,297	(75,735,615)

Items	For the Year Ended December 31, 2024		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net profit attributable to owners of the Company	\$ 72,276,158	\$ 66,883,309	\$ (5,392,849)
Earnings per share	11.38	10.53	(0.85)
Reserve for foreign exchange valuation	-	27,514,387	27,514,387
Equity attributable to owners of the Company	722,905,686	704,497,073	(18,408,613)

## 29. RETAINED EARNED PREMIUM AND RETAINED CLAIM PAYMENTS

### a. Retained earned premium

#### 1) The Company

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 405,818,904	\$ 51,874	\$ 405,870,778	\$ 397,742,451	\$ 53,774	\$ 397,796,225
Reinsurance premium	(28,193)	-	(28,193)	88,010	-	88,010
Premium income	405,790,711	51,874	405,842,585	397,830,461	53,774	397,884,235
Less: Reinsurance expenses	(2,760,961)	-	(2,760,961)	(2,716,120)	-	(2,716,120)
Net changes in unearned premium reserve	(1,316,844)	-	(1,316,844)	(1,661,792)	-	(1,661,792)
Retained earned premium	<u>\$ 401,712,906</u>	<u>\$ 51,874</u>	<u>\$ 401,764,780</u>	<u>\$ 393,452,549</u>	<u>\$ 53,774</u>	<u>\$ 393,506,323</u>

#### 2) Cathay Lujiazui Life

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 39,737,674	\$ -	\$ 39,737,674	\$ 31,686,909	\$ -	\$ 31,686,909
Reinsurance premium	-	-	-	-	-	-
Premium income	39,737,674	-	39,737,674	31,686,909	-	31,686,909
Less: Reinsurance expenses	(76,590)	-	(76,590)	(97,026)	-	(97,026)
Net changes in unearned premium reserve	127,914	-	127,914	(70,722)	-	(70,722)
Retained earned premium	<u>\$ 39,788,998</u>	<u>\$ -</u>	<u>\$ 39,788,998</u>	<u>\$ 31,519,161</u>	<u>\$ -</u>	<u>\$ 31,519,161</u>

### 3) Cathay Life (Vietnam)

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 3,483,886	\$ -	\$ 3,483,886	\$ 3,962,774	\$ -	\$ 3,962,774
Reinsurance premium	-	-	-	-	-	-
Premium income	3,483,886	-	3,483,886	3,962,774	-	3,962,774
Less: Reinsurance expenses	(47,505)	-	(47,505)	(48,249)	-	(48,249)
Net changes in unearned premium reserve	(19,083)	-	(19,083)	(4,885)	-	(4,885)
Retained earned premium	<u>\$ 3,417,298</u>	<u>\$ -</u>	<u>\$ 3,417,298</u>	<u>\$ 3,909,640</u>	<u>\$ -</u>	<u>\$ 3,909,640</u>

#### b. Retained claims payments

##### 1) The Company

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 450,813,824	\$ 1,116,983	\$ 451,930,807	\$ 471,920,200	\$ 1,090,182	\$ 473,010,382
Reinsurance claims payments	9,097	-	9,097	67,140	-	67,140
Insurance claims payments	450,822,921	1,116,983	451,939,904	471,987,340	1,090,182	473,077,522
Less: Claims and payments recovered from reinsures	(1,514,096)	-	(1,514,096)	(2,051,268)	-	(2,051,268)
Retained claims payments	<u>\$ 449,308,825</u>	<u>\$ 1,116,983</u>	<u>\$ 450,425,808</u>	<u>\$ 469,936,072</u>	<u>\$ 1,090,182</u>	<u>\$ 471,026,254</u>

##### 2) Cathay Lujiazui Life

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 2,785,748	\$ -	\$ 2,785,748	\$ 4,087,628	\$ -	\$ 4,087,628
Reinsurance claims payments	-	-	-	-	-	-
Insurance claims payments	2,785,748	-	2,785,748	4,087,628	-	4,087,628
Less: Claims and payments recovered from reinsures	(42,045)	-	(42,045)	(70,211)	-	(70,211)
Retained claims payments	<u>\$ 2,743,703</u>	<u>\$ -</u>	<u>\$ 2,743,703</u>	<u>\$ 4,017,417</u>	<u>\$ -</u>	<u>\$ 4,017,417</u>

### 3) Cathay Life (Vietnam)

	For the Year Ended December 31					
	2025			2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 1,226,585	\$ -	\$ 1,226,585	\$ 806,619	\$ -	\$ 806,619
Reinsurance claims payments	-	-	-	-	-	-
Insurance claims payments	1,226,585	-	1,226,585	806,619	-	806,619
Less: Claims and payments recovered from reinsures	-	-	-	-	-	-
Retained claims payments	<u>\$ 1,226,585</u>	<u>\$ -</u>	<u>\$ 1,226,585</u>	<u>\$ 806,619</u>	<u>\$ -</u>	<u>\$ 806,619</u>

### 30. PROVISIONS

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 56,245	\$ 56,245
Changes in the year	-	-
Ending balance	<u>\$ 56,245</u>	<u>\$ 56,245</u>

### 31. OTHER LIABILITIES

	December 31	
	2025	2024
Advance receipts	\$ 96,153	\$ 198,985
Deferred fee income	265,742	302,294
Guarantee deposits received	3,479,304	3,177,667
Others	<u>7,611,825</u>	<u>13,521,252</u>
	<u>\$ 11,453,024</u>	<u>\$ 17,200,198</u>

#### Deferred fee income

The Company issues investment-linked insurance contracts without discretionary participation feature of financial instruments. Deferred fee income related to investment management services of such contracts is reconciled below:

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ 302,294	\$ 357,180
Amortization	(44,081)	(46,150)
Foreign exchange	<u>7,529</u>	<u>(8,736)</u>
Ending balance	<u>\$ 265,742</u>	<u>\$ 302,294</u>

### 32. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries for the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligation	\$ 9,472,442	\$ 10,309,421
Fair value of plan assets	<u>(22,617,623)</u>	<u>(22,051,958)</u>
Net defined benefit assets	<u>\$ (13,145,181)</u>	<u>\$ (11,742,537)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance on January 1, 2024	<u>\$ 10,721,337</u>	<u>\$ (19,168,264)</u>	<u>\$ (8,446,927)</u>
Service cost			
Current service cost	194,227	-	194,227
Interest expense (income)	<u>118,734</u>	<u>(220,028)</u>	<u>(101,294)</u>
Recognized in profit or loss	<u>312,961</u>	<u>(220,028)</u>	<u>92,933</u>
Return on plan assets (excluding amounts included in net interest)	-	(3,848,614)	(3,848,614)
Actuarial loss			
Changes in financial assumptions	373,201	-	373,201
Experience adjustments	<u>464,160</u>	<u>-</u>	<u>464,160</u>
Recognized in other comprehensive loss (income)	<u>837,361</u>	<u>(3,848,614)</u>	<u>(3,011,253)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Contributions from the employer	\$ -	\$ (377,290)	\$ (377,290)
Benefits paid	<u>(1,562,238)</u>	<u>1,562,238</u>	<u>-</u>
Balance on December 31, 2024	<u>10,309,421</u>	<u>(22,051,958)</u>	<u>(11,742,537)</u>
Service cost			
Current service cost	193,172	-	193,172
Interest expense (income)	<u>152,700</u>	<u>(341,023)</u>	<u>(188,323)</u>
Recognized in profit or loss	<u>345,872</u>	<u>(341,023)</u>	<u>4,849</u>
Return on plan assets (excluding amounts included in net interest)	-	(1,273,285)	(1,273,285)
Actuarial loss			
Changes in financial assumptions	146,823	-	146,823
Experience adjustments	<u>86,266</u>	<u>-</u>	<u>86,266</u>
Recognized in other comprehensive loss (income)	<u>233,089</u>	<u>(1,273,285)</u>	<u>(1,040,196)</u>
Contributions from the employer	-	(367,297)	(367,297)
Benefits paid	<u>(1,415,940)</u>	<u>1,415,940</u>	<u>-</u>
Balance on December 31, 2025	<u>\$ 9,472,442</u>	<u>\$ (22,617,623)</u>	<u>\$ (13,145,181)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The discount rate for determining the present value of defined benefit obligation is based on the government bond yield. If the actual return on investment of the retirement fund assets is lower than the yield, the insufficiency of defined benefit liabilities will increase. The retirement fund assets which are managed by the Bureau of Labor Funds, Ministry of Labor are deposited in the labor retirement fund accounts, whose investment and operation are all managed by the government. Therefore, the Company has no control over the investment of the retirement fund assets.
- 2) Interest rate: A decrease in government bond yield will increase the present value of the defined benefit obligation. The interest rate risk is the main source of risk in the retirement benefit plan.
- 3) Longevity risk: In the calculation of the present value of defined benefit obligation, the estimated mortality rate during the employee service period is based on 100% of the sixth life table (2021TSO) of the life insurance industry. If the actual mortality rate is lower than the estimated rate, the present value of the defined benefit obligation will increase.
- 4) Salary adjustment risk: In the calculation of the present value of defined benefit obligation, the salary of an employee at the time of retirement is based on the assumed annual salary increase rate. If the actual adjustment to the employee's salary is higher than the assumed rate in the future, the present value of the defined benefit obligation will increase.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate	1.32%	1.57%
Expected rate of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)		
Increase 0.25%	<u>\$ (142,087)</u>	<u>\$ (154,641)</u>
Decrease 0.25%	<u>\$ 151,559</u>	<u>\$ 164,951</u>
Expected rate(s) of salary increase		
Increase 0.5%	<u>\$ 284,173</u>	<u>\$ 319,592</u>
Decrease 0.5%	<u>\$ (274,701)</u>	<u>\$ (309,283)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Expected contributions to the plans for the next year	<u>\$ 296,444</u>	<u>\$ 377,502</u>
Average duration of the defined benefit obligation	6.0 years	6.1 years

### 33. EQUITY

#### a. Share capital

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Number of shares authorized (in thousands)	<u>10,000,000</u>	<u>10,000,000</u>
Shares authorized	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>6,351,527</u>	<u>6,351,527</u>
Shares issued	<u>\$ 63,515,274</u>	<u>\$ 63,515,274</u>

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

b. Capital surplus

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Additional paid-in capital	\$ 89,550,000	\$ 89,550,000
Differences between share price and book value from acquisition or disposal of subsidiaries	29,142	29,142
Changes in amount of associates and joint ventures accounted for using the equity method	1,712,689	1,737,257
Share-based payments granted by the parent company to the Company's employees	<u>622,273</u>	<u>622,273</u>
	<u>\$ 91,914,104</u>	<u>\$ 91,938,672</u>

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in No. 37 of the Company's Article of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends also takes precedence in accordance with the dividends policy of the preferred share, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 35 d.

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

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

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

Pursuant to Jin Guan Bao Tsai No. 11404924813, insurance companies that adjust the applicable interest rates or mortality rates for policy reserve provisioning in accordance with Jin Guan Bao Tsai No. 11404924811 shall appropriate 30% of the pre-tax earnings for the year 2025 to the reserve for foreign exchange valuation.

The appropriations of earnings for 2024 and 2023 had been approved by the board of directors (on behalf of the shareholders) on April 29, 2025 and April 30, 2024, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Legal reserve	\$ 13,920,324	\$ 3,305,975
Special reserve	61,025,362	24,224,528

The Company's board of directors (on behalf of the shareholders) resolved to offset the deficit by a special reserve of \$5,488,104 thousand on April 30, 2024.

The appropriation of earnings for 2025, which were proposed by the Company's board of directors on March 11, 2026, were as follows:

	<b>Appropriation of Earnings</b>
Legal reserve	\$ 12,561,939
Special reserve	37,976,857
Cash dividends	17,585,944
Cash dividends per share	2.77

The appropriation of earnings for 2025 will be resolved by the Company's board of directors (on behalf of the shareholders) on May 14, 2026.

d. Special reserves

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Special reserve for catastrophic events and fluctuation of risks (1)	\$ 15,803,031	\$ 14,967,734
Special reserve for the foreign exchange valuation reserve (2)	58,134,164	41,227,349
Special reserve appropriated at the first-time adoption of IFRS Accounting Standards (3)	47,327,860	47,327,860
Special reserve for investment properties at fair value model in subsequent measurement (4)	150,432,066	149,796,291
Special reserve for gains or losses on disposal of immature debt instruments (5)	90,921,229	96,230,591
Others (6)	<u>184,499,083</u>	<u>141,849,628</u>
	<u>\$ 547,117,433</u>	<u>\$ 491,399,453</u>

1) Special reserve for catastrophic events and fluctuation of risks

According to the revised Regulations Governing the setting aside of Various Reserves by Insurance Enterprise on February 7, 2012, the Company transferred the balance of special reserve for catastrophic events and for fluctuation of risks, net of tax, from liability to special reserve under retained earnings.

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

a) Special reserve for catastrophic events

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

b) Special reserve for fluctuation of risks

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

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

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

According to Article 23-2 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, life insurance enterprises should recognize the amount equals to initial amount of reserve for foreign exchange valuation transferred from liabilities as special reserve in three years, starting from the implementation. The abovementioned special reserve includes the reduced recover amounts of special reserve for catastrophic events and special reserve for fluctuation of risks, which are calculated in accordance with the Articles 19 and 20, due to transferring to the initial amount of reserve for foreign exchange valuation.

According to Jin Guan Bao Tsai No. 09802513192, the revised Regulations Governing the Setting Aside of Various Reserve by Insurance Enterprise, issued on December 28, 2009, the provision for special reserve for catastrophic events and for fluctuation of risks is recognized at the end of the year and should not be distributed as dividends or be used for any other purposes. The related account balances are summarized as follows:

	<b>December 31, 2025</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 82,317	\$ -	\$ 82,317
Injury insurance	5,362,187	-	5,362,187
Health insurance	6,809,566	-	6,809,566
Group insurance	<u>3,548,961</u>	<u>-</u>	<u>3,548,961</u>
	<u>\$ 15,803,031</u>	<u>\$ -</u>	<u>\$ 15,803,031</u>
	<b>December 31, 2024</b>		
	<b>Insurance Contracts</b>	<b>Financial Instruments with Discretionary Participation Features</b>	<b>Total</b>
Life insurance	\$ 84,346	\$ -	\$ 84,346
Injury insurance	5,161,645	-	5,161,645
Health insurance	6,326,163	-	6,326,163
Group insurance	<u>3,395,580</u>	<u>-</u>	<u>3,395,580</u>
	<u>\$ 14,967,734</u>	<u>\$ -</u>	<u>\$ 14,967,734</u>

2) Special reserve for foreign exchange valuation reserve

According to Article 9 of the Direction for Reserve for Foreign Exchange Reserve and Jin Guan Bao Tsai No. 1090490453 issued on February 17, 2020, the Company should appropriate a special reserve of 10% of the profit after tax and the amount of other profit (or loss) items adjusted to the current year's undistributed earnings in the current year in order to strengthen the foreign exchange reserve and capital.

According to Article 8 of the Direction for Reserve for Foreign Exchange Reserve and Jin Guan Bao Tsai No. 1100438279 issued on February 9, 2022, the Company should set aside a special reserve as the amount of hedging expense saved. This special reserve should be set aside in later years if there are no sufficient earnings, and it should only be used for transferring to capital or offsetting deficit.

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

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

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

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

In accordance with Jin Guan Bao Tsai No. 10904917647, the Company set aside a special reserve based on the net after-tax effect for the first-time adoption of fair value model in subsequent measurements and the accumulated net after-tax gain on subsequent fair value measurements.

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

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

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

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

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

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

The changes in the accumulated balance of gains or losses on disposals of debt instruments are as follows:

	<b>For the Year Ended December 31, 2025</b>
Accumulated balance at the end of the previous year	\$ 90,921,229
Realized capital gain of \$3,456,976 thousand, net of income tax of \$691,395 thousand	2,765,581
Net amortization for the current year	<u>(5,311,844)</u>
Accumulated balance at the end of the year	<u>\$ 88,374,966</u>

As of December 31, 2025, the Company has set aside a special reserve of \$90,921,229 thousand in accordance with the regulation. The net changes amount of \$2,546,263 thousand in the current year will be resolved to reverse the special reserve by the board of directors (on behalf of the shareholders) on May 14, 2026; the accumulated balance of the special reserve after the resolution will be \$88,374,966 thousand.

According to the regulation, the amortization table at the end of the previous year and the additions in the current year are as follows:

<b>Year</b>	<b>Net Amortization of the Accumulated Balance of Gains or Losses on Disposal at the End of the Previous Year (1)</b>	<b>Gains or Losses on Disposal (Recovery) After Tax in the Current Year (2)</b>	<b>Net Amortization of the Accumulated Balance of Gains or Losses on Disposal at the End of the Current Year (1)+(2)</b>
2025	\$ 5,164,133	\$ 147,711	\$ 5,311,844
2026	5,003,264	157,772	5,161,036
2027	5,006,848	166,148	5,172,996
2028	4,909,011	169,963	5,078,974
2029	4,710,531	172,475	4,883,006
2030	4,478,301	170,203	4,648,504
2031	4,374,555	160,040	4,534,595
2032	4,341,133	163,360	4,504,493
2033	4,344,563	156,179	4,500,742
2034	4,266,687	148,084	4,414,771
2035 to 2044	34,640,232	751,011	35,391,243
2045 to 2054	8,695,778	386,611	9,082,389
2055 to 2125	<u>986,193</u>	<u>16,024</u>	<u>1,002,217</u>
Total (Note)	<u>\$ 90,921,229</u>	<u>\$ 2,765,581</u>	<u>\$ 88,374,966</u>

Note: Column (1)+(2) does not include the amortization of the accumulated balance of gains or losses on disposal in 2025.

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

e. Other equity

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ (7,683,958)	\$ (10,989,545)
Recognized for the year	(1,836,238)	2,141,108
Share of associates and joint ventures accounted for using the equity method	136,341	1,146,718
Tax effects	61,740	(64,384)
Other comprehensive (loss) income recognized for the year	(1,638,157)	3,223,442
Disposal of interests in subsidiaries	-	82,145
Ending balance	<u>\$ (9,322,115)</u>	<u>\$ (7,683,958)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ (14,052,961)	\$ (13,995,150)
Recognized for the year	27,174,139	(756,582)
Share of associates and joint ventures accounted for using the equity method	148,582	22,259
Reclassification adjustment		
Disposal of investments in debt instruments	(2,608,665)	(939,987)
Tax effects	(2,604,508)	4,479,458
Other comprehensive income recognized for the year	22,109,548	2,805,148
Changes in associates and joint ventures accounted for using the equity method	339	(8,949)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(6,302,298)	(2,853,916)
Disposal of interests in subsidiaries	-	(94)
Ending balance	<u>\$ 1,754,628</u>	<u>\$ (14,052,961)</u>

3) (Loss) gain on hedging instruments

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ (354,267)	\$ 510,499
Recognized for the year	(2,992,286)	(1,416,020)
Reclassification adjustment		
Hedged item that affects profit or loss	1,431,157	329,620
Exchange rate changes	7,685	(2,215)
Tax effects	310,747	217,731
Disposal of interests in subsidiaries	-	6,118
Other comprehensive loss recognized for the year	(1,242,697)	(864,766)
Ending balance	<u>\$ (1,596,964)</u>	<u>\$ (354,267)</u>

4) Remeasurement of defined benefit plans

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 4,132,850	\$ 1,690,843
Recognized for the year (Note 32)	1,040,196	3,011,253
Share of associates and joint ventures accounted for using the equity method	(7,960)	40,838
Tax effects	<u>(205,334)</u>	<u>(610,084)</u>
Other comprehensive income recognized for the year	<u>826,902</u>	<u>2,442,007</u>
Ending balance	<u>\$ 4,959,752</u>	<u>\$ 4,132,850</u>

5) Property revaluation surplus

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 402,058	\$ 405,764
Share of associates and joint ventures accounted for using the equity method	-	<u>(3,706)</u>
Ending balance	<u>\$ 402,058</u>	<u>\$ 402,058</u>

6) Other comprehensive (loss) income on reclassification using overlay approach

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ (51,078,153)	\$ (60,621,148)
Recognized for the year		
Unrealized gain	87,568,380	125,242,148
Share of associates accounted for using the equity method	(939,090)	-
Disposal of interests in subsidiaries	(3,450,038)	-
Reclassification adjustment		
Disposal of investments in financial instruments	(115,319,573)	(112,833,138)
Tax effects	<u>133,780</u>	<u>(2,866,015)</u>
Other comprehensive (loss) income recognized for the year	<u>(32,006,541)</u>	<u>9,542,995</u>
Ending balance	<u>\$ (83,084,694)</u>	<u>\$ (51,078,153)</u>

7) Other equity - other

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ -	\$ (1,762,024)
Disposal of interests in subsidiaries	-	<u>1,762,024</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 13,176,325	\$ 9,456,250
Net profit attributed to non-controlling interests		
Net (loss) profit for the year	(10,361)	396,795
Other comprehensive (loss) income for the year		
Exchange differences on translation of the financial statements of foreign operations	(534,225)	285,543
Loss on hedging instruments	(292)	(40)
Other comprehensive (loss) income reclassified using overlay approach	(980,582)	3,904,566
Acquisition of non-controlling interests in subsidiaries (Note 46 and 48)	(309,600)	-
Disposal of interests in subsidiaries (Note 47)	(9,964,043)	(530,893)
Others	<u>(79,054)</u>	<u>(335,896)</u>
Ending balance	<u>\$ 1,298,168</u>	<u>\$ 13,176,325</u>

**34. EARNINGS PER SHARE**

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Basic earnings per share		
From continuing operations	\$ 8.91	\$ 10.38
From discontinued operations	<u>-</u>	<u>0.15</u>
Total basic earnings per share	<u>\$ 8.91</u>	<u>\$ 10.53</u>

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

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Earnings used in the computation of basic earnings per share	\$ 56,575,280	\$ 66,883,309
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>-</u>	<u>973,026</u>
Earnings used in the computation of basic earnings per share from continuing operations	<u>\$ 56,575,280</u>	<u>\$ 65,910,283</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>6,351,527</u>	<u>6,351,527</u>

If reserve for foreign exchange valuation was not applicable, earnings per share would be \$17.93 and \$11.38 for the years ended December 31, 2025 and 2024, respectively.

### 35. NET PROFIT FROM CONTINUING OPERATIONS

#### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Financial assets measured at amortized cost	\$ 157,591,743	\$ 161,594,691
Financial assets at FVTOCI	26,906,893	21,151,025
Loans	14,668,445	14,045,514
Others	<u>9,755,514</u>	<u>10,488,382</u>
	<u>\$ 208,922,595</u>	<u>\$ 207,279,612</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Operating revenues - (expected credit loss) reversal of expected credit loss from investments		
Debt instrument investments at FVTOCI	\$ (98,349)	\$ (199,140)
Financial assets measured at amortized cost	(75,020)	(39,342)
Interest receivables	(1,198,686)	(1,565,565)
Other financial assets	(357)	-
Loans	<u>(1,046,945)</u>	<u>(34,212)</u>
	<u>(2,419,357)</u>	<u>(1,838,259)</u>
Operating expenses - (expected credit loss) reversal of expected credit loss from non-investments		
Receivables	(12,126)	(12,803)
Due from reinsurers and ceding companies	7,894	(7,894)
	<u>(4,232)</u>	<u>(20,697)</u>
	<u>\$ (2,423,589)</u>	<u>\$ (1,858,956)</u>

c. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term benefits		
Salaries	\$ 39,320,869	\$ 37,686,528
Labor and health insurance expenses	2,875,714	2,641,292
Post-employment benefits		
Defined contribution plans	1,339,343	1,209,456
Defined benefit plans (Note 32)	4,849	92,933
Remuneration of directors	57,134	52,013
Other employee benefits	<u>770,068</u>	<u>875,595</u>
	<u>\$ 44,367,977</u>	<u>\$ 42,557,817</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 34,070,027	\$ 32,977,634
Operating expenses	<u>10,297,950</u>	<u>9,580,183</u>
	<u>\$ 44,367,977</u>	<u>\$ 42,557,817</u>

For the years ended December 31, 2025 and 2024, the total numbers of the Group's employees were 33,933 and 35,834, respectively, including 19 and 23 non-executive directors, respectively.

d. Compensation of employees and remuneration of directors and supervisors

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

In compliance with the Company's Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2025 and 2024, respectively, as follows:

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

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

The compensation of employees and remuneration of directors and supervisors for the years ended 2024 and 2023, which were resolved by the board of directors on March 6, 2025 and March 5, 2024, respectively, are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	\$ 7,416	\$ 1,805
Remuneration of directors and supervisors	5,400	5,400

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

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Property and equipment	\$ 1,798,731	\$ 1,678,028
Right-of-use assets	522,778	543,272
Intangible assets	<u>2,055,439</u>	<u>2,045,329</u>
	<u>\$ 4,376,948</u>	<u>\$ 4,266,629</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 2,321,509</u>	<u>\$ 2,221,300</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 2,055,439</u>	<u>\$ 2,045,329</u>

f. Non-operating income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Loss on disposal of property and equipment	\$ (749)	\$ (723)
Others	<u>2,528,480</u>	<u>2,539,114</u>
	<u>\$ 2,527,731</u>	<u>\$ 2,538,391</u>

### 36. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
In respect of the current year	\$ 14,858,217	\$ (8,978,352)
Adjustments for prior years	1,030,221	80,433
Deferred tax		
In respect of the current year	(21,304,303)	8,865,586
Adjustments for prior years	(477)	(244,425)
Others		
Additional income tax under the Alternative Minimum Tax Act	3,416,364	6,964,570
Tax effect under integrated income tax system	<u>(3,416,364)</u>	<u>(1,063,483)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (5,416,342)</u>	<u>\$ 5,624,329</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit before tax	<u>\$ 51,148,577</u>	<u>\$ 71,880,489</u>
Income tax expense calculated at the statutory rate	\$ 10,229,715	\$ 14,376,097
Tax-exempt income	(19,084,913)	(16,093,232)
Nondeductible expenses in determining taxable income	373,604	299,857
Cash dividends	-	2,607,652
Effect of income tax on deferred tax assets	178,984	(396,184)
Land value increment tax	1,858,989	30,473
Corporate income tax in China	509	569
Additional income tax under the Alternative Minimum Tax Act	3,416,364	6,964,570
Investment income recognized under the Controlled Foreign Corporation (CFC) rules	310,812	-
Effect of different tax rates of entities in the Group operating in other jurisdictions	16,318	(89,642)
Tax effect under integrated income tax system	(3,416,364)	(1,063,483)
Recognized investment tax credit	(328,282)	7,456
Unrealized loss carryforwards	(16,148)	3,947
Adjustments for prior years' tax	1,029,744	(163,992)
Others	<u>14,326</u>	<u>(859,759)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (5,416,342)</u>	<u>\$ 5,624,329</u>

b. Income tax recognized directly in equity

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
Derecognition of equity instruments at FVTOCI	\$ (30,685)	\$ (38,155)
Deferred tax		
Derecognition of equity instruments at FVTOCI	<u>30,685</u>	<u>38,155</u>
Total income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income (loss)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Deferred tax</u>		
Recognized in other comprehensive income (loss)		
Exchange differences on translation of the financial statements of foreign operations	\$ (61,740)	\$ 64,384
Gain or loss on hedging instruments	(310,747)	(217,731)
Unrealized gain or loss on equity instruments at FVTOCI	(165,193)	95,139
Unrealized gain or loss on debt instruments at FVTOCI	2,922,517	(4,572,923)
Remeasurement of defined benefit plans	208,039	602,250
Share of other comprehensive (loss) income of associates accounted for using the equity method	(155,521)	6,160
Other comprehensive (loss) income reclassified using overlay approach	<u>(133,780)</u>	<u>2,866,015</u>
Total income tax recognized in other comprehensive income (loss)	<u>\$ 2,303,575</u>	<u>\$ (1,156,706)</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2025

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Recognized Directly in Equity</u>	<u>Foreign Exchange</u>	<u>Other</u>	<u>Closing Balance</u>
<u>Deferred tax assets (liabilities)</u>							
Temporary differences							
Property and equipment	\$ 358,579	\$ (10,462)	\$ -	\$ -	\$ -	\$ (134,684)	\$ 213,433
Investment property	(35,333,484)	(2,062,656)	-	-	1,074	-	(37,395,066)
Financial assets at FVTPL	(2,864,982)	(1,641,366)	-	-	73,436	1,443,960	(2,988,952)
Financial assets at FVTPL applying overlay approach	4,332,863	(19,724)	(1,849,669)	-	-	-	2,463,470
Equity instruments at FVTOCI	(60,186)	-	185,917	-	-	-	125,731
Debt instruments at FVTOCI	13,494,219	87,482	(2,922,517)	-	-	-	10,659,184
Financial assets for hedging	4,685	(142,572)	169,669	-	-	-	31,782
Financial assets measured at amortized cost	1,219,052	179,503	-	-	-	-	1,398,555
Impairment loss on other financial assets	-	71	-	-	-	-	71
Financial liabilities at FVTPL	14,084,660	(2,131,570)	-	-	-	-	11,953,090
Financial liabilities for hedging	555,358	(507,157)	141,078	-	-	-	189,279
Rent leveling	(153,240)	(23,441)	-	-	-	-	(176,681)
Defined benefit assets	(2,348,507)	(72,489)	(208,039)	-	-	-	(2,629,035)
Investments accounted for using the equity method	(1,248,096)	(405,633)	217,261	-	-	-	(1,436,468)

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Foreign Exchange	Other	Closing Balance
Lease liabilities	\$ 424,426	\$ 21,064	\$ -	\$ -	\$ -	\$ 254	\$ 445,744
Goodwill and franchises	(78,662)	(48,097)	-	-	-	-	(126,759)
Unrealized foreign exchange gains	(32,922,581)	32,639,993	1,962,725	(30,685)	-	-	1,649,452
Allowance for doubtful account	166,181	31,216	-	-	-	-	197,397
Others	(193,464)	(428)	-	-	-	134,684	(59,208)
Unused tax losses	42,582,349	(4,588,954)	-	-	-	-	37,993,395
Net deferred tax assets (liabilities)	<u>\$ 2,019,170</u>	<u>\$ 21,304,780</u>	<u>\$ (2,303,575)</u>	<u>\$ (30,685)</u>	<u>\$ 74,510</u>	<u>\$ 1,444,214</u>	<u>\$ 22,508,414</u>
Deferred tax assets	<u>\$ 77,042,155</u>						<u>\$ 67,335,088</u>
Deferred tax liabilities	<u>\$ 75,022,985</u>						<u>\$ 44,826,674</u>

(Concluded)

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Foreign Exchange	Other	Closing Balance
<u>Deferred tax assets (liabilities)</u>							
Temporary differences							
Property and equipment	\$ 234,357	\$ (10,462)	\$ -	\$ -	\$ (5,499)	\$ 140,183	\$ 358,579
Investment property	(34,716,775)	(676,393)	-	-	(22,990)	82,674	(35,333,484)
Financial assets at FVTPL	(10,642,997)	10,389,532	-	-	(11,151)	(2,600,366)	(2,864,982)
Financial assets at FVTPL applying overlay approach	5,147,297	(6,814)	(807,620)	-	-	-	4,332,863
Equity instruments at FVTOCI	4,605	-	(64,791)	-	-	-	(60,186)
Debt instruments at FVTOCI	8,798,003	123,293	4,572,923	-	-	-	13,494,219
Financial assets for hedging	(220)	(31,327)	36,232	-	-	-	4,685
Financial assets measured at amortized cost	990,686	228,366	-	-	-	-	1,219,052
Financial liabilities at FVTPL	4,795,246	9,289,414	-	-	-	-	14,084,660
Financial liabilities for hedging	407,600	(33,741)	181,499	-	-	-	555,358
Rent leveling	(149,325)	(3,915)	-	-	-	-	(153,240)
Other payables	280,493	-	-	-	11,453	(291,946)	-
Defined benefit assets	(1,689,386)	(56,871)	(602,250)	-	-	-	(2,348,507)
Investments accounted for using the equity method	(952,775)	(383,034)	(70,544)	-	(6,463)	164,720	(1,248,096)
Deferred revenue	96,263	-	-	-	3,931	(100,194)	-
Lease liabilities	341,460	82,966	-	-	-	-	424,426
Goodwill and franchises	(30,565)	(48,097)	-	-	-	-	(78,662)
Unrealized foreign exchange gains	(3,050,541)	(27,745,142)	(2,088,743)	(38,155)	-	-	(32,922,581)
Allowance for doubtful account	160,488	5,693	-	-	-	-	166,181
Others	(786,079)	(2,172)	-	-	(24,286)	619,073	(193,464)
Unused tax losses	42,340,388	257,543	-	-	637	(16,219)	42,582,349
Net deferred tax assets (liabilities)	<u>\$ 11,578,223</u>	<u>\$ (8,621,161)</u>	<u>\$ 1,156,706</u>	<u>\$ (38,155)</u>	<u>\$ (54,368)</u>	<u>\$ (2,002,075)</u>	<u>\$ 2,019,170</u>
Deferred tax assets	<u>\$ 63,612,183</u>						<u>\$ 77,042,155</u>
Deferred tax liabilities	<u>\$ 52,033,960</u>						<u>\$ 75,022,985</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Loss carryforwards		
Expiry in 2029	\$ 4	\$ 4
Expiry in 2030	3	3
Expiry in 2031	644	644
Expiry in 2032	6,368	6,368
Expiry in 2033	4,964	4,964
Expiry in 2034	19,882	25,051
Expiry in 2035	<u>237,892</u>	<u>-</u>
	<u>\$ 269,757</u>	<u>\$ 37,034</u>

f. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2025 comprised:

<u>Unused Amount</u>	<u>Expiry Year</u>
\$ 4	2029
3	2030
95,981	2031
172,897,498	2032
16,864,651	2033
85,469	2034
<u>293,122</u>	2035
<u>\$ 190,236,728</u>	

g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized:

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$9,798,309 thousand and \$13,863,135 thousand, respectively.

h. Income tax assessments

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

i. Pillar Two income taxes

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

### 37. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Cathay Financial Holdings	The Company's parent company
Cathay Securities Investment Consulting	Subsidiary
Cathay Life (Vietnam)	Subsidiary
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary

(Continued)

Related Party Name	Related Party Category
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
Cathaylife Singapore Pte. Ltd.	Subsidiary
Cathay Industrial Research and Design Center Co., Ltd.	Subsidiary
Cathay Power	Subsidiary
Sunrise Pv One	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Jian Kun Energy	Subsidiary after November 2025
Neo Cathay Power	Subsidiary
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Cathay Wind Power	Subsidiary
Cathay II Wind Power Holdings	Subsidiary
Cathay Lujiazui Life	Joint venture (subsidiary before October 2025)
Symphox Information Co., Ltd.	Joint venture (associate before April 2024)
Greater Changhua NW Holdings Ltd.	Joint venture after December 2024
Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture after December 2024
Generali Investments Holding S.p.A.	Associate
PSS Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CMG International One Co., Ltd.	Associate
CMG International Two Co., Ltd.	Associate
Conning Holdings Limited	Subsidiary of associate (subsidiary before April 2024)
Global Evolution Holding ApS	Subsidiary of associate (subsidiary before April 2024)
Seaward Card Co., Ltd.	Subsidiary of joint venture (subsidiary of associate before April 2024)
Yua-Yung Marketing (Taiwan) Co., Ltd.	Subsidiary of associate
Hong-Sui Co., Ltd.	Subsidiary of associate
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Century Insurance Co., Ltd.	Fellow subsidiary
Cathay Securities Corporation	Fellow subsidiary

(Continued)

<b>Related Party Name</b>	<b>Related Party Category</b>
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Venture Inc.	Fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of fellow subsidiary
Indovina Bank Limited	Subsidiary of fellow subsidiary
Cathay Insurance (Vietnam) Co., Ltd.	Subsidiary of fellow subsidiary
ThinkPower Information Co., Ltd.	Other related party
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Other related party before December 2024
Private Equity Fund managed by Cathay Private Equity Ally Logistic Property Co., Ltd.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Cymder Co., Ltd.	Other related party before June 2025
Cymbal Medical Network Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Lin Yuan Investment Co., Ltd.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Cathay United Bank Foundation	Other related party
Financial Information Service Co., Ltd.	Other related party
Cathay Real Estate Employees' Welfare Committee	Other related party
Cathay Food & Beverage Group Co., Ltd.	Other related party
Yi Ru Capital Co., Ltd.	Other related party before December 2025
Liang-Ting Co., Ltd.	Other related party before December 2025
Tung Chi Capital Co., Ltd.	Other related party before December 2025
Yu Heng Capital Co., Ltd.	Other related party before December 2025
Other (including directors, supervisors, key management personnel and their spouses and relatives within the second-degree of kinship)	Other related party

(Concluded)

b. Significant transactions with related parties:

1) Property transactions

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

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

Name	For the Year Ended December 31			
	2025		2024	
	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Cathay Financial Center, etc.	\$ 39,563	International Tower, etc.	\$ 13,648
PSS Co., Ltd.	Huan Yu Building, etc.	<u>2,815</u>	Tucheng East Building, etc.	<u>38,411</u>
		<u>42,378</u>		<u>52,059</u>
Other related party				
San Ching Engineering Co., Ltd.	Taoyuan Sanmin Section etc.	4,249,254	Taoyuan Sanmin Section, etc.	6,020,263
Ally Logistic Property Co., Ltd.	Taoyuan Daxi Ruixing Section etc.	<u>2,244,338</u>	Taoyuan Daxi Ruixing Section, etc.	<u>3,108,720</u>
		<u>6,493,592</u>		<u>9,128,983</u>
		<u>\$ 6,535,970</u>		<u>\$ 9,181,042</u>

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between the Group and Lin Yuan Property Management Co., Ltd. were \$65,086 thousand and \$27,542 thousand, respectively.

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between the Group and PSS Co., Ltd. were \$6,476 thousand and \$35,340 thousand, respectively.

As of December 31, 2025 and 2024, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were \$29,170,301 thousand and \$13,974,267 thousand, respectively.

As of December 31, 2025 and 2024, the total amount of contracted projects for real estate between the Group and Ally Logistic Property Co., Ltd. was \$7,366,562 thousand.

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

Name	For the Year Ended December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	<u>\$ 200,850</u>	<u>\$ 159,941</u>
Subsidiary		
Cathay Securities Investment Consulting	<u>10,279</u>	<u>10,153</u>
Associate and its subsidiary		
Yua-Yung Marketing (Taiwan) Co., Ltd.	69,803	64,582
Lin Yuan Property Management Co., Ltd.	39,098	30,036
Hong-Sui Co., Ltd.	38,293	31,102
PSS Co., Ltd.	11,133	2,907
Symphox Information Co., Ltd.	<u>-</u>	<u>7,830</u>
	<u>158,327</u>	<u>136,457</u>
Joint venture		
Symphox Information Co., Ltd.	<u>31,415</u>	<u>23,497</u>

(Continued)

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary and its subsidiary		
Cathay United Bank Co., Ltd.	\$ 846,661	\$ 791,268
Cathay Century Insurance Co., Ltd.	137,509	135,495
Cathay Securities Corporation	86,132	81,826
Cathay Securities Investment Trust Co., Ltd.	74,846	62,316
Cathay Venture Inc.	8,906	8,983
Cathay Futures Co., Ltd.	<u>6,962</u>	<u>7,218</u>
	<u>1,161,016</u>	<u>1,087,106</u>
Other related party		
Ally Logistic Property Co., Ltd.	1,163,870	1,022,743
Cathay Hospitality Consulting Co., Ltd.	307,700	199,436
Cathay Hospitality Management Co., Ltd.	240,975	217,007
Cathay Medical Care Corp.	151,246	195,657
Cathay Healthcare Management Co., Ltd.	111,974	102,521
Cathay Real Estate Development Co., Ltd.	18,092	18,262
Cymlin Co., Ltd.	15,447	8,827
San Ching Engineering Co., Ltd.	6,341	5,993
Yu Heng Capital Co., Ltd.	5,376	-
Cathay United Bank Foundation	4,812	4,812
Cymbal Medical Network Co., Ltd.	4,788	4,753
Cymder Co., Ltd.	3,211	7,610
Liang-Ting Co., Ltd.	2,984	3,207
Tung Chi Capital Co., Ltd.	<u>2,984</u>	<u>3,207</u>
	<u>2,039,800</u>	<u>1,794,035</u>
	<u>\$ 3,601,687</u>	<u>\$ 3,211,189</u>
		(Concluded)

Name	Guarantee Deposits Received	
	December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	\$ <u>47,584</u>	\$ <u>46,826</u>
Associate and its subsidiary		
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	13,670
Hong-Sui Co., Ltd.	12,174	7,332
Lin Yuan Property Management Co., Ltd.	10,812	7,538
PSS Co., Ltd.	<u>3,482</u>	<u>3,482</u>
	<u>42,406</u>	<u>32,022</u>
Joint venture		
Symphox Information Co., Ltd.	<u>7,813</u>	<u>7,723</u>
Fellow subsidiary		
Cathay United Bank Co., Ltd.	221,036	212,565
Cathay Century Insurance Co., Ltd.	38,733	38,040
Cathay Securities Corporation	23,243	21,848
Cathay Securities Investment Trust Co., Ltd.	<u>17,556</u>	<u>14,674</u>
	<u>300,568</u>	<u>287,127</u>
		(Continued)

Name	Guarantee Deposits Received	
	December 31	
	2025	2024
Other related party		
Ally Logistic Property Co., Ltd.	\$ 312,282	\$ 305,178
Cathay Hospitality Management Co., Ltd.	196,021	194,413
Cathay Hospitality Consulting Co., Ltd.	190,585	188,707
Cathay Medical Care Corp.	67,906	61,512
Cathay Healthcare Management Co., Ltd.	30,923	30,103
Cathay Food & Beverage Group Co., Ltd.	8,517	-
Cathay Real Estate Development Co., Ltd.	4,153	4,039
Cymlin Co., Ltd.	-	4,081
	<u>810,387</u>	<u>788,033</u>
	<u>\$ 1,208,758</u>	<u>\$ 1,161,731</u>
		(Concluded)

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

c) Lease arrangements

i. Acquisition of right-of-use assets

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ -	\$ 60,256
Other related party		
Lin Yuan Investment Co., Ltd.	-	4,705
	<u>\$ -</u>	<u>\$ 64,961</u>

ii. Lease liabilities

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ 7,658	\$ 37,929
Other related party		
Cathay Real Estate Development Co., Ltd.	28,699	-
Lin Yuan Investment Co., Ltd.	1,190	3,535
Yi Ru Capital Co., Ltd.	-	6,005
	<u>29,889</u>	<u>9,540</u>
	<u>\$ 37,547</u>	<u>\$ 47,469</u>

iii. Guarantee deposits paid

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ 7,789	\$ 7,555
Other related party		
Cathay Real Estate Development Co., Ltd.	<u>3,103</u>	<u>2,072</u>
	<u>\$ 10,892</u>	<u>\$ 9,627</u>

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

Name	For the Year Ended December 31	
	2025	2024
Other related party		
ThinkPower Information Co., Ltd.	<u>\$ 14,476</u>	<u>\$ 11,409</u>

2) Shares transactions

a) Acquisition of shares issued by the related parties

Name	Nature of Transaction	December 31	
		2025	2024
Associate			
CMG International One Co., Ltd.	Ordinary shares	\$ 765,000	\$ -
CMG International Two Co., Ltd.	Ordinary shares	<u>1,035,000</u>	<u>-</u>
		<u>\$ 1,800,000</u>	<u>\$ -</u>

b) Balance of shares issued by the related parties

Name	Nature of Transaction	December 31	
		2025	2024
Other related party			
Srisawad Corporation Public Company Limited	Ordinary shares	\$ 1,929,300	\$ 2,755,270
CDIB & PARTNERS Investment Holding Corporation	Ordinary shares	1,189,080	1,088,640
Cathay Real Estate Development Co., Ltd.	Ordinary shares	997,556	1,323,518
Daiwa - Cathay Capital Markets Co., Ltd.	Ordinary shares	<u>160,100</u>	<u>155,500</u>
		<u>\$ 4,276,036</u>	<u>\$ 5,322,928</u>

Refer to Note 13, Table 1 and Table 8 for the balance of investment in associates and joint ventures.

### 3) Cash in banks

Name	Nature of Transaction	December 31	
		2025	2024
Fellow subsidiary			
Cathay United Bank Co., Ltd.	Demand deposit	\$ 75,519,320	\$ 48,379,217
	Time deposit	2,134,338	2,140,512
	Checking deposit	572,543	289,581
	Security deposit	<u>158,128</u>	<u>534,982</u>
		<u>78,384,329</u>	<u>51,344,292</u>
Subsidiary of fellow subsidiary			
Indovina Bank Limited	Time deposit	3,522,621	3,579,967
	Demand deposit	<u>49,104</u>	<u>67,165</u>
		<u>3,571,725</u>	<u>3,647,132</u>
		<u>\$ 81,956,054</u>	<u>\$ 54,991,424</u>

For the years ended December 31, 2025 and 2024, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to \$553,010 thousand and \$529,180 thousand, respectively.

For the years ended December 31, 2025 and 2024, the interest income earned from above bank deposits in Indovina Bank Limited amounted \$280,205 thousand and \$207,467 thousand, respectively.

### 4) Loans

#### December 31, 2025

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2025	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	26	\$ 38,147	\$ 36,428	V	\$ -	Real estate	None
Self-used housing mortgage loans	114	784,011	775,642	V	-	Real estate	None
Others	47	199,040	198,063	V	-	Real estate	None
Others	Cathay Real Estate Development Co., Ltd.	100,229	-	V	-	Real estate	None

#### December 31, 2024

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2024	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	28	\$ 43,823	\$ 42,989	V	\$ -	Real estate	None
Self-used housing mortgage loans	115	707,733	502,111	V	-	Real estate	None
Others	43	188,464	148,520	V	-	Real estate	None

For the year ended December 31, 2025, the interest income earned from the above loans to Cathay Real Estate Development Co., Ltd. amounted to \$1,330 thousand.

For the years ended December 31, 2025 and 2024, the interest income earned from above loans to other related party amounted to \$18,442 thousand and \$15,950 thousand, respectively.

5) Balance of funds managed by related parties

Name	Item	December 31	
		2025	2024
Other related party			
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Market value	\$ <u>          -</u>	\$ <u>108,849,482</u>
	Cost	\$ <u>          -</u>	\$ <u>120,880,029</u>
Private Equity Fund managed by Cathay Private Equity	Market value	\$ <u>1,886,579</u>	\$ <u>2,292,750</u>
	Cost	\$ <u>1,771,649</u>	\$ <u>1,707,635</u>

6) Balance of discretionary management investments

Name	December 31	
	2025	2024
Subsidiary of associate		
Conning Holdings Limited	\$ 1,492,635,980	\$ 1,489,887,649
Global Evolution Holding ApS	<u>23,206,572</u>	<u>21,737,969</u>
	<u>1,515,842,552</u>	<u>1,511,625,618</u>
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	<u>319,981,744</u>	<u>328,066,149</u>
	<u>\$ 1,835,824,296</u>	<u>\$ 1,839,691,767</u>

7) Other receivables

Name	December 31	
	2025	2024
Parent company		
Cathay Financial Holdings (Note)	\$ <u>          -</u>	\$ <u>12,507,834</u>
Subsidiary of joint venture		
Greater Changhua Offshore Wind Farm NW Ltd.	38,484,992	17,870,899
Greater Changhua NW Holdings Ltd.	<u>62,335</u>	<u>          -</u>
	<u>38,547,327</u>	<u>17,870,899</u>
Fellow subsidiary and its subsidiary		
Indovina Bank Limited	269,508	282,681
Cathay Century Insurance Co., Ltd.	81,489	92,803
Cathay United Bank Co., Ltd.	69,552	50,683
Cathay Securities Investment Trust Co., Ltd.	<u>34,913</u>	<u>28,457</u>
	<u>455,462</u>	<u>454,624</u>
	<u>\$ 39,002,789</u>	<u>\$ 30,833,357</u>

Note: Income tax refundable under the integrated income tax system.

8) Guarantee deposits paid (for future transactions)

Name	December 31	
	2025	2024
Subsidiary of fellow subsidiary Cathay Futures Co., Ltd.	\$ <u>39,713</u>	\$ <u>2,176,755</u>

For the years ended December 31, 2025 and 2024, the interest income earned from the above guarantee deposits paid in Cathay Futures Co., Ltd. amounted to \$9,169 thousand and \$11,539 thousand, respectively.

9) Guarantee deposits received and collateral

Name	December 31	
	2025	2024
Associate Lin Yuan Property Management Co., Ltd.	\$ <u>5,000</u>	\$ <u>5,000</u>
Other related party San Ching Engineering Co., Ltd.	2,659,313	1,913,018
Ally Logistic Property Co., Ltd.	<u>2,576,599</u>	<u>2,576,599</u>
	<u>5,235,912</u>	<u>4,489,617</u>
	\$ <u>5,240,912</u>	\$ <u>4,494,617</u>

10) Other payables

Name	December 31	
	2025	2024
Parent company Cathay Financial Holdings (Note)	\$ <u>998,764</u>	\$ <u>70,989</u>
Associate and its subsidiary Conning Holdings Limited	297,076	312,739
Global Evolution Holding ApS	22,712	21,495
Lin Yuan Property Management Co., Ltd.	<u>4,350</u>	<u>7,921</u>
	<u>324,138</u>	<u>342,155</u>
Joint venture Symphox Information Co., Ltd.	<u>11,576</u>	<u>5,324</u>
Fellow subsidiary Cathay United Bank Co., Ltd.	511,228	397,102
Cathay Securities Investment Trust Co., Ltd.	29,404	26,533
Cathay Century Insurance Co., Ltd.	<u>3,905</u>	<u>5,033</u>
	<u>544,537</u>	<u>428,668</u>
	\$ <u>1,879,015</u>	\$ <u>847,136</u>

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

11) Bonds payable

Name	December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>

12) Premium income

Name	For the Year Ended December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	<u>\$ 10,090</u>	<u>\$ 11,360</u>
Subsidiary of joint venture		
Seaward Card Co., Ltd.	<u>3,207</u>	<u>2,191</u>
Associate		
Lin Yuan Property Management Co., Ltd.	<u>6,027</u>	<u>5,556</u>
Fellow subsidiary		
Cathay United Bank Co., Ltd.	185,341	177,347
Cathay Century Insurance Co., Ltd.	35,197	37,320
Cathay Securities Corporation	19,842	18,685
Cathay Securities Investment Trust Co., Ltd.	<u>6,324</u>	<u>5,525</u>
	<u>246,704</u>	<u>238,877</u>
Other related party		
Cathay Medical Care Corp.	41,277	64,174
San Ching Engineering Co., Ltd.	6,011	4,511
Cathay Healthcare Management Co., Ltd.	4,347	4,755
ThinkPower Information Co., Ltd.	3,965	1,156
Cathay Real Estate Employees' Welfare Committee	3,575	2,760
Financial Information Service Co., Ltd.	3,345	3,524
Others	<u>119,495</u>	<u>145,532</u>
	<u>182,015</u>	<u>226,412</u>
	<u>\$ 448,043</u>	<u>\$ 484,396</u>

13) Fee income

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	<u>\$ 95,345</u>	<u>\$ 90,375</u>

14) Insurance expenses

Name	For the Year Ended December 31	
	2025	2024
Fellow subsidiary		
Cathay Century Insurance Co., Ltd.	<u>\$ 192,752</u>	<u>\$ 179,691</u>

15) Insurance claims payments

Name	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiary Cathay United Bank Co., Ltd.	\$ <u>46,118</u>	\$ <u>-</u>

16) Other operating revenue

Discontinued operations

Name	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiary Cathay Securities Investment Trust Co., Ltd.	\$ <u>-</u>	\$ <u>16,770</u>

17) Other operating costs

Name	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Subsidiary of associate Conning Holdings Limited	\$ 1,177,284	\$ 940,844
Global Evolution Holding ApS	<u>86,568</u>	<u>64,725</u>
	<u>1,263,852</u>	<u>1,005,569</u>
Fellow subsidiary Cathay United Bank Co., Ltd.	1,079,820	1,045,645
Cathay Securities Investment Trust Co., Ltd.	<u>464,172</u>	<u>264,327</u>
	<u>1,543,992</u>	<u>1,309,972</u>
	\$ <u>2,807,844</u>	\$ <u>2,315,541</u>

18) Finance costs

Name	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Parent company Cathay Financial Holdings	\$ <u>1,260,000</u>	\$ <u>1,260,179</u>

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

19) Operating expenses

Continuing operations

Name	For the Year Ended December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	\$ 16,290	\$ 13,732
Joint venture and its subsidiary		
Symphox Information Co., Ltd.	240,155	164,851
Seaward Card Co., Ltd.	<u>90,681</u>	<u>62,708</u>
	<u>330,836</u>	<u>227,559</u>
Associate and its subsidiary		
Lin Yuan Property Management Co., Ltd.	1,264,485	1,117,707
Conning Holdings Limited	2,628	5,256
Symphox Information Co., Ltd.	-	44,775
Seaward Card Co., Ltd.	<u>-</u>	<u>21,409</u>
	<u>1,267,113</u>	<u>1,189,147</u>
Fellow subsidiary		
Cathay United Bank Co., Ltd.	11,134,865	7,930,270
Cathay Securities Investment Trust Co., Ltd.	14,430	6,374
Cathay Securities Corporation	<u>-</u>	<u>3,900</u>
	<u>11,149,295</u>	<u>7,940,544</u>
Other related party		
ThinkPower Information Co., Ltd.	13,355	13,936
Cathay Healthcare Management Co., Ltd.	7,319	2,533
Cathay Real Estate Development Co., Ltd.	6,068	5,426
San Ching Engineering Co., Ltd.	<u>5,500</u>	<u>5,120</u>
	<u>32,242</u>	<u>27,015</u>
	<u>\$ 12,795,776</u>	<u>\$ 9,397,997</u>

Discontinued operations

Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
Cathay Securities Investment Consulting	\$ -	\$ 28,020
Other related party		
ThinkPower Information Co., Ltd.	<u>-</u>	<u>4,817</u>
	<u>\$ -</u>	<u>\$ 32,837</u>

20) Non-operating income

Name	For the Year Ended December 31	
	2025	2024
Parent company		
Cathay Financial Holdings	\$ 30,242	\$ 20,509
Fellow subsidiary and its subsidiary		
Cathay Century Insurance Co., Ltd.	955,763	924,126
Cathay Securities Corporation	292,153	415,327
Cathay United Bank Co., Ltd.	237,249	236,561
Cathay Securities Investment Trust Co., Ltd.	58,088	42,535
Cathay Futures Co., Ltd.	9,552	12,054
Cathay Insurance (Vietnam) Co., Ltd.	9,552	10,713
	<u>1,562,357</u>	<u>1,641,316</u>
Associate and its subsidiary		
Lin Yuan Property Management Co., Ltd.	4,075	3,841
Yua-Yung Marketing (Taiwan) Co., Ltd.	3,340	2,705
	<u>7,415</u>	<u>6,546</u>
Other related party		
Cathay Hospitality Consulting Co., Ltd.	7,532	7,326
Cathay Healthcare Management Co., Ltd.	6,876	6,384
Cathay Medical Care Corp.	3,661	3,145
	<u>18,069</u>	<u>16,855</u>
	<u>\$ 1,618,083</u>	<u>\$ 1,685,226</u>

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

21) Other net investment income

Name	For the Year Ended December 31	
	2025	2024
Associate		
Generali Investments Holding S.p.A.	\$ 246,526	\$ -

22) Others

As of December 31, 2025 and 2024, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands of each currency):

Name	December 31	
	2025	2024
Sell SWAP	US\$ 2,064,000	US\$ 1,350,000
Buy Forward	US\$ 100,000	US\$ -
Sell Forward	US\$ 100,000	US\$ 3,550,000

c. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 217,475	\$ 197,204
Post-employment benefits	<u>2,864</u>	<u>2,804</u>
	<u>\$ 220,339</u>	<u>\$ 200,008</u>

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

### 38. SEPARATE ACCOUNT INSURANCE PRODUCTS

a. The related accounts of the Company were summarized as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Separate account insurance product assets</u>		
Cash in bank	\$ 524,852	\$ 612,078
Financial assets at FVTPL	828,885,964	774,239,033
Other receivables	<u>10,710,090</u>	<u>16,013,626</u>
	<u>\$ 840,120,906</u>	<u>\$ 790,864,737</u>
<u>Separate account insurance product liabilities</u>		
Other payables	\$ 1,563,518	\$ 1,681,405
Reserve for separate account - insurance contracts	313,611,277	286,190,196
Reserve for separate account - investment contracts	<u>524,946,111</u>	<u>502,993,136</u>
	<u>\$ 840,120,906</u>	<u>\$ 790,864,737</u>
<b>For the Year Ended December 31</b>		
	<b>2025</b>	<b>2024</b>
<u>Separate account insurance product income</u>		
Premium income	\$ 42,456,656	\$ 29,142,690
Interest income	14,530	16,016
Gains on financial assets at FVTPL	46,413,261	24,695,061
Foreign exchange (losses) gains	<u>(8,508,047)</u>	<u>13,257,620</u>
	<u>\$ 80,376,400</u>	<u>\$ 67,111,387</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Separate account insurance product expenses</u>		
Claims and payments	\$ 12,021,329	\$ 12,908,804
Cash surrender value	35,671,054	38,356,579
Provision of separate account reserve	28,769,423	12,083,947
Administrative expenses	4,211,596	3,992,421
Non-operating income and expenses	<u>(297,002)</u>	<u>(230,364)</u>
	<u>\$ 80,376,400</u>	<u>\$ 67,111,387</u>

(Concluded)

For the years ended December 31, 2025 and 2024, the rebates earned from counterparties due to the business of separate account insurance products amounted to \$662,847 thousand and \$677,267 thousand, respectively, which were recorded under fee income.

- b. The related accounts of Cathay Lujiazui Life were summarized as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Separate account insurance product assets</u>		
Cash in bank	\$ -	\$ 9,492
Financial assets at FVTPL	-	84,210
Other	<u>-</u>	<u>7</u>
	<u>\$ -</u>	<u>\$ 93,709</u>

Separate account insurance product liabilities

Other payables	\$ -	\$ 27
Reserve for separate account	<u>-</u>	<u>93,682</u>
	<u>\$ -</u>	<u>\$ 93,709</u>

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Separate account insurance product income</u>		
Premium income	\$ 17	\$ 48
Gain on financial assets at FVTPL	17,734	5,460
Interest income	<u>6</u>	<u>17</u>
	<u>\$ 17,757</u>	<u>\$ 5,525</u>

Separate account insurance product expenses

Cash surrender value	\$ 11,011	\$ 5,634
Provision (recovery) of separate account reserve	5,803	(1,216)
Others	<u>943</u>	<u>1,107</u>
	<u>\$ 17,757</u>	<u>\$ 5,525</u>

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

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

**40. PLEDGED ASSETS**

a. The Company

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Guarantee deposits paid - government bonds	\$ 10,083,319	\$ 10,013,461
Guarantee deposits paid - time deposits	25,497,173	22,460,102
Guarantee deposits paid - demand deposits	182,511	182,511
Guarantee deposits paid - others	<u>22,542</u>	<u>22,976</u>
	<u>\$ 35,785,545</u>	<u>\$ 32,679,050</u>

b. Cathay Lujiazui Life

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Guarantee deposits paid - time deposits	<u>CNY -</u>	<u>CNY 600,000</u>

c. Cathay Life (Vietnam)

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Guarantee deposits paid - time deposits	<u>VND 15,000,000</u>	<u>VND 15,000,000</u>

d. Cathay Power

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

Item of Asset	December 31, 2025	December 31, 2024	Use of Guarantee
Demand deposits	\$ 353,339	\$ 172,584	Reserve accounts
Time deposits	196,360	178,746	Performance securities
Other equipments	<u>9,060,784</u>	<u>8,943,026</u>	Pledge for borrowings
	<u>\$ 9,610,483</u>	<u>\$ 9,294,356</u>	

e. Cathay Wind Power

The following assets have been provided as collateral for loans:

Item of Asset	December 31, 2025	December 31, 2024	Use of Guarantee
Demand deposits	\$ 1,052,783	\$ 140,856	Reserve accounts
Investments accounted for using the equity method	<u>12,203,743</u>	<u>3,756,348</u>	Pledge for borrowings
	<u>\$ 13,256,526</u>	<u>\$ 3,897,204</u>	

#### 41. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. The Company has its own formal control and response policies to manage legal claims. Once the losses can be reasonably estimated based on professional advices, the Company will recognize the losses and adjust negative impacts on financial figures resulting from the claims.
- b. As of December 31, 2025, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT\$51,700 thousand, US\$2,927,339 thousand and EUR435,046 thousand.
- c. As of December 31, 2025 and 2024, the Company has entered into irrevocable corporate finance and consumer lending loans with the amounts as follows:

	December 31	
	2025	2024
NTD	<u>\$ 9,657,728</u>	<u>\$ 7,823,102</u>

- d. Cathay Wind Power has entered into major agreements, including a share purchase agreement, with Ørsted Wind Power TW Holding A/S and the financing banking syndicate. Through Cathay Wind Power, the Group will acquire 50% of the common and preferred shares of Greater Changhua NW Holdings Ltd. as well as 50% of the intercompany debt claims from Greater Changhua NW Holdings Ltd. and Greater Changhua Offshore Wind Farm NW Ltd. Furthermore, a tripartite agreement has been signed between the Company, Cathay Wind Power Holdings and the beneficiaries. Cathay Wind Power Holdings shall have the right to require the Company to fulfill its capital injection obligations.

## 42. FINANCIAL INSTRUMENTS

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

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

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

b. Financial instruments not measured at fair value

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

December 31, 2025

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

December 31, 2024

	Carrying Amount	Fair Values			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 4,363,891,515	\$ 24,203,253	\$ 3,391,511,220	\$ -	\$ 3,415,714,473

Note: Including those serving as refundable deposits.

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

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

1) Fair value hierarchy

Items	December 31, 2025				December 31, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>								
Assets								
Financial assets at FVTPL								
Stocks	\$ 451,705,647	\$ 449,258,979	\$ -	\$ 2,446,668	\$ 515,996,359	\$ 512,890,634	\$ 106,882	\$ 2,998,843
Bonds	238,987,895	-	228,039,149	10,948,746	347,168,451	2,881,601	334,803,981	9,482,869
Others	881,839,309	670,450,967	17,872,604	193,515,738	857,665,182	635,421,310	33,392,439	188,851,433
Financial assets at FVTOCI								
Stocks	149,785,713	147,756,220	-	2,029,493	155,403,034	153,319,789	-	2,083,245
Bonds (Note)	751,744,760	72,154,559	679,590,201	-	506,441,415	46,373,065	460,068,350	-
<u>Derivative instruments</u>								
Assets								
Financial assets at FVTPL	14,117,276	-	14,117,276	-	5,322,410	984	5,321,426	-
Financial assets for hedging	36,010	28,289	7,721	-	6,615	6,615	-	-
Liabilities								
Financial liabilities at FVTPL	59,859,830	-	59,859,830	-	70,517,679	-	70,517,679	-
Financial liabilities for hedging	919,871	166,925	752,946	-	2,591,575	23,424	2,568,151	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

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

	<b>For the Year Ended December 31, 2025</b>	
	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
Beginning balance	\$ 201,333,145	\$ 2,083,245
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	5,975,920	-
Gain on reclassification using the overlay approach	4,005,509	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	(674,604)	-
Other comprehensive loss reclassified using the overlay approach	(4,005,509)	-
Loss on equity instruments at FVTOCI	-	(43,376)
Purchases	28,574,192	(10,376)
Disposals	<u>(28,297,501)</u>	<u>-</u>
Ending balance	<u>\$ 206,911,152</u>	<u>\$ 2,029,493</u>

	<b>For the Year Ended December 31, 2024</b>	
	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
Beginning balance	\$ 214,253,446	\$ 1,972,899
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	15,544,990	-
Loss on reclassification using the overlay approach	(3,111,246)	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	130,028	72
Other comprehensive income reclassified using the overlay approach	3,111,246	-
Gain on equity instruments at FVTOCI	-	133,454
Purchases	22,296,191	-
Disposals	(50,218,451)	(19,990)
Transfers into Level 3	335,321	-
Transfers out of Level 3	(106,882)	-
Disposal of subsidiary	<u>(901,498)</u>	<u>(3,190)</u>
Ending balance	<u>\$ 201,333,145</u>	<u>\$ 2,083,245</u>

Regarding the above amounts recognized in profit or loss for the years ended December 31, 2025 and 2024, unrealized gains of \$66,828 thousand and unrealized losses of \$451,050 thousand were related to financial assets held at the end of the year, respectively.

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

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

<b>December 31, 2025</b>				
<b>Items</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Interval (Weighted-average)</b>	<b>Relationship Between Inputs and Fair Value</b>
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(100%)-78%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	6%-100%	The higher the dividend payout ratio, the higher the fair value estimates
<b>December 31, 2024</b>				
<b>Items</b>	<b>Valuation Techniques</b>	<b>Significant Unobservable Inputs</b>	<b>Interval (Weighted-average)</b>	<b>Relationship Between Inputs and Fair Value</b>
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates

### 4) Valuation process for Level 3 fair value measurement

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

d. Categories of financial instruments

Items	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 1,586,650,127	\$ 1,726,152,402
Financial assets at FVTOCI	889,340,149	647,793,931
Measured at amortized cost		
Cash and cash equivalents (Note 1)	280,941,493	216,637,153
Receivables (Note 2)	112,530,397	121,812,977
Financial assets measured at amortized cost	4,079,499,577	4,320,018,167
Other financial assets	1,499,643	-
Loans	421,742,653	402,349,780
Guarantee deposits paid	54,876,651	74,212,642
Financial assets for hedging	36,010	6,615
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	59,859,830	70,517,679
Financial liabilities at amortized cost		
Payables (Note 2)	25,483,470	32,590,526
Short-term debt	1,484,601	-
Bonds payable	193,603,582	195,257,330
Other financial liabilities	39,209,760	30,325,544
Guarantee deposits received	3,479,304	3,177,667
Financial liabilities for hedging	919,871	2,591,575

Note 1: Cash on hand was excluded.

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

e. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Value at Risk

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

b) Sensitivity analysis

**Summary of Sensitivity Analysis**

**For the Year Ended December 31, 2025**

<b>Risk Factor</b>	<b>Variable (+/-)</b>	<b>Change in Profit or Loss</b>	<b>Change in Equity</b>
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 18,971,118	\$ 10,377,075
	Appreciation of CNY/USD by 1%	(4,397)	248,699
	Appreciation of HKD/USD by 1%	1,542	52,922
	Appreciation of EUR/USD by 1%	2,949	564,446
	Appreciation of GBP/USD by 1%	51,758	281,406
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1 bp	-	(1,623,358)
	Upward parallel shift of the yield curve (CNY) by 1 bp	-	(2,665)
	Upward parallel shift of the yield curve (EUR) by 1 bp	-	(53,568)
	Upward parallel shift of the yield curve (GBP) by 1 bp	-	(24,411)
	Upward parallel shift of the yield curve (NTD) by 1 bp	-	(57,412)
	Equity price risk	Increase in equity price by 1%	35,768

**For the Year Ended December 31, 2024**

<b>Risk Factor</b>	<b>Variable (+/-)</b>	<b>Change in Profit or Loss</b>	<b>Change in Equity</b>
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 9,389,319	\$ 10,564,507
	Appreciation of CNY/USD by 1%	(21,423)	384,002
	Appreciation of HKD/USD by 1%	895	133,871
	Appreciation of EUR/USD by 1%	(23,220)	422,557
	Appreciation of GBP/USD by 1%	(13,979)	252,453
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1 bp	-	(1,276,559)
	Upward parallel shift of the yield curve (CNY) by 1 bp	-	(9,858)
	Upward parallel shift of the yield curve (EUR) by 1 bp	-	(6,427)
	Upward parallel shift of the yield curve (GBP) by 1 bp	-	(3,615)
	Upward parallel shift of the yield curve (NTD) by 1 bp	-	(62,756)
	Equity price risk	Increase in equity price by 1%	79,387

Note 1: Impact of credit spread changes and tax effect were not included.

Note 2: Effects of hedging and hedge accounting were considered.

Note 3: Provision or reversal of reserves for foreign exchange valuation was not considered in the change in profit or loss due to foreign currency risk. Starting from May 2025, under the new framework for the reserve for foreign exchange valuation, the provision and reversal rate is 100%.

Note 4: Change in equity was not included in the impact on the change in profit or loss.

Note 5: Data of subsidiaries was not disclosed, as Cathay Life assessed that there would be no material impact should the disclosures for the subsidiaries be included.

## 2) Credit risk

### a) Sources of credit risk

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

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

### b) Concentration of credit risk

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

December 31, 2025								
Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 170,817,981	\$ 2,957,390	\$ 1,333,274	\$ 87,769,949	\$ -	\$ -	\$ 9,982,897	\$ 272,861,491
Financial assets at FVTPL	39,934,129	7,810,082	102,350,746	92,395,508	3,747,012	1,546,082	385,836	248,169,395
Financial assets at FVTOCI	22,922,032	87,983,206	100,843,590	418,959,709	40,475,212	37,082,342	28,766,810	737,032,901
Financial assets for hedging	-	2,671	5,050	-	-	-	-	7,721
Financial assets measured at amortized cost	116,297,937	534,582,830	599,665,049	2,085,763,899	281,155,862	299,497,630	126,038,104	4,043,001,311
Other financial assets	1,499,643	-	-	-	-	-	-	1,499,643
	<u>\$ 351,471,722</u>	<u>\$ 633,336,179</u>	<u>\$ 804,197,709</u>	<u>\$2,684,889,065</u>	<u>\$ 325,378,086</u>	<u>\$ 338,126,054</u>	<u>\$ 165,173,647</u>	<u>\$5,302,572,462</u>
Proportion	6.60%	11.90%	15.20%	50.70%	6.10%	6.40%	3.10%	100%
December 31, 2024								
Financial Assets	Taiwan	Asia	Europe	North America	Latin America	Central and Eastern Europe and Africa	Oceania and Others	Total
Cash and cash equivalents	\$ 141,444,713	\$ 10,153,638	\$ 219,653	\$ 39,918,646	\$ -	\$ -	\$ 12,532,947	\$ 204,269,597
Financial assets at FVTPL	50,567,492	7,083,278	100,047,747	90,083,304	3,647,743	2,528,485	319,824	254,277,873
Financial assets at FVTOCI	19,730,155	77,662,771	50,230,218	273,393,249	34,211,735	29,200,493	5,889,947	490,318,568
Financial assets measured at amortized cost	117,104,912	571,432,535	648,362,734	2,201,776,385	297,327,982	310,908,060	132,496,988	4,279,409,596
	<u>\$ 328,847,272</u>	<u>\$ 666,332,222</u>	<u>\$ 798,860,352</u>	<u>\$2,605,171,584</u>	<u>\$ 335,187,460</u>	<u>\$ 342,637,038</u>	<u>\$ 151,239,706</u>	<u>\$5,228,275,634</u>
Proportion	6.30%	12.70%	15.30%	49.80%	6.40%	6.60%	2.90%	100%

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

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

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

  

<b>December 31, 2024</b>					
<b>Location of Collateral</b>	<b>Northern and Eastern Areas</b>	<b>Central Area</b>	<b>Southern Area</b>	<b>Overseas</b>	<b>Total</b>
Secured loans	\$ 147,085,122	\$ 38,040,816	\$ 47,202,744	\$ 228,845	\$ 232,557,527
Non-accrual receivables	<u>301,263</u>	<u>23,875</u>	<u>34,790</u>	<u>1,404,808</u>	<u>1,764,736</u>
	<u>\$ 147,386,385</u>	<u>\$ 38,064,691</u>	<u>\$ 47,237,534</u>	<u>\$ 1,633,653</u>	<u>\$ 234,322,263</u>
Proportion	62.9%	16.2%	20.2%	0.7%	100%

iii. Categories for credit risk quality

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

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

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

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

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

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

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

vi. Measurement of expected credit loss

i) The methodology and assumptions applied

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

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

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

ii) Forward-looking information considerations

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

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

i) Financial assets of the Company

	December 31, 2025					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	
Investment grade						
Debt instruments at FVTOCI	\$ 725,085,692	\$ -	\$ -	\$ -	\$ -	\$ 725,085,692
Financial assets measured at amortized cost	4,012,668,342	-	-	-	(1,501,993)	4,011,166,349
Other financial assets	1,500,000	-	-	-	(357)	1,499,643
Non-investment grade						
Debt instruments at FVTOCI	5,381,553	1,387,056	5,178,600	-	-	11,947,209
Financial assets measured at amortized cost	13,616,629	1,214,020	19,110,807	-	(2,106,494)	31,834,962
	December 31, 2024					
	Stage 1	Stage 2	Stage 3			Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	
Investment grade						
Debt instruments at FVTOCI	\$ 480,196,856	\$ -	\$ -	\$ -	\$ -	\$ 480,196,856
Financial assets measured at amortized cost	4,255,736,442	-	-	-	(1,526,067)	4,254,210,375
Non-investment grade						
Debt instruments at FVTOCI	5,426,225	1,185,015	3,510,472	-	-	10,121,712
Financial assets measured at amortized cost	7,218,572	8,257	19,971,491	-	(1,999,099)	25,199,221

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

ii) Secured loans and overdue receivables of the Company

	December 31, 2025						
	Stage 1	Stage 2	Stage 3			Difference from Impairment Accrued in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and overdue receivables	\$ 255,523,986	\$ 211,302	\$ 2,990,716	\$ -	\$ (476,219)	\$ (3,275,548)	\$ 254,974,237
	December 31, 2024						
	Stage 1	Stage 2	Stage 3			Difference from Impairment Accrued in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and overdue receivables	\$ 229,452,719	\$ 268,430	\$ 4,601,114	\$ -	\$ (1,241,893)	\$ (2,821,399)	\$ 230,258,971

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI

	<u>Lifetime Expected Credit Losses</u>				<b>Total of Impairment Charged in Accordance with IFRS 9</b>
	<b>12-month Expected Credit Losses</b>	<b>Collectively Assessed</b>	<b>Not Purchased or Originated Credit- impaired Financial Assets</b>	<b>Purchased or Originated Credit- impaired Financial Assets</b>	
January 1, 2025	\$ 164,757	\$ 224,414	\$ 985,882	\$ -	\$ 1,375,053
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(821)	821	-	-	-
Transferred to 12-month expected credit losses	13,699	(13,699)	-	-	-
New financial assets originated or purchased	105,317	-	-	-	105,317
Financial assets that have been derecognized during the year	(62,597)	(26,483)	-	-	(89,080)
Changes in models/risk parameters	4,388	101,495	24,600	-	130,483
Foreign exchange and other movements	<u>(5,859)</u>	<u>(8,803)</u>	<u>(22,653)</u>	<u>-</u>	<u>(37,315)</u>
December 31, 2025	<u>\$ 218,884</u>	<u>\$ 277,745</u>	<u>\$ 987,829</u>	<u>\$ -</u>	<u>\$ 1,484,458</u>
	<u>Lifetime Expected Credit Losses</u>				<b>Total of Impairment Charged in Accordance with IFRS 9</b>
	<b>12-month Expected Credit Losses</b>	<b>Collectively Assessed</b>	<b>Not Purchased or Originated Credit- impaired Financial Assets</b>	<b>Purchased or Originated Credit- impaired Financial Assets</b>	
January 1, 2024	\$ 150,965	\$ 55,541	\$ 924,816	\$ -	\$ 1,131,322
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(2,595)	2,595	-	-	-
New financial assets originated or purchased	38,689	-	-	-	38,689
Financial assets that have been derecognized during the year	(28,934)	(6,964)	-	-	(35,898)
Changes in models/risk parameters	(2,025)	162,231	10,237	-	170,443
Foreign exchange and other movements	<u>8,657</u>	<u>11,011</u>	<u>50,829</u>	<u>-</u>	<u>70,497</u>
December 31, 2024	<u>\$ 164,757</u>	<u>\$ 224,414</u>	<u>\$ 985,882</u>	<u>\$ -</u>	<u>\$ 1,375,053</u>

ii) Financial assets measured at amortized cost

	<b>Lifetime Expected Credit Losses</b>				<b>Total of Impairment Charged in Accordance with IFRS 9</b>
	<b>12-month Expected Credit Losses</b>	<b>Collectively Assessed</b>	<b>Not Purchased or Originated Credit-impaired Financial Assets</b>	<b>Purchased or Originated Credit-impaired Financial Assets</b>	
January 1, 2025	\$ 1,544,817	\$ 864	\$ 1,979,485	\$ -	\$ 3,525,166
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(3,040)	3,040	-	-	-
New financial assets originated or purchased	38,074	-	-	-	38,074
Financial assets that have been derecognized during the year	(498,430)	(103,057)	-	-	(601,487)
Changes in models/risk parameters	538,478	210,688	52,824	-	801,990
Foreign exchange and other movements	(79,699)	5,541	(81,098)	-	(155,256)
December 31, 2025	<u>\$ 1,540,200</u>	<u>\$ 117,076</u>	<u>\$ 1,951,211</u>	<u>\$ -</u>	<u>\$ 3,608,487</u>
	<b>Lifetime Expected Credit Losses</b>				<b>Total of Impairment Charged in Accordance with IFRS 9</b>
	<b>12-month Expected Credit Losses</b>	<b>Collectively Assessed</b>	<b>Not Purchased or Originated Credit-impaired Financial Assets</b>	<b>Purchased or Originated Credit-impaired Financial Assets</b>	
January 1, 2024	\$ 1,453,074	\$ 122,532	\$ 1,807,235	\$ -	\$ 3,382,841
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(2,989)	2,989	-	-	-
New financial assets originated or purchased	54,412	-	-	-	54,412
Financial assets that have been derecognized during the year	(50,247)	(282,787)	-	-	(333,034)
Changes in models/risk parameters	1,437	151,755	51,944	-	205,136
Foreign exchange and other movements	89,130	6,375	120,306	-	215,811
December 31, 2024	<u>\$ 1,544,817</u>	<u>\$ 864</u>	<u>\$ 1,979,485</u>	<u>\$ -</u>	<u>\$ 3,525,166</u>

iii) Other financial assets

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -
New financial assets originated or purchased	357	-	-	-	357
December 31, 2025	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357</u>

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

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2025	\$ 51,050	\$ 4,657	\$ 1,186,186	\$ -	\$ 1,241,893	\$ 2,821,399	\$ 4,063,292
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(4)	4	-	-	-	-	-
Transferred to credit-impaired financial assets	(62)	(12)	74	-	-	-	-
Transferred to 12-month expected credit losses	1,416	(27)	(1,389)	-	-	-	-
New financial assets originated or purchased	9,153	-	12,705	-	21,858	-	21,858
Financial assets that have been derecognized during the year	(1,245)	-	-	-	(1,245)	-	(1,245)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	454,149	454,149
Changes in models/risk parameters	(713)	(1,158)	(784,416)	-	(786,287)	-	(786,287)
December 31, 2025	<u>\$ 59,595</u>	<u>\$ 3,464</u>	<u>\$ 413,160</u>	<u>\$ -</u>	<u>\$ 476,219</u>	<u>\$ 3,275,548</u>	<u>\$ 3,751,767</u>

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2024	\$ 45,765	\$ 5,416	\$ 1,225,886	\$ -	\$ 1,277,067	\$ 2,773,153	\$ 4,050,220
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(6)	6	-	-	-	-	-
Transferred to credit-impaired financial assets	(59)	(2)	61	-	-	-	-
Transferred to 12-month expected credit losses	8,493	(92)	(8,401)	-	-	-	-
New financial assets originated or purchased	10,160	3	13,988	-	24,151	-	24,151
Financial assets that have been derecognized during the year	(591)	-	-	-	(591)	-	(591)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	48,246	48,246
Changes in models/risk parameters	(12,712)	(674)	(45,348)	-	(58,734)	-	(58,734)
December 31, 2024	<u>\$ 51,050</u>	<u>\$ 4,657</u>	<u>\$ 1,186,186</u>	<u>\$ -</u>	<u>\$ 1,241,893</u>	<u>\$ 2,821,399</u>	<u>\$ 4,063,292</u>

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

ix. Exposure to credit risk and loss allowance of receivables

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

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

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

	<u>Aging of Receivables Recognized</u>				<u>Total</u>
	<u>Not Yet Due/within 1 Month</u>	<u>1-3 Months</u>	<u>3-6 Months</u>	<u>Over 6 Months</u>	
<u>December 31, 2024</u>					
Gross carrying amount (Note)	\$ 45,830,964	\$ 62,149	\$ 913	\$ -	\$ 45,894,026
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,243	91	-	1,334

Note: Notes receivable of \$88,306 thousand and other receivables of \$45,805,720 thousand were included.

The loss allowance was reconciled as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 1,334	\$ 1,351
Provision for the year	<u>252</u>	<u>(17)</u>
Ending balance	<u>\$ 1,586</u>	<u>\$ 1,334</u>

3) Liquidity risk analysis

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

	<b>December 31, 2025</b>				
	<b>Less than 6 Months</b>	<b>Due in 6-12 Months</b>	<b>Due in 1-2 Years</b>	<b>Due in 2-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>					
Payables	\$ 25,808,432	\$ 602,813	\$ -	\$ -	\$ -
Short-term debt	1,484,601	-	-	-	-
Other financial liabilities	1,787,539	2,181,299	3,339,120	10,106,467	34,218,542
Bonds payable (Note 1)	2,018,043	37,897,545	6,509,572	15,763,715	181,809,876
Lease liabilities (Note 2)	459,951	396,960	759,845	2,092,910	31,704,563
<u>Derivative financial liabilities</u>					
SWAP	8,663,320	38,847,818	9,152,800	-	-
Forward	15,641,333	4,315,570	138,400	-	1,190,360
	<b>December 31, 2024</b>				
	<b>Less than 6 Months</b>	<b>Due in 6-12 Months</b>	<b>Due in 1-2 Years</b>	<b>Due in 2-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>					
Payables	\$ 31,983,515	\$ 607,011	\$ -	\$ -	\$ -
Other financial liabilities	1,128,250	23,577,485	1,353,400	3,658,346	5,396,746
Bonds payable (Note 1)	2,058,583	2,940,014	7,866,165	17,508,497	224,008,147
Lease liabilities (Note 2)	330,560	396,475	815,464	2,180,211	32,366,038
<u>Derivative financial liabilities</u>					
SWAP	26,894,181	17,137,730	-	-	-
Forward	36,512,846	8,749,126	506,900	-	836,880
Bond forward contract	956,923	-	-	-	-

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

Note 2: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 67 years.

f. Hedge accounting disclosures

Cash flow hedges

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

1) Hedging instruments

<b>December 31, 2025</b>					
<u>Hedging Instrument</u>	<u>Nominal Amount of the Hedging Instrument</u>	<u>Carrying Amount of the Hedging Instrument</u>		<u>Line Items in Balance Sheet Where the Hedging Instrument Is Included</u>	<u>Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year</u>
		<u>Assets</u>	<u>Liabilities</u>		
IRS	\$ 830,223	\$ 28,289	\$ -	Financial assets for hedging	\$ 21,874
IRS	25,527,896	-	166,925	Financial liabilities for hedging	(143,701)
<b>December 31, 2024</b>					
<u>Hedging Instrument</u>	<u>Nominal Amount of the Hedging Instrument</u>	<u>Carrying Amount of the Hedging Instrument</u>		<u>Line Items in Balance Sheet Where the Hedging Instrument Is Included</u>	<u>Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year</u>
		<u>Assets</u>	<u>Liabilities</u>		
IRS	\$ -	\$ -	\$ -	-	\$ 1,110
IRS	21,457,711	6,615	-	Financial assets for hedging	6,615
IRS	2,246,068	-	23,424	Financial liabilities for hedging	(23,424)
Bond forward contract	1,180,116	-	58,363	Financial liabilities for hedging	(58,363)

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

	<u>Period Till Maturity</u>				
	<u>1 Month</u>	<u>1-3 Months</u>	<u>3 Months - 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
<u>December 31, 2025</u>					
IRS					
Nominal principal	\$ -	\$ -	\$ -	\$ -	\$ 26,358,119
Average fixed rate	-	-	-	-	2.23%
<u>December 31, 2024</u>					
IRS					
Nominal principal	\$ -	\$ -	\$ 20,689,750	\$ -	\$ 3,014,029
Average fixed rate	-	-	1.75%	-	2.23%
Bond forward contract					
Nominal principal	-	1,180,116	-	-	-
Average price (per hundred USD)	-	81.09	-	-	-

### 3) Hedged items

For the Year Ended December 31, 2025								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss that Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate borrowings	\$ 121,827	\$ (138,637)	N/A	\$ (231,650)	\$ -	-	\$ 109,823	Finance costs
Discontinued hedge - bond investments	20,662	-	\$ (235,068)	29,287	(23,599)	Finance costs	6,489	Finance costs
Expected investment	(49,949)	-	N/A	-	-	-	-	-

  

For the Year Ended December 31, 2024								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss that Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate bonds	\$ (1,110)	\$ -	N/A	\$ 1,110	\$ -	\$ -	\$ (2,219)	Finance costs
Floating-rate borrowings	16,810	(16,810)	N/A	(16,810)	-	-	-	-
Discontinued hedge - bond investments	232,220	-	\$ (214,407)	(215,304)	(5,538)	Finance costs	1,663	Finance costs
Expected investment	49,949	(49,949)	N/A	(49,949)	(8,414)	Finance costs	-	-

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

	For the Year Ended December 31	
	2025	2024
Beginning balance	\$ (225,374)	\$ (4,513)
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive loss	(202,071)	(280,913)
Changes in the values of the hedging instruments of non-controlling interests recognized in other comprehensive loss	(292)	(40)
Amount reclassified from cash flow hedge reserve to profit or loss	116,312	(556)
Exchange rate changes	7,685	(2,215)
Tax effect	15,673	56,745
Disposal of subsidiary	-	6,118
Ending balance	<u>\$ (288,067)</u>	<u>\$ (225,374)</u>

## Fair value hedges

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

### 1) Hedging instruments

<b>December 31, 2025</b>					
<u>Hedging Instrument</u>	<u>Nominal Amount of the Hedging Instrument</u>	<u>Carrying Amount of the Hedging Instrument</u>		<u>Line Items in Balance Sheet Where the Hedging Instrument Is Included</u>	<u>Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year</u>
		<u>Assets</u>	<u>Liabilities</u>		
Forward	\$ 44,433,720	\$ 7,721	\$ -	Financial assets for hedging Financial liabilities for hedging	\$ 3,548,209
		-	752,946		
<b>December 31, 2024</b>					
<u>Hedging Instrument</u>	<u>Nominal Amount of the Hedging Instrument</u>	<u>Carrying Amount of the Hedging Instrument</u>		<u>Line Items in Balance Sheet Where the Hedging Instrument Is Included</u>	<u>Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year</u>
		<u>Assets</u>	<u>Liabilities</u>		
Forward	\$ 26,383,540	\$ -	\$ 2,509,788	Financial liabilities for hedging	\$ (1,474,279)

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

	<u>Period Till Maturity</u>				
	<u>1 Month</u>	<u>1-3 Months</u>	<u>3 Months - 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
<u>December 31, 2025</u>					
Forward					
Nominal principal	\$ -	\$ -	\$ 9,327,400	\$ 28,122,800	\$ 6,983,520
Exchange rate (USD/TWD)	-	-	31.0913	31.2476	26.7845
<u>Period Till Maturity</u>					
	<u>1 Month</u>	<u>1-3 Months</u>	<u>3 Months - 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
<u>December 31, 2024</u>					
Forward					
Nominal principal	\$ -	\$ 2,687,400	\$ 11,271,900	\$ 9,327,400	\$ 3,096,840
Exchange rate (USD/TWD)	-	26.8740	28.1654	31.0913	25.8070

### 3) Hedged items

For the Year Ended December 31, 2025								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position that Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 44,433,720	\$ -	\$ (3,548,209)	\$ -	Financial assets at amortized cost	\$ (3,548,209)	\$ -	\$ -

  

For the Year Ended December 31, 2024								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position that Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Overseas bonds	\$ 26,383,540	\$ -	\$ 1,474,279	\$ -	Financial assets at amortized cost	\$ 1,474,279	\$ -	\$ -

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

	For the Year Ended December 31	
	2025	2024
<u>Foreign currency basis-related period</u>		
Beginning balance	\$ (128,933)	\$ 515,012
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive loss	(2,790,215)	(1,135,107)
Amount reclassified to profit or loss	1,314,845	330,176
Tax effects	<u>295,074</u>	<u>160,986</u>
Ending balance	<u>\$ (1,309,229)</u>	<u>\$ (128,933)</u>

### g. Offsetting of financial assets and financial liabilities

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

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

#### December 31, 2025

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

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

December 31, 2024

<b>Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement</b>						
<b>Item</b>	<b>Gross Amount of Recognized Financial Assets (a)</b>	<b>Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)</b>	<b>Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)</b>	<b>Relevant Amount That Has Not Been Offset on Balance Sheet (d)</b>		<b>Net Amount (e)=(c)-(d)</b>
				<b>Financial Instruments</b>	<b>Cash Collateral Received</b>	
Derivative financial instruments	\$ 5,321,426	\$ -	\$ 5,321,426	\$ 5,312,990	\$ 15,407	\$ (6,971)

<b>Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement</b>						
<b>Item</b>	<b>Gross Amount of Recognized Financial Liabilities (a)</b>	<b>Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)</b>	<b>Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)</b>	<b>Relevant Amount That Has Not Been Offset on Balance Sheet (d)</b>		<b>Net Amount (e)=(c)-(d)</b>
				<b>Financial Instruments</b>	<b>Cash Collateral Paid</b>	
Derivative financial instruments	\$ 73,085,830	\$ -	\$ 73,085,830	\$ 5,312,990	\$ 28,041,457	\$ 39,731,383

h. Other financial liabilities

<b>Item</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Secured borrowings</u>		
Bank loans	\$ 37,501,356	\$ 30,238,674
<u>Unsecured borrowings</u>		
Bank loans	1,708,404	86,870
	<u>\$ 39,209,760</u>	<u>\$ 30,325,544</u>
Borrowing rate	2.05%-3.91%	2.02%-4.54%

The amount of capitalized borrowing costs was \$26,203 thousand in 2025, and the rate for the amount of borrowing costs that meet the capitalized conditions was determined to be 2.20% to 3.03%.

The secured borrowings of Cathay Wind Power, Cathay Power and its subsidiaries were secured by NTD demand deposits, other equipment and investments accounted for using the equity method. Refer to Note 40.

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

i. Reclassification

Section 4.4 of IFRS 9, “Financial Instruments,” provides the principles and regulations for the reclassification of financial assets. For practical application, the Accounting Research and Development Foundation of the Republic of China (ARDF) provided a reference guideline on October 7, 2022 on the “Financial Asset Reclassification Concerns of an insurer arising from Changes in the Business Model for Managing Financial Assets due to Drastic Changes in the International Economic Situation”. According to the press release of the FSC, if an insurer intends to reclassify financial assets, it should follow IFRS 9 regulations and the reference guideline of the ARDF.

In 2022, the global financial situation has been in full turmoil, especially from late August to late September in 2022. The stock, bond and foreign exchange markets have experienced drastic changes that are rare in history. Changes are not for single market risk or specific financial asset price fluctuations, but interest rates have risen to an extreme level as defined by the International Insurance Capital Standards (ICS). The Company’s senior management adjusted its investment strategy, performance evaluation and risk management activities in relation to financial assets by September 30, 2022, in order to ensure the Company’s solvency and stable operation. The aforementioned adjustments indicate that the Company’s business model, which was to generate cash flows by both collecting contractual cash flows and selling financial assets, has been changed to a model whose objective is to hold financial assets in order to collect contractual cash flows. Therefore, on October 1, 2022, the Company reclassified its financial assets in accordance with IFRS 9, paragraphs B4.1.2B and B4.4.1.

Due to the change in business model, the Company reclassified part of the financial assets at FVTOCI to financial assets measured at amortized cost on October 1, 2022. After the reclassification, other equity increased by \$242,647,172 thousand, financial assets measured at amortized cost increased by \$1,054,624,855 thousand, financial assets at FVTOCI decreased by \$755,311,088 thousand and deferred income tax assets decreased by \$56,666,595 thousand as of October 1, 2022.

As of December 31, 2025 and 2024, the fair value of the above reclassified financial assets that have not been derecognized amounted to \$789,777,412 thousand and \$798,216,357 thousand, respectively. If the financial assets had not been reclassified as of October 1, 2022, other equity would have decreased by \$189,532,566 thousand and \$223,027,470 thousand as of December 31, 2025 and 2024, respectively. The amounts, after tax, due to fair value changes of \$33,494,904 thousand and \$(50,570,572) thousand would have been recognized in other comprehensive income (loss) for the years ended December 31, 2025 and 2024, respectively.

#### **43. RISK MANAGEMENT AND INSURANCE RISK INFORMATION**

a. Risk management objectives, policies, procedures and methods

1) Objectives of risk management

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

## 2) Framework, organizational structure and responsibilities of risk management

### a) The board of directors

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

### b) Risk management committee

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

### c) Chief risk officer

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

d) Risk management department

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

e) Business units

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

f) Audit department

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

g) Subsidiary

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

3) Range and nature of risk assessment or risk reporting

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

a) Market risk

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

b) Credit risk

Credit risk is the risk of losses on the Company's rights due to that the counterparty or debtor does not perform the contractual obligation. The Company applies credit rating, credit concentration and VaR of credit as measurement indicators which are reviewed regularly. Furthermore, the Company applies scenario analysis and stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly.

c) Country risk

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

d) Liquidity risk

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

e) Operational risk

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

f) Insurance risk

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

g) Asset and liability matching risk

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

h) Capital adequacy

The Company regards RBC ratio and net worth ratio as management indicators for capital adequacy. The RBC ratio is the total capital of the Company divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The net worth ratio is the Company's equity audited (or reviewed) by the auditors divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies.

i) Risk of information security

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

j) Risk of personal data

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

k) Emerging risks

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

l) ESG risks

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

m) Reputation risks

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

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

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

i. Stipulate the Company's insurance risk management standards including the definitions and range of risks, management structure, risk management indicators and other risk management measures.

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

- b) The scope of management of insurance risk
  - i. Develop a risk control framework of the Company's insurance risk to empower related development to execute risk management.
  - ii. Establish the Company's insurance risk management standards including the definitions and types of risks, management structure, risk management indicators and other risk management measures.
  - iii. Develop related response in consideration of the Company's growth strategy and changes in the domestic and global economic and financial environments.
  - iv. Determine methods to measure insurance risks.
  - v. Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategy.
  - vi. Other insurance risk management issues.

6) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

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

7) Asset/liability management

- a) The Company established an asset/liability management committee to improve the asset/liability management structure, ensure the application of the asset/liability management policy and review the performance from strategy and practice aspect on a regular basis to reduce all types of risks the Company faces.
- b) Authorized departments review the measurement of asset/liability matching risk and report to the asset/liability management committee regularly and results are also reported to the risk management committee of the Company. Furthermore, the annual report is delivered to the risk management division of Cathay Financial Holdings.
- c) When an exceptional situation occurs, the related departments should propose reactions to the asset/liability management committee, the risk management committee of the Company and the risk management division of Cathay Financial Holdings.

8) The procedures to manage, monitor and control a special event for which the Company is committed to assuming additional liabilities or funding addition capital

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

- a) Capital adequacy management
  - i. Regularly provide capital adequacy management reports and analysis to the finance department of Cathay Financial Holdings.

- ii. Regularly provide the analysis report to the risk management committee.
- iii. Conduct simulation analysis to figure out the use of funding, the changes of the financial environment or the amendments to applicable laws and regulations affecting RBC ratio and net worth ratio.
- iv. Regularly review RBC ratio, net worth ratio and related control standards to ensure a solid capital adequacy management.

b) Exception management process

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

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

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

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

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

b. Information of insurance risk

1) Sensitivity of insurance risk - insurance contracts and financial instruments with discretionary participation features

a) The Company

For the Year Ended December 31, 2025					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 3,874,535	Decrease (increase)	\$ 3,099,628
Expense	×1.05 (×0.95)	Decrease (increase)	3,842,496	Decrease (increase)	3,073,997
Surrender rate	×1.05 (×0.95)	Increase (decrease)	929,199	Increase (decrease)	743,359
Rate of return	+0.1%	Increase	7,691,701	Increase	6,153,361
Rate of return	-0.1%	Decrease	7,699,280	Decrease	6,159,424

For the Year Ended December 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 3,714,012	Decrease (increase)	\$ 2,971,210
Expense	×1.05 (×0.95)	Decrease (increase)	3,527,473	Decrease (increase)	2,821,978
Surrender rate	×1.05 (×0.95)	Increase (decrease)	680,786	Increase (decrease)	544,629
Rate of return	+0.1%	Increase	7,411,991	Increase	5,929,593
Rate of return	-0.1%	Decrease	7,419,265	Decrease	5,935,412

b) Cathay Life (Vietnam)

For the Year Ended December 31, 2025					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 12,155	Decrease (increase)	\$ 9,724
Expense	×1.05 (×0.95)	Decrease (increase)	65,356	Decrease (increase)	52,285
Surrender rate	×1.05 (×0.95)	Increase (decrease)	26,575	Increase (decrease)	21,260
Rate of return	+0.1%	Increase	39,507	Increase	31,606
Rate of return	-0.1%	Decrease	39,545	Decrease	31,636

For the Year Ended December 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 9,911	Decrease (increase)	\$ 7,928
Expense	×1.05 (×0.95)	Decrease (increase)	78,005	Decrease (increase)	62,404
Surrender rate	×1.05 (×0.95)	Increase (decrease)	32,271	Increase (decrease)	25,817
Rate of return	+0.1%	Increase	38,874	Increase	31,099
Rate of return	-0.1%	Decrease	38,911	Decrease	31,129

i. Changes in profit before tax listed above referred to the effects of profit before tax for the years ended December 31, 2025 and 2024. The changes in equity of the Company and Cathay Life (Vietnam) were assumed that the income tax was calculated at rates of 20% and 20% of pre-tax income, respectively.

ii. As an increase (decrease) of 0.1% in discount rates is applied to liability adequacy test, the result of the test is still adequate for the Company and there is no impact on profit before tax and equity. However, if the discount rate keeps declining significantly, profit before tax and equity may be affected.

iii. Sensitivity test

i) Mortality/morbidity sensitivity test is executed by multiplying the mortality rate and the morbidity rate of injury insurance by changes in scenarios, resulting in the corresponding changes in profit before tax.

ii) Expense sensitivity test is executed by multiplying all expense items listed in statements of comprehensive income (Note 1) by changes in scenarios, resulting in the corresponding changes in profit before tax.

- iii) Surrender rate sensitivity test is executed by multiplying surrender rate by changes in scenarios, resulting in the corresponding changes in profit before tax.
- iv) Rate of return sensitivity test is executed by adjusting the rate of return (Note 2) to increase (decrease) by changes in scenarios, resulting in the corresponding changes in profit before tax.

Note 1: Expense items includes underwriting expenses, commission expenses, other operating costs as well as general expenses, administration expenses, employee training expenses of operating expenses, and expected credit impairment losses and gains on reversal from non-investments.

Note 2: Rate of return is calculated as follows (to be annualized):

$$2 \times (\text{Net incomes or losses on investment} - \text{Finance costs}) \div (\text{The beginning balance of available funds} + \text{The ending balance of available funds} - \text{Net incomes or losses on investment} + \text{Finance costs}).$$

## 2) Concentration of insurance risks

The Company's insurance business is mainly from the ROC, and all the insurance policies have similar risk exposure; for example, the risk exposure to the unexpected changes in trend (mortality, morbidity, and surrender rate) or the risk exposure to multiple insurance contracts caused by a single incident (for example, simultaneous risk exposure to life insurance, health insurance, and casualty insurance caused by an earthquake). The Company reduces risk exposure not only by monitoring risks consistently, but also by arranging reinsurance contracts.

In principle, the Company performs an evaluation on the retained risks by considering the risk characteristics and its risk bearing capacity, which is submitted for approval by authority, and engages in reinsurance business for the excess of risks over the retained. At the same time, the Company considers unexpected human and natural disasters in each year to estimate the reasonable maximum amount of losses based on the retained risks and determines according to the risk characteristics and its bearing capacity whether to adjust the reinsured amount or purchase catastrophe reinsurance. Therefore, the insurance risks to some extent are diversified to reduce the potential impact on unexpected losses.

Furthermore, according to Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, special reserve for catastrophic events should be provided for huge claims and payments due to future catastrophic events, and special reserve for fluctuation of risk should be provided for abnormal changes in loss ratio and claims of each insurance type. The annual increase of special reserve for catastrophic events and fluctuation of risks should be recorded in special reserve of equity, net of tax in accordance with IAS 12.

### 3) Claim development trend

#### a) The Company

##### i. Direct business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2019	21,413,904	26,423,811	26,918,312	27,048,064	27,128,359	27,188,711	27,216,460	-	-
2020	21,395,743	26,259,290	26,772,059	26,891,849	26,989,420	27,028,108	27,058,140	30,032	30,092
2021	19,959,628	24,896,584	25,423,645	25,554,217	25,630,782	25,672,638	25,702,490	71,708	71,852
2022	21,550,608	26,965,386	27,465,405	27,563,609	27,647,154	27,689,784	27,722,122	158,513	158,830
2023	24,327,530	29,986,185	30,533,447	30,663,914	30,755,115	30,800,928	30,836,026	302,579	303,185
2024	26,059,435	31,635,282	32,228,539	32,365,926	32,461,944	32,509,442	32,547,323	912,041	913,865
2025	27,281,967	33,634,633	34,269,889	34,416,526	34,518,914	34,569,379	34,610,235	7,328,268	7,342,924
								Expected future payments	\$ 8,820,748
								Add: Inwards reinsurance assumed reserve for claims not yet filed	6,540
								Reserve for claims not yet filed	8,827,288
								Add: Claims filed but not yet paid	6,550,916
								Loss reserve balance	<u>\$ 15,378,204</u>

##### ii. Retained business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2019	21,441,560	26,463,749	26,959,827	27,090,237	27,170,877	27,231,366	27,259,134	-	-
2020	21,424,167	26,302,034	26,818,544	26,938,717	27,036,601	27,075,320	27,105,374	30,054	30,114
2021	19,997,091	24,959,156	25,488,398	25,619,505	25,696,108	25,738,087	25,767,969	71,861	72,005
2022	21,642,326	27,073,975	27,575,521	27,673,773	27,757,807	27,800,642	27,833,029	159,256	159,574
2023	24,382,068	30,050,040	30,597,541	30,728,405	30,819,899	30,865,834	30,900,962	303,421	304,028
2024	26,114,220	31,691,446	32,286,342	32,424,087	32,520,368	32,567,977	32,605,885	914,439	916,268
2025	27,289,259	33,643,900	34,279,426	34,426,123	34,528,554	34,579,037	34,619,897	7,330,638	7,345,299
								Expected future payments	\$ 8,827,288
								Add: Claims filed but not yet paid	6,530,954
								Loss reserve balance less ceded loss reserve	<u>\$ 15,358,242</u>

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

In accordance with Jin Guan Bao Shou No. 10402133590 issued on December 22, 2015 by the FSC, reserve for claims not yet filed is provided as claims filed and adjusted for related expenses; reserve for claims filed but not yet paid is provided on a case-by-case basis. The loss reserve is the sum of the above reserve, and due to uncertainty, estimation, and judgment, there is a high degree of complexity in the provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to the Company may be delayed in certain cases, and estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

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

b) Cathay Life (Vietnam)

i. Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021	40,610	46,787	46,795	46,795	46,795
2022	65,001	75,884	76,139	76,139	76,139
2023	83,033	93,469	93,472	93,478	93,478
2024	84,145	95,979	96,100	96,107	96,107
2025	81,301	93,156	93,273	93,280	93,280

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2021	40,610	46,787	46,795	46,795	46,795
2022	65,001	75,884	76,139	76,139	76,139
2023	83,033	93,469	93,472	93,478	93,478
2024	84,145	95,979	96,100	96,107	96,107
2025	81,301	93,156	93,273	93,280	93,280

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

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

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

1) Credit risk

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

Due to the nature of reinsurance market and the regulations on qualified reinsurers, the insurers in Taiwan sustain certain degree of credit risk concentration of reinsurers. To reduce this risk, the Company chooses the reinsurance counterparty, reviews its credit rating periodically, monitors and controls the risk of reinsurance transactions properly in accordance with the Company's Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers.

The credit ratings of the Company's reinsurers are above a certain level, complying with the Company's internal rules and relevant legal requirements in Taiwan. Furthermore, reinsurance assets are relatively immaterial to the Company's total assets; therefore, no significant credit risk exists.

## 2) Liquidity risk

The table below is the analysis of the net (undiscounted) cash flow of insurance contracts and of financial instruments with discretionary participation features. The figures shown in this table are the estimated amount of the total insurance payments and expenses of valid insurance contracts in the future, deducting total premium on the balance sheet date. The actual future payment amounts may differ due to the difference between the result and expected amount.

**Unit: In 100 Millions of NTD**

	<b>Insurance Contracts and Financial Instruments with Discretionary Participation Features</b>		
	<b>Within 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
December 31, 2025	\$ 558	\$ 5,373	\$ 190,450
December 31, 2024	468	4,380	192,692

Note: Separate account products were not included.

## 3) Market risk

The Company measures insurance liabilities by the discounted rates required by the authorities. The authorities regularly review the assumption of the discount rate for policy reserves; however, the change of the assumption may not be at the same time, in the same direction of change with the market price and interest rate, and only applied to new contracts. Therefore, the impacts of those possible changes in market risk on the provision of policy reserve for the Company's valid insurance contracts are considered minor to profit or loss or equity. When the authorities change the discount rate assumption in a reasonably possible manner with remote possibility as current assessment, it will have an impact in a range on profit or loss or equity depending upon the level of the change and the overall product portfolio of the Company. Furthermore, the reasonably possible change in the market risk may have impact on the future cash flows of insurance contracts and financial instruments with discretionary participation features, which are estimated based on available information at the balance sheet date and are used for assessing the adequacy of recognized insurance liabilities. Based on the reasonably possible changes in current market risk, it has little impact on the adequacy of recognized insurance liabilities.

## 44. SEGMENT INFORMATION

The Group's life insurance business is operated in accordance with the Insurance Act. In accordance with IFRS 8, since the Group only provides insurance policy products and the business decision makers allocate the resources to the Group as a whole, the Group is considered as a single operating segment.

## 45. CAPITAL MANAGEMENT

### a. Management objectives

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

### b. Management policies

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

In accordance with Regulations Governing Capital Adequacy of Insurance Companies, the components of owned capital and risk-based capital are as follows:

#### 1) Owned capital

Owned capital is divided into Tier 1 unlimited capital, Tier 1 limited capital and Tier 2 capital, which includes:

- a) Items covered by Article 2 of Regulations Governing Capital Adequacy of Insurance Companies.
- b) According to Regulations Governing Capital Adequacy of Insurance Companies, the adjustment items specified in the total capital approved by the authorities for the insurance industry's calculation and calculation formula of the relevant reports and filling manuals of owned capital and risk-based capital.

#### 2) Risk-based capital

Risk-based capital is calculated according to the risks occurring in the business of an insurance enterprise, including:

- a) Asset risk.
- b) Insurance risk.
- c) Interest rate risk.
- d) Other risk.
- e) Catastrophe risk.

Calculation of risk-based capital should comply with requirements regulated by the authorities.

c. Management procedures

1) Periodical calculation

To implement management of RBC, the RBC ratio and the net worth ratio are inspected periodically. In accordance with cash flow of current contracts and assets, future target of new contracts, and the assumptions of best estimates, the Company estimates RBC ratio and the net worth ratio for the incoming year through the asset/liability model and analyzes the solvency if the expected ratio deviates from the control criteria, the Company decreases risk exposures or increases capital in response.

2) Aperiodic calculation

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

d. Current status of RBC ratio

The Company's RBC ratio, which is calculated in accordance with Regulations Governing Capital Adequacy of Insurance Companies, is above 200% during the past three years, and the net worth ratios are above 3% as of the end of semi-period of 2025 and the end of 2025, which complies with the regulations.

#### 46. BUSINESS COMBINATIONS - SUBSIDIARIES ACQUIRED

a. Subsidiaries acquired

<u>Subsidiary</u>	<u>Principal Activity</u>	<u>Date of Acquisition</u>	<u>Proportion of Voting Equity Interests Acquired (%)</u>	<u>Consideration Transferred</u>
Jian Kun Energy Co., Ltd.	Energy technical services	November 3, 2025	95.10	<u>\$ 12,363</u>

On November 3, 2025, Cathay Power acquired 95.10% of Jian Kun Energy shares in cash, and obtained the control of Jian Kun Energy.

b. Non-controlling interests

The non-controlling interest recognized at the acquisition date was measured by reference to the proportionate share of the identifiable net assets.

c. Net cash inflow on the acquisition of subsidiaries

	<u>Jian Kun Energy</u>
Consideration paid in cash	\$ 12,363
Less: Cash and cash equivalent balances acquired	<u>(13,000)</u>
	<u>\$ (637)</u>

d. Impact of acquisitions on the results of the Group

The acquisition dates of the financial performances of acquirees, which are included in the consolidated financial statements, do not have a significant impact to the Group.

#### 47. DISPOSAL OF SUBSIDIARIES

On April 3, 2024, the Group completed the disposal of all the shares of CHL and its subsidiaries and lost control of the subsidiary.

On October 9, 2025, Cathay Lujiazui Life amended its Articles of Incorporation, resulting in the Group's interest in the entity changing from a controlling interest to an investment in a joint venture.

a. Consideration received from disposals

	<u>CHL and Its Subsidiaries</u>	<u>Cathay Lujiazui Life</u>
Cash and cash equivalents	\$ 252,208	\$ -
Equity shares of Generali Investments Holding S.p.A.	\$ 22,484,807	\$ -
Equity shares of Cathay Lujiazui Life	\$ -	\$ 7,113,786

b. Analysis of assets and liabilities on the date control was lost

	<u>CHL and Its Subsidiaries</u>	<u>Cathay Lujiazui Life</u>
<b>Assets</b>		
Cash	\$ 4,039,745	\$ 15,663,780
Receivable	2,468,117	2,275,970
Current tax assets	61,216	-
Financial assets at FVTPL	1,693,137	161,835,740
Loans	-	4,989,818
Financial assets at FVTOCI	3,244	-
Reinsurance assets	-	80,886
Property and equipment	1,050,842	165,108
Right-of-use assets	695,978	211,657
Goodwill	12,187,864	-
Intangible assets other than goodwill	3,282,654	35,473
Deferred tax assets	402,742	-
Separate account insurance product assets	-	96,143
Others	510,866	2,711,526
<b>Liabilities</b>		
Payables	(3,177,451)	(2,977,942)
Unearned premium reserve	-	(346,493)
Loss reserve	-	(502,235)
Policy reserve	-	(136,242,564)
Reserve for insurance contracts with the nature of financial products	-	(26,574,509)
Lease liabilities	(847,910)	(218,629)
Deferred tax liabilities	(1,024,188)	(790,239)
Other liabilities	(2,566,229)	(389,262)
Separate account insurance product liabilities	-	(96,143)
Net assets disposed of	<u>\$ 18,780,627</u>	<u>\$ 19,928,085</u>

c. Gain on disposal of subsidiary

	<u>CHL and Its Subsidiaries</u>	<u>Cathay Lujiazui Life</u>
Consideration received	\$ 22,737,015	\$ 7,113,786
Net assets disposed of	(18,780,627)	(19,928,085)
Non-controlling interests	530,893	9,964,043
Reclassification of other comprehensive income in respect of subsidiaries	<u>(1,850,287)</u>	<u>2,995,018</u>
Gain on disposals	<u>\$ 2,636,994</u>	<u>\$ 144,762</u>

d. Net cash outflow on disposals of subsidiary

	<u>CHL and Its Subsidiaries</u>	<u>Cathay Lujiazui Life</u>
Consideration received in cash	\$ 252,208	\$ -
Less: Cash balances disposed of	<u>(4,039,745)</u>	<u>(15,663,780)</u>
	<u>\$ (3,787,537)</u>	<u>\$ (15,663,780)</u>

#### 48. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 26, 2025, the Group acquired an additional 27% equity interest of CM Energy, increasing the percentage of ownership from 70% to 97%.

	<u>CM Energy</u>
Consideration paid	\$ (386,100)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>310,237</u>
Differences recognized from equity transactions	<u>\$ (75,863)</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ (8,320)
Unappropriated earnings	<u>(67,543)</u>
	<u>\$ (75,863)</u>

## 49. OTHERS

### a. Significant assets and liabilities denominated in foreign currencies

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

	<b>December 31, 2025</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 158,550,678	31.438000	\$ 4,984,516,211
AUD	6,248,272	21.027306	131,384,325
Non-monetary items			
USD	8,428,784	31.438000	264,984,116
Investments accounted for using the equity method			
CNY	1,942,175	4.498200	8,736,292
PHP	36,459,808	0.533500	19,451,308
EUR	680,792	36.898800	25,120,391
<u>Financial liabilities</u>			
Monetary items			
USD	1,898,059	31.438000	59,671,181
	<b>December 31, 2024</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 154,907,829	32.781000	\$ 5,078,033,536
AUD	5,881,977	20.394699	119,961,154
Non-monetary items			
USD	8,852,262	32.781000	290,185,989
Investments accounted for using the equity method			
CNY	455,412	4.491300	2,045,393
PHP	34,655,421	0.566900	19,646,158
EUR	696,705	34.131600	23,779,664
<u>Financial liabilities</u>			
Monetary items			
USD	2,446,705	32.781000	80,205,428

Note: Impacts of foreign currencies other than functional currencies of subsidiaries are immaterial; therefore, information of subsidiaries is not disclosed.

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

Items	<b>December 31, 2025</b>		
	<b>Recovery/ Settlement within 12 Months</b>	<b>Recovery/ Settlement over 12 Months</b>	<b>Total</b>
Cash and cash equivalents	\$ 280,967,668	\$ -	\$ 280,967,668
Receivables	107,205,768	5,324,629	112,530,397
Current tax assets	137,040	-	137,040
Investments			
Financial assets at FVTPL	59,956,275	1,526,693,852	1,586,650,127
Financial assets at FVTOCI	13,103,880	876,236,269	889,340,149
Financial assets measured at amortized cost	52,145,029	4,027,354,548	4,079,499,577
Financial assets for hedging	-	36,010	36,010
Investments accounted for using the equity method	-	77,783,721	77,783,721
Other financial assets	-	1,499,643	1,499,643
Investment property	-	563,226,573	563,226,573
Investment property under construction	-	20,899,061	20,899,061
Prepayments for buildings and land - investments	-	977,717	977,717
Loans	2,991,964	418,750,689	421,742,653
Total investments	<u>128,197,148</u>	<u>7,513,458,083</u>	<u>7,641,655,231</u>
Reinsurance assets	748,141	1,421,008	2,169,149
Property and equipment	-	41,078,154	41,078,154
Right-of-use assets	-	1,159,815	1,159,815
Intangible assets	-	20,976,738	20,976,738
Deferred tax assets	-	67,335,088	67,335,088
Other assets	35,320,669	38,327,516	73,648,185
Separate account insurance product assets	<u>11,234,942</u>	<u>828,885,964</u>	<u>840,120,906</u>
Total assets	<u>\$ 563,811,376</u>	<u>\$ 8,517,966,995</u>	<u>\$ 9,081,778,371</u>
Payables	\$ 26,411,245	\$ -	\$ 26,411,245
Current tax liabilities	411,720	-	411,720
Short-term debt	1,484,601	-	1,484,601
Financial liabilities at FVTPL	54,493,682	5,366,148	59,859,830
Financial liabilities for hedging	63,637	856,234	919,871
Bonds payable	35,000,000	158,603,582	193,603,582
Other financial liabilities	2,283,289	36,926,471	39,209,760
Insurance liabilities			
Unearned premium reserve	-	24,158,621	24,158,621
Loss reserve	-	15,451,972	15,451,972
Policy reserve	-	6,936,340,708	6,936,340,708
Special reserve	-	29,877	29,877
Premium deficiency reserve	-	5,966,081	5,966,081
Other reserve	-	89,879	89,879
Total insurance liabilities	<u>-</u>	<u>6,982,037,138</u>	<u>6,982,037,138</u>

(Continued)

<b>December 31, 2025</b>			
<b>Items</b>	<b>Recovery/ Settlement within 12 Months</b>	<b>Recovery/ Settlement over 12 Months</b>	<b>Total</b>
Reserve for insurance contracts with the nature of financial products	\$ -	\$ 1,491,520	\$ 1,491,520
Reserve for foreign exchange valuation	-	113,806,568	113,806,568
Provisions	-	56,245	56,245
Lease liabilities	827,506	14,930,716	15,758,222
Deferred tax liabilities	-	44,826,674	44,826,674
Other liabilities	50	11,452,974	11,453,024
Separate account insurance product liabilities	<u>1,563,518</u>	<u>838,557,388</u>	<u>840,120,906</u>
Total liabilities	<u>\$ 122,539,248</u>	<u>\$ 8,208,911,658</u>	<u>\$ 8,331,450,906</u> (Concluded)

<b>December 31, 2024</b>			
<b>Items</b>	<b>Recovery/ Settlement within 12 Months</b>	<b>Recovery/ Settlement over 12 Months</b>	<b>Total</b>
Cash and cash equivalents	\$ 216,664,932	\$ -	\$ 216,664,932
Receivables	130,208,728	4,112,083	134,320,811
Current tax assets	9,874	-	9,874
Investments			
Financial assets at FVTPL	49,079,840	1,677,072,562	1,726,152,402
Financial assets at FVTOCI	21,251,817	626,542,114	647,793,931
Financial assets measured at amortized cost	51,538,305	4,268,479,862	4,320,018,167
Financial assets for hedging	-	6,615	6,615
Investments accounted for using the equity method	-	59,531,996	59,531,996
Investment property	-	545,007,264	545,007,264
Investment property under construction	-	14,779,174	14,779,174
Prepayments for buildings and land - investments	-	1,097,313	1,097,313
Loans	<u>7,627,804</u>	<u>394,721,976</u>	<u>402,349,780</u>
Total investments	<u>129,497,766</u>	<u>7,587,238,876</u>	<u>7,716,736,642</u>
Reinsurance assets	990,903	1,331,081	2,321,984
Property and equipment	-	41,132,343	41,132,343
Right-of-use assets	-	1,403,664	1,403,664
Intangible assets	-	22,810,143	22,810,143
Deferred tax assets	-	77,042,155	77,042,155
Other assets	12,697,106	78,283,462	90,980,568
Separate account insurance product assets	<u>16,635,204</u>	<u>774,323,242</u>	<u>790,958,446</u>
Total assets	<u>\$ 506,704,513</u>	<u>\$ 8,587,677,049</u>	<u>\$ 9,094,381,562</u> (Continued)

Items	December 31, 2024		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Payables	\$ 32,590,526	\$ -	\$ 32,590,526
Current tax liabilities	301,899	-	301,899
Financial liabilities at FVTPL	70,517,679	-	70,517,679
Financial liabilities for hedging	2,331,437	260,138	2,591,575
Bonds payable	-	195,257,330	195,257,330
Other financial liabilities	23,975,495	6,350,049	30,325,544
Insurance liabilities			
Unearned premium reserve	-	23,210,123	23,210,123
Loss reserve	-	15,257,619	15,257,619
Policy reserve	-	7,034,523,396	7,034,523,396
Special reserve	-	11,106,980	11,106,980
Premium deficiency reserve	-	5,719,451	5,719,451
Other reserve	-	1,818,394	1,818,394
Total insurance liabilities	-	7,091,635,963	7,091,635,963
Reserve for insurance contracts with the nature of financial products	-	26,861,096	26,861,096
Reserve for foreign exchange valuation	-	27,514,387	27,514,387
Provisions	-	56,245	56,245
Lease liabilities	697,446	15,176,845	15,874,291
Deferred tax liabilities	-	75,022,985	75,022,985
Other liabilities	6,035	17,194,163	17,200,198
Separate account insurance product liabilities	1,681,432	789,277,014	790,958,446
Total liabilities	<u>\$ 132,101,949</u>	<u>\$ 8,244,606,215</u>	<u>\$ 8,376,708,164</u>

(Concluded)

c. Information on discretionary investments

- 1) As of December 31, 2025 and 2024, the Company entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

Items	December 31	
	2025	2024
Domestic stocks	\$ 182,504,720	\$ 209,907,605
Overseas stocks	21,736,781	44,479,459
Notes and bonds purchased under resale agreements	1,010,000	12,848,000
Cash in banks	84,660,038	32,382,425
Beneficiary certificates	2,409,944	2,454,130
Futures and options	48	50
Corporate bonds	27,660,213	25,994,480
	<u>\$ 319,981,744</u>	<u>\$ 328,066,149</u>

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

- 2) As of December 31, 2025 and 2024, the discretionary investment limits are as follows (in thousands of each currency):

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Monetary items		
NTD	\$ 81,498,000	\$ 135,948,000
USD	1,255,500	1,137,500

d. Structured entities

1) Consolidated structured entities

The consolidated structured entities in the Group's consolidated financial statements are the real estate investment and management organizations. As of December 31, 2025 and 2024, the Group provided loans amounting to GBP331,300 thousand in both years, as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

- a) The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

<u>Types of Structured Entity</u>	<u>Nature and Purpose</u>	<u>Interests Owned</u>
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Securitization vehicle	Investment in securitization vehicle to receive returns	Investment in asset-backed securities issued by the entities

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

	<b>December 31, 2025</b>	
	<b>Private Equity Funds</b>	<b>Securitization Vehicle</b>
Financial assets at FVTPL	\$ 193,515,737	\$ 15,210,617
Financial assets at FVTOCI	-	95,328,888
Financial assets measured at amortized cost	-	165,782,348
	<u>\$ 193,515,737</u>	<u>\$ 276,321,853</u>

	<b>December 31, 2024</b>	
	<b>Private Equity Funds</b>	<b>Securitization Vehicle</b>
Financial assets at FVTPL	\$ 188,851,432	\$ 18,877,852
Financial assets at FVTOCI	-	55,679,591
Financial assets measured at amortized cost	-	181,848,593
	<u>\$ 188,851,432</u>	<u>\$ 256,406,036</u>

## 50. SEPARATELY DISCLOSED ITEMS

### a. Information about significant transactions:

No.	Description	Explanation
1	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	Table 6
2	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	Table 7
3	Engage in core business transactions with related parties amounting over \$100 million or 20% of the paid-in capital.	Note 37
4	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 10
5	Trading in derivative instruments.	Notes 8, 10 and 42

### b. Information of investees

No.	Description	Explanation
1	Information on investee, including name, location, etc.	Table 1
2	Financing provided to others.	Table 2
3	Endorsements/guarantees provided.	Table 3
4	Marketable securities held.	Table 4
5	Marketable securities acquired or disposed of at accumulated amounts over \$100 million or 20% of the paid-in capital.	Table 5
6	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
7	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
8	Engage in core business transactions with related parties and transaction amounting over \$100 million or 20% of the paid-in capital.	Note 37
9	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 10
10	Trading in derivative instruments.	N/A

c. Information on investments in mainland China

No.	Description	Explanation
1	Name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in mainland China. If the investee belongs to the insurance industry, the location, status of capital funds and related income, provision methodology and balances of insurance policy reserves, percentage of insurance income and percentage of insurance benefits and claims should also be revealed.	Table 8
2	Significant transactions, with investees in mainland China, either directly or indirectly through a third region including transaction prices, payment conditions, and unrealized gains or losses.	N/A
3	Mutual transactions in core business areas, such as the underwriting of insurance policy contracts where the policyholder is the investee, the amount of such transactions and their percentages, and the end-of-period balances of the related payables and receivables and their percentages.	N/A
4	The amount of property transactions and the amount of the resulting gains or losses.	N/A
5	The highest balance, the end-of-period balance, the interest rate range, and total interest in the current period with respect to the financing of funds.	N/A
6	Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.	N/A

- d. The important intercompany transactions among the Group are disclosed in Table 9 following the notes to the consolidated financial statements.

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars/In Thousands Share of Ordinary Shares)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2025	December 31, 2024	Number of Shares	Ratio (%)	Carrying Amount				
Cathay Life Insurance Co., Ltd.	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	\$ 20,370,930	\$ 20,370,930	-	100.00	\$ 27,458,344	\$ 1,699,708	\$ 1,699,708	Subsidiary (Note 2)	
	Cathay Woolgate Exchange Holding 1 Limited	Jersey Island	Real estate investment and operation management	22,258,333	22,258,333	468,636	100.00	23,252,473	1,539,890	1,539,890	Subsidiary (Note 1)	
	Cathay Woolgate Exchange Holding 2 Limited	Jersey Island	Real estate investment and operation management	224,832	224,832	4,734	100.00	226,519	14,169	14,169	Subsidiary (Note 1)	
	Cathay Walbrook Holding 1 Limited	Jersey Island	Real estate investment and operation management	10,189,090	10,189,090	213,750	100.00	3,962,492	216,653	216,653	Subsidiary (Note 1)	
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	536,268	536,268	11,250	100.00	193,522	9,189	9,189	Subsidiary (Note 1)	
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate services	4,455,000	4,455,000	445,500	99.00	4,147,737	(44,184)	(43,743)	Subsidiary (Note 1)	
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	21,096,900	9,900	2,109,690	99.00	20,466,411	(505,209)	(500,157)	Subsidiary (Note 2)	
	Cathay II Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	9,900	-	990	99.00	9,895	(6)	(5)	Subsidiary (Note 2)	
	Cathay Power Inc.	Taiwan	Energy technical services	3,222,862	3,222,862	259,264	70.00	3,286,619	216,378	151,307	Subsidiary (Note 2)	
	Cathaylife Singapore Pte. Ltd.	Singapore	Holding company	975,840	975,840	30,000	100.00	815,214	(98,516)	(98,516)	Subsidiary (Note 2)	
	Cathay Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment consulting services	300,000	300,000	30,000	100.00	675,439	132,993	132,993	Subsidiary (Note 1)	
	Symphox Information Co., Ltd.	Taiwan	Wholesale of information software	404,432	404,432	24,511	50.00	467,836	(40,024)	(20,011)	Joint venture (Note 2)	
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	18.68	19,451,308	3,662,491	684,228	Associate (Note 2)	
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	118,067	305,241	11,807	25.00	146,669	29,216	7,304	Associate (Note 2)	
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	339,928	359,331	33,993	21.43	335,006	13,849	2,967	Associate (Note 2)	
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,340,000	1,575,000	234,000	45.00	2,295,983	(19,445)	(8,751)	Associate (Note 2)	
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	2,835,000	1,800,000	283,500	45.00	2,772,427	(25,953)	(11,679)	Associate (Note 2)	
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	55,511	27.36	988,252	154,085	42,161	Associate (Note 2)	
	PSS Co., Ltd.	Taiwan	Parking space management	782,706	782,706	20,188	30.48	1,465,497	652,176	198,807	Associate (Note 2)	
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	2,182,317	1,905,812	476,453	Associate (Note 1)	
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	113,073	168,242	82,439	Associate (Note 2)	
	TaiYang Solar Power Co., Ltd.	Taiwan	Energy technical services	495,000	495,000	49,500	45.00	619,415	49,387	22,225	Associate (Note 2)	
	ThrivEnergy Co., Ltd.	Taiwan	Energy technical services	216,000	216,000	21,600	28.80	210,073	(17,693)	4,695	Associate (Note 2)	
	Generali Investments Holding S.p.A	Italy	Holding company	22,484,807	22,484,807	12,654	16.75	25,120,391	9,484,067	1,588,580	Associate (Note 2)	
	Cathay Power Inc.	Sunrise Pv One Co., Ltd	Taiwan	Energy technical services	1,000,000	1,000,000	100,000	100.00	1,147,896	92,798	Note 3	Subsidiary (Note 2)
		Cathy Sunrise Two Co., Ltd.	Taiwan	Energy technical services	20,000	20,000	2,000	100.00	22,889	1,312	Note 3	Subsidiary (Note 2)
		Bai Yang Energy Co., Ltd.	Taiwan	Energy technical services	144,241	144,241	6,500	100.00	147,408	7,216	Note 3	Subsidiary (Note 2)
Cathy Sunrise Electric Power Two Co., Ltd.		Taiwan	Energy technical services	125,000	125,000	12,500	100.00	136,551	9,778	Note 3	Subsidiary (Note 2)	
Hong Cheng Sing Tech. Co., Ltd.		Taiwan	Energy technical services	5,000	5,000	500	100.00	(79)	(1,008)	Note 3	Subsidiary (Note 2)	
Shen Lyu Co., Ltd.		Taiwan	Energy technical services	100	100	10	100.00	(12,434)	(443)	Note 3	Subsidiary (Note 2)	
Nan Yang Power Co., Ltd.		Taiwan	Energy technical services	75,645	75,645	7,564	80.00	87,156	11,872	Note 3	Subsidiary (Note 2)	
CM Energy Co., Ltd.		Taiwan	Energy technical services	1,140,809	754,709	97,000	97.00	1,042,112	38,385	Note 3	Subsidiary (Note 2)	
Neo Cathay Power Corp.		Taiwan	Energy technical services	1,601,400	1,601,400	150,000	100.00	1,611,792	66,935	Note 3	Subsidiary (Note 2)	
Jian Kun Energy Co., Ltd.		Taiwan	Energy technical services	12,363	-	1,236	95.10	12,269	(99)	Note 3	Subsidiary (Note 2)	
Cathay Wind Power Holdings Co., Ltd.		Taiwan	Energy technical services	213,100	100	21,310	1.00	206,732	(505,209)	Note 4	Subsidiary (Note 2)	
Cathay II Wind Power Holdings Co., Ltd.		Taiwan	Energy technical services	100	-	10	1.00	100	(6)	Note 4	Subsidiary (Note 2)	
Sunrise Pv One Co., Ltd		Shu Guang Energy Co., Ltd.	Taiwan	Energy technical services	35,000	35,000	3,500	70.00	36,494	1,925	Note 5	Subsidiary (Note 2)
CM Energy Co., Ltd.	Hong Tai Energy Co., Ltd.	Taiwan	Energy technical services	150,000	150,000	15,000	100.00	197,370	27,749	Note 6	Subsidiary (Note 2)	
	Tian Ji Energy Co., Ltd.	Taiwan	Energy technical services	10,000	10,000	1,000	100.00	13,326	1,363	Note 6	Subsidiary (Note 2)	
	Tian Ji Power Co., Ltd.	Taiwan	Energy technical services	400,000	400,000	40,000	100.00	419,631	5,603	Note 6	Subsidiary (Note 2)	
Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	Taiwan	Energy technical services	50,000	50,000	5,000	100.00	61,589	6,451	Note 7	Subsidiary (Note 2)	
Neo Cathay Power Corp.	Si Yi Co., Ltd.	Taiwan	Energy technical services	707,617	707,617	70,000	100.00	759,632	21,937	Note 8	Subsidiary (Note 2)	
	Da Li Energy Co., Ltd.	Taiwan	Energy technical services	402,958	402,958	40,000	100.00	437,900	31,557	Note 8	Subsidiary (Note 2)	
	Yong Han Co., Ltd.	Taiwan	Energy technical services	272,336	272,336	25,000	100.00	285,934	13,448	Note 8	Subsidiary (Note 2)	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Ratio (%)	Carrying Amount			
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Taiwan	Energy technical services	\$ 15,909,000	\$ 9,000	1,590,900	100.00	\$ 15,271,839	\$ (505,910)	Note 9	Subsidiary (Note 2)
Cathay Wind Power Co., Ltd.	Greater Changhua NW Holdings Ltd.	Taiwan	Energy technical services	12,307,977	3,761,119	1	50.00	12,203,743	(409,160)	\$ (204,582)	Joint venture (Note 2)

Note 1: Share of profit or loss is recognized on the basis of the financial statements which have been audited by an independent auditor.

Note 2: Share of profit or loss is recognized on the basis of the financial statements which have not been audited by an independent auditor.

Note 3: The share of profit or loss is recognized with the equity method by Cathay Power Inc.

Note 4: The share of profit or loss is recognized with the equity method by the Company and Cathay Power Inc.

Note 5: The share of profit or loss is recognized with the equity method by Sunrise Pv One Co., Ltd.

Note 6: The share of profit or loss is recognized with the equity method by CM Energy Co., Ltd.

Note 7: The share of profit or loss is recognized with the equity method by Hong Tai Energy Co., Ltd.

Note 8: The share of profit or loss is recognized with the equity method by Neo Cathay Power Corp.

Note 9: The share of profit or loss is recognized with the equity method by Cathay Wind Power Holdings Co., Ltd.

(Concluded)

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

FINANCE PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	Other receivables - from related parties	Y	\$ 570,000	\$ 200,000	\$ -	2.2	Short-term financing	\$ -	Operating cycle	\$ -	-	\$ -	\$ 1,653,003	\$ 1,653,003
		Cathy Sunrise Two Co., Ltd.	Other receivables - from related parties	Y	5,000	5,000	3,500	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
		Shen Lyu Co., Ltd.	Other receivables - from related parties	Y	369,410	15,000	12,499	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables - from related parties	Y	30,000	30,000	20,000	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
		Hong Cheng Sing Tech. Co., Ltd.	Other receivables - from related parties	Y	51,000	51,000	51,000	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
		Nan Yang Power Co., Ltd.	Other receivables - from related parties	Y	220,000	220,000	220,000	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
		Jian Kun Energy Co., Ltd.	Other receivables - from related parties	Y	40,000	40,000	-	2.2	Short-term financing	-	Operating cycle	-	-	-	1,653,003	1,653,003
2	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables - from related parties	Y	212,000	132,000	100,380	2.2	Short-term financing	-	Operating cycle	-	-	-	642,087	642,087
		Shu Guang Energy Co., Ltd.	Other receivables - from related parties	Y	22,000	-	-	2.1-2.2	Short-term financing	-	Operating cycle	-	-	-	642,087	642,087
3	CM Energy Co., Ltd.	Cathay Power Inc.	Other receivables - from related parties	Y	180,000	-	-	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Tian Ji Power Co., Ltd.	Other receivables - from related parties	Y	100,000	80,000	45,000	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Tian Ji Energy Co., Ltd.	Other receivables - from related parties	Y	29,400	29,400	3,940	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Hong Tai Energy Co., Ltd.	Other receivables - from related parties	Y	140,000	70,000	70,000	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Shu Guang Energy Co., Ltd.	Other receivables - from related parties	Y	17,000	17,000	16,000	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables - from related parties	Y	70,000	-	-	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
		Sunrise Pv One Co., Ltd.	Other receivables - from related parties	Y	200,000	200,000	200,000	2.2	Short-term financing	-	Operating cycle	-	-	-	440,144	440,144
4	Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd.	Other receivables - from related parties	Y	200,000	200,000	200,000	2.2	Short-term financing	-	Operating cycle	-	-	-	302,073	302,073
5	Da Li Energy Co., Ltd.	Nan Yang Power Co., Ltd.	Other receivables - from related parties	Y	30,000	30,000	-	2.2	Short-term financing	-	Operating cycle	-	-	-	174,812	174,812

Note: The total amount of external funds provided by Cathay Power, Neo Cathay Power, CM Energy, Si Yi and Da Li are limited to 40% of the net value of the most recent financial statement audited by an independent auditor, and individual loans are limited to 40% of the net value.

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note	
		Name	Relationship (Note 1)												
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	b	\$ 10,331,269	\$ 3,226,083	\$ 2,326,083	\$ 1,208,439	\$ -	56.29	\$ 10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,331,269	276,012	276,012	215,528	-	6.68	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Hong Cheng Sing Tech. Co., Ltd.	b	10,331,269	53,000	-	-	-	-	-	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Nan Yang Power Co., Ltd.	b	10,331,269	130,000	-	-	-	-	-	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,331,269	937,600	937,600	882,771	-	22.69	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
		Da Li Energy Co., Ltd.	b	10,331,269	638,000	638,000	439,708	-	15.44	10,331,269	(Note 2)	(Note 2)	N	(Note 3)	
2	Sunrise Pv One Co., Ltd.	Cathay Power Inc.	c	2,819,131	460,000	400,000	-	-	35.47	2,819,131	(Note 2)	(Note 2)	N	(Note 4)	
3	Neo Cathay Power Corp.	Si Yi Co., Ltd.	b	4,013,045	1,380,342	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
		Da Li Energy Co., Ltd.	b	4,013,045	626,181	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
		Yong Han Co., Ltd.	b	4,013,045	379,867	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)	
4	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,750,899	21,921	18,102	15,594	-	1.65	3,301,079	(Note 2)	(Note 2)	N	(Note 6)	
		Hong Tai Energy Co., Ltd.	b	2,750,899	325,132	322,032	274,852	-	29.27	3,301,079	(Note 2)	(Note 2)	N	(Note 6)	
5	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	b	22,875,773	22,659,399	22,659,399	22,659,399	22,875,773	(93686.86)	22,875,773	(Note 2)	(Note 2)	N	(Notes 7, 8 and 9)	

Note 1: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

- The Company and guarantee party have business deals.
- The Company directly and indirectly owned over 50% of the guaranteed party's voting stocks.
- The guaranteed party owned directly and indirectly over 50% of the Company's voting stocks.
- The Company directly and indirectly owned over 90% of the guaranteed party's voting stocks.
- The guarantor and guaranteed party are peers in contract projects or co-builders in accordance with contract provisions that require mutual insurance company.
- Owing to the joint venture funded by all shareholders on the endorsement of its holding company.
- Peers in performance bond joint security of pre-sale house contract under Consumer Protection Act.

Note 2: Non-listed parent company endorsement of subsidiaries or subsidiaries endorsement of listed parent company.

Note 3: The total amount of endorsement provided by Cathay Power was 250% of Cathay Power's net value in the end of the previous year, and the endorsement limit for a single company is 250% of Cathay Power's net value in the end of the previous year.

Note 4: The total amount of endorsement provided by Sunrise Pv One was 250% of Sunrise Pv One's net value in the end of the previous year, and the endorsement limit for a single company is 250% of Sunrise Pv One's net value in the end of the previous year.

Note 5: The total amount of endorsement provided by Neo Cathay Power was 250% of Neo Cathay Power's net value in the end of the previous year, and the endorsement limit for a single company is 250% of Neo Cathay Power's net value in the end of the previous year.

Note 6: The total amount of endorsement provided by CM Energy was 300% of CM Energy's net value in the end of the previous year, and the endorsement limit for a single company is 250% of CM Energy's net value in the end of the previous year.

Note 7: The total amount of endorsement and guarantees, as well as the endorsement limit for a single company by Cathay Wind Power Holdings Co., Ltd., is restricted to the total value of collateral assets provided under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity purchase termination payments for the Greater Changhua Offshore Wind Farm NW Ltd. Project.

Note 8: The collateral assets for endorsement and guarantees provided by Cathay Wind Power Holdings include an account pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which is then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged account). Additionally, it includes the equity stake held by Cathay Wind Power Holdings in Cathay Wind Power, valued at the most recent net asset value (if the net asset value is less than zero, it is considered as zero).

Note 9: The ratio of accumulated endorsement/guarantee to net equity in latest financial statements provided by Cathay Wind Power Holdings is calculated based on its net asset value of \$(24,186) thousand for the latest year (2024).

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Symphox Information Co., Ltd.	<u>Stocks</u>							
	Asia Skin Cosmetics Company	N/A	Financial assets at FVTOCI	1,293	\$ 39,757	7.72	\$ 39,757	
	Buyforyou Co., Ltd.	N/A	Financial assets at FVTOCI	117	-	10.00	-	
	Seaward Card Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	3,000	69,219	100.00	69,219	
	Thinkpower Information Co., Ltd.	Associate	Investments accounted for using the equity method	170,145	599,989	30.50	599,989	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	2,688	45,791	100.00	45,791	
	<u>Bonds</u>							
	Bank of America Corporation (BAC)	N/A	Financial assets at FVTOCI	-	41,449	-	41,449	
	Cathay BBB Corporate bond ex China Coupon 4.5% 10Yr+ 20% Sector Capped ETF (00752B)	Associate	Financial assets at FVTPL	-	12,827	-	12,827	
	Cathay U.S. Treasury 20+ Year Bond ETF (00687B)	Associate	Financial assets at FVTPL	-	2,689	-	2,689	
Cathay US Premium Bond Fund B	Associate	Financial assets at FVTPL	-	12,445	-	12,445		

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT ACCUMULATED AMOUNTS OVER \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares/Units	Amount
Cathay Power Inc.	CM Energy Co., Ltd.	Investments accounted for using the equity method	Power Master Energy Co., Ltd.	Subsidiary	70,000	\$ 770,252	27,000	\$ 386,100	-	\$ -	\$ -	\$ -	\$ (114,240) (Note 1)	97,000	\$ 1,042,112

Note 1: Profit or loss accounted for using the equity method and other components.

Note 2: Eliminated during the preparation of consolidated financial statements.

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date (Note 1)	Transaction Amount (Note 2)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Land located at Daying Section, Xinshi Dist., Tainan City	2025.11.13	\$ 4,550,955	Payments made in accordance with the contracts by installments	Five individuals	Non-related party	-	-	-	\$ -	Valuation report of appraisers	Real estate investment in accordance with the Insurance Act.	None

Note 1: The term "event date" refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of boards of directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Note 2: The transaction amount is the total contract price, not including the land registration fee, transcript expense, scrivener expense and stamp duty.

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

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICE OVER \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

<b>Seller</b>	<b>Property</b>	<b>Event Date</b>	<b>Original Acquisition Date</b>	<b>Carrying Amount</b>	<b>Transaction Amount</b>	<b>Collection of Payments</b>	<b>Gain (Loss) on Disposal</b>	<b>Counterparty</b>	<b>Relationship</b>	<b>Purpose of Disposal</b>	<b>Pricing Reference</b>	<b>Other Terms</b>
The Company	71 parcels of land located at Sanzuowu Section, Zhongli Dist., Taoyuan City	2025.01.20	2024.12.05, 2024.12.06, 2024.12.09, 2024.12.10	\$ 490,757	\$ 490,757	Note	Note	ROC and Taoyuan City Government	Non-related party	Note	Note	None

Note: The company donated the land to the Republic of China and Taoyuan City Government for building capacity transfer.

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	a	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ 526,608	50.0	\$ 263,304 (Note 2,b,3)	\$ 6,544,561	\$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	a	2,943,663	-	-	2,943,663	600,923	24.5	147,226 (Note 2,b,3)	2,191,731	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	a	7,223,435	-	-	7,223,435	(201,041)	100.0	(185,076) (Note 2,b,2)	8,059,561	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$449,417,578

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through the third-region companies.
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. If it is in preparation, there are no investment gains and losses, it should be noted.
- b. The recognition basis for investment gain (loss) are as follows:
  - 1) Financial statement is audited by an international. CPA firms with the cooperation of the ROC CPA firm.
  - 2) Financial statement is audited by the parent company's CPA firm in Taiwan.
  - 3) Other.

(Continued)

Note 3: Information on investments in mainland China:

On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Company to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand approved by MOEAIC on December 20, 2010. Also, MOEAIC authorized the Company to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized the Company to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. The Company’s subsidiary, Cathay Life Insurance Ltd. (China) acquired a business license of an enterprise as legal person on December 29, 2004 and changed its name to Cathay Lujiazui Life Insurance Company Ltd. following approval by the National Financial Regulatory Administration on August 12, 2014. The Company remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. The Company injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized the Company to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of December 31, 2025, the Company’s remittances to the subsidiary amounted to a total of approximately CNY900,000 thousand and US\$78,210 thousand.

On October 17, 2007, MOEAIC authorized the Company to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by National Financial Regulatory Administration on October 8, 2007. On March 6, 2008, MOEAIC authorized the Company to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized the Company to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by the Company and Cathay Century Insurance in Shanghai acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized the Company to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized the Company to remit CNY245,000 thousand on December 6, 2018. On November 26, 2019, MOEAIC authorized the Company to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized the Company to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of December 31, 2025, the Company’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.

On November 1, 2011 and April 11, 2012, MOEAIC authorized the Company to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. The Company’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized the Company to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of December 31, 2025, the Company’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. amounted to approximately CNY1,500,000 thousand.

Note 4: The relevant information regarding Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:

- a. The location: Shanghai, China.
- b. Status of capital funds and related income: As of December 31, 2025, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$185,824,157 thousand and \$15,146,635 thousand, respectively, and net investment income was \$9,381,810 thousand and \$721,859 thousand, respectively.
- c. Provision methodology and balances of insurance policy reserves.

As of December 31, 2025, the balances of reserves of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) were as follows:

	<b>Cathay Lujiazui Life Insurance Co., Ltd.</b>	<b>Cathay Insurance Company Limited (China)</b>
Unearned premium reserve	\$ 385,330	\$ 9,155,312
Loss reserve	536,834	5,060,724
Policy reserve	<u>149,335,374</u>	<u>-</u>
	<u>\$ 150,257,538</u>	<u>\$ 14,216,036</u>

Provision methodology of insurance policy reserves:

- 1) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of 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 the past experiences of 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 premium income: As of December 31, 2025, the premium income of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$45,973,155 thousand and \$25,351,169 thousand, respectively, and the percentage of premium income was 11.33% and 6.25%, respectively.
  - e. Percentage of insurance claim payments: As of December 31, 2025, the insurance claim payments of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$3,771,874 thousand and \$16,094,366 thousand, respectively, and the percentage of insurance claim payments was 0.83% and 3.56%, respectively.

(Concluded)

## CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 4)	% of Total Operating Revenue or Assets (Note 3)
0	Cathay Life Insurance Co., Ltd.	Cathay Walbrook Holding 1 Limited	a	Other loans	\$ 13,306,893	Equivalent to general conditions of transactions	0.15
		Cathay Walbrook Holding 1 Limited	a	Other receivables	30,915	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 1 Limited	a	Interest income	953,568	Equivalent to general conditions of transactions	0.12
		Cathay Walbrook Holding 2 Limited	a	Other loans	708,601	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 2 Limited	a	Interest income	50,778	Equivalent to general conditions of transactions	0.01
		Cathay Power Inc.	a	Rental income	3,507	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	a	Administrative expense	15,385	Equivalent to general conditions of transactions	-
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd	c	Other receivables	6,035	Equivalent to general conditions of transactions	-
		Sunrise Pv One Co., Ltd	c	Administrative revenue	23,749	Equivalent to general conditions of transactions	-
		Sunrise Pv One Co., Ltd	c	Interest income	8,326	Equivalent to general conditions of transactions	-
		Cathy Sunrise Electric Power Two Co., Ltd.	c	Other receivables	20,778	Equivalent to general conditions of transactions	-
		Shen Lyu Co., Ltd.	c	Other receivables	12,633	Equivalent to general conditions of transactions	-
		Si Yi Co., Ltd.	c	Administrative revenue	7,912	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	c	Administrative revenue	6,559	Equivalent to general conditions of transactions	-
		Da Li Energy Co., Ltd.	c	Administrative revenue	4,700	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Administrative revenue	3,708	Equivalent to general conditions of transactions	-
		Nan Yang Power Co., Ltd.	c	Other receivables	220,544	Equivalent to general conditions of transactions	-
		Cathy Sunrise Two Co., Ltd.	c	Other receivables	3,627	Equivalent to general conditions of transactions	-
		Hong Cheng Sing Tech. Co., Ltd.	c	Other receivables	51,130	Equivalent to general conditions of transactions	-
		2	CM Energy Co., Ltd.	Cathay Power Inc.	c	Interest income	3,102
Hong Tai Energy Co., Ltd.	c			Other receivables	70,237	Equivalent to general conditions of transactions	-
Tian Ji Power Co., Ltd.	c			Other receivables	45,121	Equivalent to general conditions of transactions	-
Tian Ji Energy Co., Ltd.	c			Other receivables	3,951	Equivalent to general conditions of transactions	-
Shu Guang Energy Co., Ltd.	c			Other receivables	16,193	Equivalent to general conditions of transactions	-
Sunrise Pv One Co., Ltd	c			Other receivables	200,273	Equivalent to general conditions of transactions	-
3	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two Co., Ltd.	c	Other receivables	101,590	Equivalent to general conditions of transactions	-
4	Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd	c	Other receivables	200,273	Equivalent to general conditions of transactions	-

(Continued)

Note 1: Parent is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts:  $\text{Transaction amount} \div \text{Total consolidated assets}$ .

For income statement accounts:  $\text{Accumulated transaction amount in current period} \div \text{Total consolidated operating revenues}$ .

Note 4: Terms and conditions of related party transactions are made on arm's length basis. There is no difference in terms and conditions between related parties and non-related parties transactions.

(Concluded)

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Cathay Wind Power Co., Ltd.	Greater Changhua Offshore Wind Farm NW Ltd.	Subsidiary of joint venture	\$ 38,484,992 (Note)	-	\$ -	-	\$ -	\$ -
Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	Subsidiary	5,281,591 (Note)	-	-	-	-	-
Cathay Power Inc.	Nan Yang Power Co., Ltd.	Subsidiary	220,544 (Note)	-	-	-	220,544	-
CM Energy Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	200,273 (Note)	-	-	-	-	-
Si Yi Co., Ltd.	Sunrise Pv One Co., Ltd.	Same ultimate parent entity	200,273 (Note)	-	-	-	-	-
Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two Co., Ltd.	Same ultimate parent entity	101,590 (Note)	-	-	-	23,798	-

Note: The ending balance mainly comprises loans and interest receivables.