

Cathay Financial Holding Co., Ltd.
GENERAL SHAREHOLDERS MEETING 2024

Meeting Minutes

Time: 09:00 AM, 14 June 2024 (Friday)

Place: 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.

Cathay Financial Conference Hall

Meeting type: Video-conferencing assisted shareholders meeting (physical shareholders meeting supported by video conferencing)

E-Meeting Platform: “Shareholders meeting e-Services Platform – Hybrid Shareholders’ Meeting” by Taiwan Depository & Clearing Corporation

website: <https://stockservices.tdcc.com.tw>

Attendance: The shareholders and proxies of shareholders present in the meeting represented 11,766,077,792 shares (including 11,255,192,222 shares represented by shareholders participating in the meeting through electronic and video means). Share without voting right – 0. The presence of the shareholders and proxies of shareholders accounted for 72.62% of the total of 16,202,510,128 shares entitled to attend the meeting.

The attendance rate less the shares represented by shareholders attending the online shareholders’ meeting is 72.62%.

Attendance list of the Board of Directors :

Chairman of the Board of Directors Hong-Tu Tsai, Director Cheng-Chiu Tsai, Director Chi-Wei Joong 、 Director Andrew Ming-Jian Kuo 、 Director Tiao-Kuei Huang 、 Director Ming-Ho Hsiung (Corporate Governance and Nomination Committee Convener) 、 Director Chang-Ken Lee 、 Director Grace Chen 、 Independent Director Edward Yung Do Way (Audit Committee Convener) 、 Independent Director Li-Ling Wang (Risk Management Committee Convener) 、 Independent Director Tang-Chieh Wu(Remuneration

Committee Convener) 、 Independent Director Pei Pei Yu. Twelve (12) directors were present, which is more than half of the thirteen (13) seats of directors.

Observers: Mark Wei-Chen Tu Attorney-at-Law of Baker & McKenzie, Shu-Wan Lin, CPA of Deloitte Taiwan

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Recorder: Chia-Yu Chang

I . Announcement of the Commencement of the Meeting:

The Company has 16,202,510,128 outstanding shares and shareholders representing the 16,202,510,128 shares. As of 09:00 AM, the meeting was attended by 11,766,020,595 shares (including 11,255,165,302 shares represented by shareholders participating in the meeting through electronic and video means), which constituted 72.62% of the shares entitled to the meeting, which qualified for a quorum. The chairman hereby announced this meeting is in session.

The meeting is convened physically the assistance of video conferencing. In order to improve the parliamentary efficiency, The chairman decide that the meeting should be convened in the following manner and adopt the following voting model and order, in accordance with Article 10 of the Company's Rules for Procedure of the Shareholders' Meeting: Motions for acknowledgement and discussion, shall be read out by the master of ceremonies of the meeting, and then all motions are voted in one step after completion of the discussion.

Where the online meeting platform is interrupted for more than 30 minutes due to force majeure, before the voting results on all motions are disclosed, and the attendance rate is still held meeting the statutory requirement after the attendance disclosed on the site less the shares represented by shareholders attending the online meeting, the shareholders' meeting shall be continued and there is no need to postpone the meeting for not more than, or reconvene the meeting within 5 days.

II . The Opening Address of the Chairperson: (skipped)

III. Matters to Report

1. Business Report for 2023. (Refer to the General Meeting Agenda Handbook)
2. Audit Committee Report. (Refer to Appendix I)
3. 2023 report on compensation to Employees and Directors of the Company. (Refer to the General Meeting Agenda Handbook)
4. Report on the Company's 2023 and 2024 issuance of Unsecured Corporate Bonds. (Refer to the General Meeting Agenda Handbook)

IV. Matters for Acknowledgement

Agenda 1 : Acknowledgement of Business Operations Report and Financial Statements for 2023

Proposed by the Board of Directors

Explanation :

- (1) The 2023 financial statements of the Company were completed by the Board of Directors and audited by Shu-Wan Lin, CPA and Shih-Ran Cheng, CPA of Deloitte Taiwan.
- (2) The aforementioned financial statements and the business report were ex-amended by the audit committee. We hereby propose for acknowledgement. (Refer to Appendix II).

RESOLVED :

The result of balloting indicated that votes representing 9,762,982,465 rights were cast in favor of the motion (of which 9,260,753,285 rights were exercised through electronic and video means), while votes representing 2,428,868 rights were cast in objection to the motion (of which 2,428,868 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 751,397,478 rights were abstention votes/no votes to the motion (of which 749,251,562 rights were exercised through electronic and video means).The votes in favor

of the motion accounted for 92.83% of the total votes and favorable action has been taken in favor of the motion.

Agenda 2 : Acknowledgement of earnings distribution for 2023 (Refer to Appendix III)

Proposed by the Board of Directors

Explanation :

- (1) The paid-in capital of the Company is NT\$162,025,101,280, divided into 16,202,510,128 shares. Among all shares, there are 14,669,210,128 common stocks and 1,533,300,000 preferred stocks. After distributing NT\$3,404,402,913 in dividends for preferred stocks, we plan to distribute NT\$2 of dividends, all in cash, for common stocks, and the total amount is NT\$29,338,420,256.
- (2) If, after the proposed dividend has been approved, there is a change in the number of shares outstanding on the dividend record date as a result of any buyback, transfer, conversion, or cancellation by the Company in accordance with Article 28-2 of the Securities and Exchange Act, any issuance of global depository receipts, or other causes to issue new shares, the common shareholders' payout ratio for the cash dividends will be adjusted by the actual number of shares outstanding on the dividend record date.
- (3) Once the proposal is approved at the shareholders meeting, the Board and/ or the Chairman will be authorized to determine the ex-dividend date and adjust the common shareholders' payout ratio based on actual conditions. We hereby propose for acknowledgement.

RESOLVED :

The result of balloting indicated that votes representing 9,768,641,145 rights were cast in favor of the motion (of which 9,266,411,965 rights were exercised through electronic and video means), while votes representing 5,539,378 rights were cast in objection to the motion (of which 5,539,378 rights were

exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 742,628,288 rights were abstention votes/no votes to the motion (of which 740,482,372 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 92.89% of the total votes and favorable action has been taken in favor of the motion.

V. Matters for Discussion

Agenda 1 : Discussion on the amendment to the Articles of Incorporation

Proposed by the Board of Directors

Explanation :

- (1) Amend the relevant provisions of the Company's Articles of Incorporation in order to improve the corporate governance and in response to the amendments to the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers"
- (2) According refer to the Handbook for Comparison Table of Amendments (Refer to Appendix IV). We hereby propose for discussion.

RESOLVED :

The result of balloting indicated that votes representing 9,704,678,340 rights were cast in favor of the motion (of which 9,202,449,160 rights were exercised through electronic and video means), while votes representing 1,864,262 rights were cast in objection to the motion (of which 1,864,262 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 810,266,209 rights were abstention votes/no votes to the motion (of which 808,120,293 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 92.28% of the total votes and favorable action has been taken in favor of the motion.

Agenda 2 : Discussion on the Corporation's proposal to raise long-term capital
Proposed by the Board of Directors

Explanation :

- (1) In response to the future capital needs for the Company's long-term strategic development and business growth (including but not limited to increasing working capital, raising capital adequacy ratio, repaying loans or one or more purposes for the development of long-term strategies) as well as the large variety of capital-raising avenues with global characteristics, we ask that the shareholders' meeting authorize the Board of Directors to raise the Company's long-term capital by Domestic cash capital increase for issuance of common shares or preferred shares; cash capital increase for issuance of common shares in participation of Global Depositary Receipts (choose one or more than two for combination), at an appropriate time in accordance with the Company's Articles of Incorporation and relevant laws and regulations (hereinafter collectively referred to as the "cash capital increase proposal").
- (2) The number of common shares and preferred shares issued by cash capital increase (including common shares from GDR) will be limited to a maximum of 1.5 billion shares.
- (3) We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.
- (4) Please discuss the related details of the long-term fund raising proposal as below (Refer to Appendix V). We hereby propose for discussion.

RESOLVED :

The result of balloting indicated that votes representing 10,873,881,695 rights were cast in favor of the motion (of which 10,365,257,009 rights were exercised through electronic and video means), while votes representing 81,414,219 rights were cast in objection to the motion (of which 81,414,219 rights were exercised through electronic and video means) , while votes representing 0 rights were cast in invalid to the motion ,while votes representing 810,781,768 rights were abstention votes/no votes to the motion (of which 808,520,994 rights were exercised through electronic and video means). The votes in favor of the motion accounted for 92.42% of the total votes and favorable action has been taken in favor of the motion.

Shareholder question:

1. Questions from Shareholder, asked via video conferencing: (Account No.1540683)

Regarding whether the Company's EPS for the year will exceed Fubon Financial this year.

President's response:

The Company hopes to reward shareholders by maximizing our profits and delivering the best performance. We therefore ask for the continued support and encouragement of our shareholders.

VI. Provisional Motions:

Shareholder question:

1. Shareholder question: (Account No. 406193)

(1) What are the Company's plans and targets regarding green finance products in 2024?

(2) Are the President and top executives' remuneration linked to sustainability performance?

(3) What is the Board's target on gender diversity?

Chairman and President's response:

(1) With regards to ESG, the Company has developed a Net Zero by 2050 road map that has been verified by SBTi. Our sustainable finance and

investments have also grown every year for the past three years from \$1.4091 Trillion in 2021, to \$1.5781 Trillion in 2022, and \$1.6178 Trillion in 2023; in terms of indirect investments such as sustainability-linked funds or ETF, the total amount also grew from \$59.6 billion in 2021 and \$168.5 billion in 2022 to \$275.4 billion in 2023. The Company is continuing to boost our sustainable investment/financing and sustainable finance products every year in accordance with the road map.

- (2) The remuneration for the President of Cathay Financial Holdings is currently linked to 31 items. There are 7 items linked directly to sustainability including renewable energy use, progress on emissions reduction, talent development, and introduction of green technology; if those related to sustainability in a broad are counted this increases to 12 items that are also expanded from the top down to become the performance indicators of managers at every level. The ratio of organizational KPIs linked to sustainability have increased every year as well.
- (3) With regards to the gender diversity of Board directors, this is not only a policy set by the competent authority but also a target that the Company has continued to work towards to strengthen corporate governance. If we look at the composition of directors and independent directors, the Company has continued to increase the proportion of different genders over the past few years. We will continue to push for greater gender diversity among directors in the future.

2. Shareholder question: (Account No. 516866)

- (1) Questions regarding corporate transformation.
- (2) Questions regarding bank loans and failed investments.
- (3) Questions regarding EU carbon fee and carbon tax.
- (4) Questions regarding CFH President calling for rate cuts in the media.
- (5) Questions regarding the issue of financial subordinated bond.

The Company President's and Cathay United Bank President's response:

- (1) The Company first launched the New Heights project for the bank in 2012. External consultants were retained to comb through and make adjustments to each product, business line, operating and business model in preparation for digital transformation. Life Insurance then launched the Agents Upgrade Project (AG 2.0), while Cathay Securities Corporation launched the e-securities platform. The Group's digital transformation saw other subsidiaries accelerate the development of their own digital platforms as well as introduce new digital products and services. The fruits of that transformation can be seen in the Group's continued improvements in net earnings and business performance over the past few years.
- (2) With regards to the Ultrasonic syndicated loan, Cathay United Bank launched an international lawsuit to recover the loaned funds, but this proved unsuccessful. As for the case of Mayapada in Indonesia, the Company undertook full due diligence before investing. Once the company ran into problem we engaged in intensive negotiations with other parties and the Indonesian regulator to reduce our shareholding from 40% to 10% to contain the damage. The Company has undertaken a thorough review of these cases and risk management will be strengthened in future project assessments. With regards to lending in Vietnam, Cathay United Bank currently has no exposure to the Vietnam Airlines case. As for loans to property developers in Vietnam, Cathay United Bank currently only has one loan worth less than US\$3 million that is having problems with repayment of principal and interest. The loan is, however, fully secured, so Cathay United Bank's risk exposure in Vietnam is still generally under control.
- (3) The EU will begin levying carbon taxes under CBAM in 2026. The government has been very proactive in its response to this issue. The Ministry of the Environment reached out to many experts and academics to gather their thoughts on the setting of carbon fees. International negotiations and the development of trading platforms are currently

under way. Local businesses should be able to maintain their competitiveness on this issue, so there is no need for shareholders to be concerned.

(4) As for rate cuts, the reporter's question at the time was that if the US Federal Reserve is not cutting interest rates, the large interest gap between Taiwan and US meant high hedging costs for Cathay Life Insurance; they asked for the President's opinion on the situation. In response to the above question, the President of Cathay Financial Holdings indicated at the time that he hoped that the Fed will cut rates soon. Reducing the gap between US and Taiwan interest rates will reduce hedging costs for Cathay Life Insurance.

(5) When subordinate bonds were issued by the Company, Cathay Life Insurance, or other subsidiaries, both Cathay United Bank and Cathay Securities were qualified to underwrite (not purchase) the debt issues. Underwriting of past subordinate bonds issues all went very smoothly as well.

3. Shareholder question: (Account No. 516866)

How does the Company deal with the bankruptcy of a steel refinery that was a customer of Cathay United Bank?

Cathay United Bank President's response:

The bank had no such customer.

4. Questions from Shareholder, asked via video conferencing: (Account No. 1295120)

Cathay Securities added agent for stock affairs to its business portfolio this year. What are the medium and long-term development plans? What are the advantages of Cathay Securities' stock agency service compared to other large stock agency organizations?

President's response:

The decision by Cathay Securities to enter the stock affairs agency business was based on the growth of the underwriting business in recent years. The ability to provide customers with one-stop service from underwriting to stock

affairs agent will enhance the overall integrity of Cathay Securities' services. As for the advantages of Cathay Securities as a stock affairs agent, the Company is based mainly on an online platform model, so there is small number of physical locations. Therefore, there are no plans to compete for industry leadership with large stock affairs organizations in the short term. Shareholders can see how Cathay Securities has grown from around 120,000 clients four to five years ago to more than 1.3 million clients today. The brokerage business has also grown from less than 1% market share to over 4% market share so far. We will, therefore, apply the same boundless energy to the stock affairs agent business. We hope to find, through the clients we underwrite, a sound model for steady and sustainable development that provides clients with more attentive service, and take our customer service to the next level.

5. Questions from Shareholder, asked via video conferencing: (Account No. 8014)

Does the Company have any short or long-term plans on ESG topics such as green electricity, energy efficiency, and water resources?

President's response:

As I previously reported to shareholders, the Company's ESG planning, such as the Net Zero by 2050 Road Map, includes long-term plans and short/medium-term targets; our SBTi targets have also received international certification. Shareholders can read our Sustainability Report, as every item is covered in the report.

6. Shareholder question: (Account No. 516866)

Risk to the Company from overseas products.

Cathay United Bank Senior Vice President's response:

We will comply with Financial Supervisory Commission regulations when it comes to AB (Alliance Bernstein). We also conduct due diligence on all products before listing instead of taking certain news or information for granted.

VII. Meeting Adjourned (at 9:59 AM the same day.)

According to article 183 paragraph IV in Company Act that the Meeting Minutes shall record a summary of the essential points of the proceedings and the results of the meeting ; In which the meeting's content, procedures and shareholders' speech were recorded the video conferences.

Chairperson: Hong-Tu Tsai, Chairman of the Board of Directors

Recorder: Chia-Yu Chang

【Appendix I】

Audit Committee Report

1. Audit Report from the Auditing Committee

Audit Report from the Auditing Committee

The Company's 2023 business report, financial statements (including consolidated financial statements), and earnings distribution plan were prepared by the Board of Directors, in which the financial statements (including consolidated financial statements) have been audited and certified by Shu-Wan Lin, CPA and Shiu-Ran Cheng, CPA of Deloitte Taiwan, to which the firm issued an independent auditor's report.

Said reports and statements prepared by the Board of Directors have been audited by the Committee, and the Committee found them to be in compliance with regulatory requirements. The Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To:

2024 Annual General Shareholders' Meeting of Cathay Financial Holdings

Auditing Committee

Edward Yung Do Way, Convener

April 30, 2024

2. Report on the 2023 operation of the Audit Committee

Proposed by the Board of Directors

Explanation:

(a) Review on Appointment/Renewal of CPA :

In response to the internal job rotation of Deloitte & Touche, as of Q1 of 2023, the independent auditors were changed from Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA to Shu-Wan Lin, CPA and Shih-Ran Cheng, CPA. Upon assessment, the Audit Committee held that both CPAs satisfied the requirements about profession and independence and, therefore, approved the appointment of both CPAs.

(b) Appraisal on effectiveness of the internal control system:

The Statement of Declaration of Internal Control submitted in accordance with Paragraph 3, Article 14-1 of the "Securities and Exchange Act" was issued upon the assessment on the overall effectiveness of internal control system by the Chairman, President, Chief Internal Auditor and Chief Compliance Officer of the Company based on the Group members' self-inspection report, improvement status about the deficiencies and abnormality in the internal control founded by the internal audit unit, and other sources of information, and subject to the authorization by the Audit Committee and Board of Directors.

The Company has issued the "Declaration of Statement for Internal Control System of Cathay Financial Holding Co., Ltd. 2023" on March 5, 2024. Except the matters identified in the Declaration of Statement, each unit of the Company has executed the internal control and compliance practices precisely and effectively.

(c) Communication between Audit Committee and Chief Internal Auditor, and the CPAs:

The CPAs attended the Company's Audit Committee meetings periodically, and reported to the Audit Committee about the scope of audit, adjustment of audit, key audit matters, and update on securities management and taxation laws and regulations, etc. in each quarter of

2023. They also interacted with the Audit Committee members separately before the audit planning and issuance of audit opinions in 2023. The internal audit unit would communicate with independent directors with respect to a total of 10 matters periodically. For example, the Company convened the “conference on discussion about deficiencies in the internal control system” attended by the whole Audit Committee members to discuss with the internal auditors about the deficiencies in the internal control system and produce the meeting minute therefor. For details, please refer to the “Communication Between Independent Directors and Chief Internal Auditor, and the CPAs” on the Company's website:

<https://www.cathayholdings.com/holdings/governance/committee/audit>

【Appendix II】

Business Report for 2023

Despite the impact of tightened monetary policies in major economies, ongoing international geopolitical risks, and slowing momentum of global economic growth in 2023, Cathay Financial Holdings (Cathay FHC) recorded a consolidated after-tax profit of NT\$51.5 billion (US\$1.68 billion) and earnings per share of NT \$3.24, thanks to the concerted efforts of our employees. In addition, our subsidiaries, Cathay achieved record-high profits.

United Bank and Cathay Securities Investment Trust (Cathay SITE), once again

Cathay Subsidiaries Maintained Robust Core Business Momentum in 2023

In the face of fast-changing financial markets, Cathay Life Insurance dynamically adjusted its investment portfolio and strengthened its asset and liability management. Cathay Life Insurance also continued to focus on its value-driven product strategy, and integrated services and technology, to offer innovative products. Cathay Life Insurance delivered double-digit growth in first-year premiums for health and accident policies and remained in first place in the life insurance industry in terms of overall premium income.

Cathay United Bank grew loans steadily while ensuring asset quality. With respect to our wealth management business, Cathay United Bank adhered to a robust investment strategy of safeguarding customer assets and enhancing product innovation capabilities. Total assets under management and the customer base for wealth management both continued to grow. Core earnings rose year-over-year, leading to a record-high consolidated after-tax profit.

Cathay Century emphasized both quality and quantity while expanding business and annual written premium showed double-digit growth. Cathay Century continued to maintain the second-largest market share in the industry. Cathay Securities continued to operate its successful digital business model. As a result, its domestic brokerage market share reached a new high once again and its sub-brokerage business ranked firmly as the market leader. Furthermore, Cathay Securities delivered the highest ROE among the top ten brokers over the past two years. Cathay SITE offered a diversity of innovative products that were highly favored by investors and

remained the largest asset manager in Taiwan, with total assets under management of NT\$1.6 trillion (US\$52.8 billion), reflecting over 30% year-over-year growth.

Deepen Overseas Business Operations

Cathay FHC continued to deepen its overseas presence. In Greater China, Cathay United Bank (China) Ltd. performed steadily and continued to develop green finance and other unique products. Cathay Lujiazui Life Insurance's premium income grew 55% year-over-year. Cathay Insurance (China) continued to enhance its e-Commerce-related business, driving insurance innovation through the use of technology.

In Southeast Asia, Cathay United Bank assisted clients with the challenges of supply chain migration and digital transformation through our digital platforms and regional network across nine ASEAN countries. For example, our Ho Chi Minh City branch pioneered a partnership with the Asian Development Bank on renewable energy financing projects and our Cambodia subsidiary leveraged digital tools to expand our customer base. Our private banking business in Singapore gained strong momentum. Cathay Life Insurance (Vietnam)'s tied agent force continued to grow steadily. Cathay Insurance Co., Ltd. (Vietnam) accelerated its digital transformation and business expansion.

Aim to Become a Technology Company that Provides Financial Services

Cathay FHC is committed to digital transformation, with our subsidiaries launching digital platforms successively. The digital users of Cathay FHC exceeded 8.6 million. Cathay FHC has been strengthening the development of data analytics and AI governance, optimizing cloud strategies and implementing cloud governance.

Cathay Life Insurance is very focused on providing customers with a great digital experience. We continued to optimize the Cathay Life Insurance App, and focus on monitoring and improving customer health through the "FitBack" health promotion program. In addition, we optimized our employee experience and improved service efficiency by using data and technology to build various service platforms across our sales agents, customer services, service centers, underwriting and claims services, etc. Cathay United Bank has more than 7 million digital users and continued to develop the digital brand CUBE strategy of "One Card, One Account, One App" to deliver a "simple, user-friendly, and pleasing" customer experience. Cathay Century continued

to provide seamless personalized services online and launched the commercial insurance sales platform SmartBiz and one-stop Smart Claim assistant. Cathay Securities was the first in the industry to launch the Security Token Offering (STO) business, providing a new funding channel for enterprises. Cathay SITE collaborated with an electronic payment partner to offer Cathay SITE's fund products to cross-industry customers.

Cathay FHC continues to remain committed to driving our digital transformation based on digital, data, and technology and the spirit of "What if We Could." We aim to become a "technology company that provides financial services."

Continue to Align with Global Trends and Refine Our Corporate Governance

Cathay FHC continues to strengthen corporate governance mechanisms. We achieved the following results in 2023: We added a female director to enhance the gender composition and professional diversity of the board; established a Risk Management Committee under the Board of Directors to reinforce the board's supervisory capabilities; developed a corporate sustainability training mechanism for directors; and reorganized the independent directors' mailbox procedure, and optimized our stakeholder engagement mechanism. We were selected as a constituent of the "Taiwan Stock Exchange Corporate Governance 100 Index," making us a benchmark in corporate governance.

In 2024, Cathay FHC will continue to abide by the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies, observe international trends of corporate governance, improve our corporate governance practices, and implement international corporate governance best practices amid the fast-changing business environment to ensure our corporate sustainability.

Implement Corporate Sustainability and Promote Net-Zero Transformation

Cathay FHC has developed a strategic blueprint based on three areas of sustainability: climate, health and empowerment. Our focus on long-term sustainable development goals and achievements has been recognized internationally. Cathay FHC has been selected as a constituent in the Dow Jones Sustainability Index (DJSI) World Index for six consecutive years and as a constituent in the DJSI Emerging Markets Index for nine consecutive years. This makes us the longest-selected financial institution in Taiwan in the insurance industry.

Cathay Life Insurance continues to expand our health promotion program to enhance public health. Cathay United Bank published the “Key Report on National Financial Health,” aiming to improve the physical, mental, and financial health of people in Taiwan. We also place high importance on empowering youth and women, actively promoting impact investing campus tours and entrepreneurial training.

Cathay FHC continues to lead climate actions. We held the 7th annual Cathay Sustainable Finance and Climate Change Summit, with participating companies representing more than 70% of Taiwan’s market capitalization and 50% of Taiwan’s total carbon emissions. Cathay FHC has actively participated in various international initiatives focused on low-carbon transformation, water resources and biodiversity. We also hosted important forums at the 28th Conference of the Parties (COP28), attended the World Biodiversity Summit, and promoted multi-party collaborations to seek solutions in sustainable finance. These actions demonstrate our determination to align with international trends and to achieve net-zero carbon emissions. Cathay FHC remains committed to the spirit of “sustainability in action,” fulfilling our responsibility as a pioneer of sustainable finance, and engaging with our stakeholders to achieve net-zero carbon emissions.

Looking ahead to 2024, the economy may benefit from the possible end of interest rate hikes by major central banks, given the easing of inflation pressure, and from the developing business opportunities in emerging technology applications. However, monetary policies and geopolitical conflicts in various countries will still bring uncertainty to the financial markets. Cathay FHC will continue to leverage our diverse financial competencies through technology innovation and corporate sustainability, and strive toward our vision of becoming a “leading financial institution in the Asia-Pacific region.”

Chairman Hong-Tu Tsai
President Chang-Ken Lee
Chief Accountant Jui-Hung Hung

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks 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, 2023. 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 consolidated financial statements for the year ended December 31, 2023 are as follows:

Valuation of Policy Reserve

Cathay Life Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its management 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 22 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 understood 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 an understanding of 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 its 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, 2023 to identify any abnormalities in the recognized amounts of policy reserve in 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, 2023.

Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. 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 14 to the accompanying consolidated financial statements.

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

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

Impairment Assessment on Loans

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

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

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

1. We obtained an understanding of and tested its internal controls for impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories and confirmed that such classification complies with the relevant regulations issued by the authorities.
3. We performed the tests on selected samples and confirmed the appropriateness of impairment by the length of the overdue period and the value of the collateral for each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective categories and confirmed that such provision complies with the relevant regulations issued by the authorities.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks 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 the audit committee/supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and 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, 2023 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 Shiuh-Ran Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2024

Notice to Readers

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

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 29)	\$ 320,831,824	2	\$ 412,013,900	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	336,768,960	3	266,322,216	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7 and 29)	2,009,183,691	16	1,675,024,629	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8, 29 and 30)	876,261,075	7	929,052,914	8
DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 9 and 30)	4,728,733,650	37	4,510,776,595	37
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	1,109	-	29,891	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Note 4)	43,324,997	-	38,076,491	-
RECEIVABLES, NET (Notes 4, 5, 10 and 29)	248,954,635	2	217,153,186	2
CURRENT TAX ASSETS	5,788,596	-	5,158,702	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 11 and 29)	2,684,520,400	21	2,495,516,810	21
REINSURANCE CONTRACT ASSETS, NET	15,778,910	-	15,851,568	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 13 and 29)	34,212,316	-	32,883,301	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 24)	739,364,082	6	669,832,659	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 14, 29 and 30)	461,686,710	4	448,140,598	4
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	109,370,464	1	108,550,891	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 29)	5,556,600	-	4,833,197	-
INTANGIBLE ASSETS, NET (Notes 4, 17 and 39)	49,669,714	-	51,636,617	-
DEFERRED TAX ASSETS (Notes 4 and 27)	74,165,978	1	89,895,981	1
OTHER ASSETS, NET (Notes 29 and 30)	<u>66,946,615</u>	<u>-</u>	<u>100,135,437</u>	<u>1</u>
TOTAL	<u>\$ 12,811,120,326</u>	<u>100</u>	<u>\$ 12,070,885,583</u>	<u>100</u>
 LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 117,130,854	1	\$ 97,309,239	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	146,895,790	1	182,999,244	2
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	2,038,001	-	3,716,091	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	25,757,726	-	34,723,428	-
COMMERCIAL PAPER PAYABLE, NET (Note 18)	76,528,247	1	73,880,000	1
PAYABLES (Note 29)	90,464,445	1	73,787,470	1
CURRENT TAX LIABILITIES (Note 4)	540,590	-	4,484,328	-
DEPOSITS AND REMITTANCES (Notes 19 and 29)	3,496,982,688	27	3,185,436,089	26
BONDS PAYABLE (Note 20)	175,941,430	2	132,147,398	1
OTHER BORROWINGS (Note 21)	12,988,127	-	12,763,713	-
PROVISIONS (Notes 4, 22 and 23)	6,958,614,203	54	6,842,132,184	57
OTHER FINANCIAL LIABILITIES (Notes 4 and 24)	800,999,585	6	720,648,395	6
LEASE LIABILITIES (Notes 4, 16 and 29)	20,030,215	-	19,240,853	-
DEFERRED TAX LIABILITIES (Notes 4 and 27)	49,491,154	1	49,779,071	-
OTHER LIABILITIES (Note 29)	<u>35,271,619</u>	<u>-</u>	<u>26,130,045</u>	<u>-</u>
Total liabilities	<u>12,009,674,674</u>	<u>94</u>	<u>11,459,177,548</u>	<u>95</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Share capital				
Ordinary shares	146,692,102	1	146,692,102	1
Preference shares	15,333,000	-	15,333,000	-
Capital surplus	202,793,453	2	215,318,047	2
Retained earnings				
Legal reserve	72,994,637	1	73,747,059	1
Special reserve	378,461,911	3	150,768,651	1
Unappropriated earnings	50,240,458	-	230,331,762	2
Other equity	<u>(78,460,876)</u>	<u>(1)</u>	<u>(233,350,281)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	788,054,685	6	598,840,340	5
NON-CONTROLLING INTERESTS (Notes 4 and 25)	<u>13,390,967</u>	<u>-</u>	<u>12,867,695</u>	<u>-</u>
Total equity	<u>801,445,652</u>	<u>6</u>	<u>611,708,035</u>	<u>5</u>
TOTAL	<u>\$ 12,811,120,326</u>	<u>100</u>	<u>\$ 12,070,885,583</u>	<u>100</u>

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 29)	\$ 307,577,036	101	\$ 250,519,506	73
INTEREST EXPENSE (Notes 4 and 29)	<u>(61,947,352)</u>	<u>(20)</u>	<u>(24,356,980)</u>	<u>(7)</u>
NET INTEREST INCOME	<u>245,629,684</u>	<u>81</u>	<u>226,162,526</u>	<u>66</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME				
Net gain on service fee and commission fee (Notes 4, 24, 26 and 29)	17,750,872	6	15,421,254	5
Net income on insurance operations (Notes 4, 26 and 29)	(30,068,673)	(10)	1,436,140	-
Gain (loss) on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	138,491,439	45	(445,353,503)	(130)
Gain on investment properties (Notes 4, 14 and 29)	11,775,366	4	13,696,591	4
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	3,117,076	1	2,712,295	1
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	2,987,655	1	10,365,022	3
Foreign exchange gain (Note 4)	4,002,174	1	301,166,569	88
Impairment loss on assets (Note 4)	(1,362,986)	(1)	(4,682,547)	(1)
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	1,951,286	1	2,265,986	1
(Loss) gain on reclassification using the overlay approach (Notes 4 and 7)	(119,689,733)	(39)	254,281,014	74
Net other non-interest gain (loss) (Note 29)	<u>29,588,479</u>	<u>10</u>	<u>(36,037,689)</u>	<u>(11)</u>
PROFIT FROM OPERATIONS	<u>304,172,639</u>	<u>100</u>	<u>341,433,658</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 22 and 26)	<u>(139,103,681)</u>	<u>(46)</u>	<u>(198,098,005)</u>	<u>(58)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(4,103,185)</u>	<u>(1)</u>	<u>(4,777,580)</u>	<u>(1)</u>
OPERATING EXPENSES (Notes 26 and 29)				
Employee benefit expenses	(60,529,311)	(20)	(54,004,407)	(16)
Depreciation and amortization expenses	(8,635,961)	(3)	(7,544,064)	(2)
Other general and administrative expenses	<u>(33,331,212)</u>	<u>(11)</u>	<u>(27,061,810)</u>	<u>(8)</u>
Total operating expenses	<u>(102,496,484)</u>	<u>(34)</u>	<u>(88,610,281)</u>	<u>(26)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 58,469,289	19	\$ 49,947,792	15
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(6,955,472)</u>	<u>(2)</u>	<u>(11,985,678)</u>	<u>(4)</u>
NET INCOME	<u>51,513,817</u>	<u>17</u>	<u>37,962,114</u>	<u>11</u>
OTHER COMPREHENSIVE LOSS (Notes 4 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	126,200	-	(267,311)	-
Property revaluation surplus	-	-	1,322,404	-
Gain (loss) on equity instruments at fair value through other comprehensive income	25,491,304	8	(28,637,506)	(8)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(506,248)	-	575,753	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(615,995)	-	(809,491)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 27)	224,183	-	451,933	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(220,330)	-	5,780,461	2
(Loss) gain on hedging instruments	(550,032)	-	762,058	-
Gain (loss) on debt instruments at fair value through other comprehensive income	22,154,379	7	(103,810,322)	(31)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	236,934	-	597,149	-
Other comprehensive income (loss) reclassified using overlay approach	119,689,733	39	(254,281,014)	(74)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 27)	<u>(11,326,022)</u>	<u>(3)</u>	<u>33,999,512</u>	<u>10</u>
Total other comprehensive income (loss) for the period, net of income tax	<u>154,704,106</u>	<u>51</u>	<u>(344,316,374)</u>	<u>(101)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 206,217,923</u>	<u>68</u>	<u>\$(306,354,260)</u>	<u>(90)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 50,928,865	17	\$ 37,359,360	11
Non-controlling interests	<u>584,952</u>	<u>-</u>	<u>602,754</u>	<u>-</u>
	<u>\$ 51,513,817</u>	<u>17</u>	<u>\$ 37,962,114</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 205,111,048	68	\$(306,895,790)	(90)
Non-controlling interests	<u>1,106,875</u>	<u>-</u>	<u>541,530</u>	<u>-</u>
	<u>\$ 206,217,923</u>	<u>68</u>	<u>\$(306,354,260)</u>	<u>(90)</u>
EARNINGS PER SHARE (Note 28)				
Basic earnings per share	<u>\$ 3.24</u>		<u>\$ 2.58</u>	

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

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Other Equity				Total	Non-controlling Interests	Total Equity	
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others				
	Ordinary Shares	Preferred Shares		Legal Reserve	Special Reserve	Unappropriated Earnings												
BALANCE, AT JANUARY 1, 2022	\$ 131,692,102	\$ 15,333,000	\$ 177,244,388	\$ 59,471,895	\$ 150,716,023	\$ 267,799,001	\$ (18,652,251)	\$ 47,131,473	\$ 335,851	\$ (889,397)	\$ (966,130)	\$ 11,281,909	\$ 64,764,671	\$ (3,224,389)	\$ 902,038,146	\$ 12,000,581	\$ 914,038,727	
Appropriation 2021 earnings	-	-	-	14,275,164	-	(14,275,164)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(52,628)	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	52,628	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(46,092,235)	-	-	-	-	-	-	-	-	(46,092,235)	-	(46,092,235)	
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(104,319)	-	-	-	-	-	-	-	-	-	-	-	(104,319)	-	(104,319)	
Changes in ownership interests in subsidiaries	-	-	-	-	-	(623,579)	-	-	-	-	-	-	-	731,063	107,484	(109,072)	(1,588)	
Net income for the year ended December 31, 2022	-	-	-	-	-	37,359,360	-	-	-	-	-	-	-	-	37,359,360	602,754	37,962,114	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(344,255,150)	(61,224)	(344,316,374)	
Total comprehensive income (loss) for year ended December 31, 2022	-	-	-	-	-	37,359,360	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(306,895,790)	541,530	(306,354,260)	
Issuance of ordinary shares for cash	15,000,000	-	37,500,000	-	-	-	-	-	-	-	-	-	-	-	52,500,000	-	52,500,000	
Share-based payment transactions	-	-	677,978	-	-	-	-	-	-	-	-	-	-	-	677,978	42	678,020	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(10,376,705)	-	10,376,705	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	(15,364)	-	-	-	-	-	15,364	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	434,614	434,614	
BALANCE, AT DECEMBER 31, 2022	146,692,102	15,333,000	215,318,047	73,747,059	150,768,651	230,331,762	(13,027,301)	(58,533,041)	950,265	(428,795)	(1,097,143)	12,609,000	(171,329,940)	(2,493,326)	598,840,340	12,867,695	611,708,035	
Appropriation of 2022 earnings	-	-	-	2,638,502	-	(2,638,502)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	(227,719,196)	-	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	227,719,196	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends on ordinary shares	-	-	(13,202,289)	-	-	-	-	-	-	-	-	-	-	-	(13,202,289)	-	(13,202,289)	
Cash dividends on preferred shares	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	657,911	-	-	(74,807)	-	74,792	-	-	-	-	-	-	657,896	-	657,896	
Organizational restructuring	-	-	3,245	-	-	-	(3,245)	-	-	-	-	-	-	-	-	-	-	
Changes in ownership interests in subsidiaries	-	-	-	-	-	(709,227)	-	-	-	-	-	-	-	731,302	22,075	(22,075)	-	
Net income for the year ended December 31, 2023	-	-	-	-	-	50,928,865	-	-	-	-	-	-	-	-	50,928,865	584,952	51,513,817	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	68,562	43,795,461	(439,766)	(404,998)	(20,517)	3,706	111,179,735	-	154,182,183	521,923	154,704,106	
Total comprehensive income (loss) for year ended December 31, 2023	-	-	-	-	-	50,928,865	68,562	43,795,461	(439,766)	(404,998)	(20,517)	3,706	111,179,735	-	205,111,048	1,106,875	206,217,923	
Share-based payment transactions	-	-	16,539	-	-	-	-	-	-	-	-	-	-	-	16,539	-	16,539	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	95,627	-	(95,627)	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	(25,936)	25,936	-	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(561,528)	(561,528)	
BALANCE, AT DECEMBER 31, 2023	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685	\$ 13,390,967	\$ 801,445,652	

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

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 58,469,289	\$ 49,947,792
Adjustments for:		
Depreciation expense	5,421,400	4,472,857
Amortization expense	3,214,561	3,071,207
Bad debt expense	4,103,185	4,777,580
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(123,188,458)	462,987,914
Interest expense	61,947,352	24,356,980
Net gain on derecognition of financial assets at amortized cost	(2,987,655)	(10,365,022)
Interest income	(307,577,036)	(250,519,506)
Dividend income	(23,001,452)	(27,521,113)
Net change in insurance liabilities	144,987,668	353,292,935
Net changes in other provisions	(28,730,131)	40,449,731
Compensation cost of share-based payments	16,539	678,020
Share of profit of associates and joint ventures accounted for using the equity method	(1,951,286)	(2,265,986)
Loss (gain) on reclassification using the overlay approach	119,689,733	(254,281,014)
(Gain) loss on disposal and retirement of property and equipment	(157,529)	15,643
Gain on disposal of investment properties	(10,598)	(2,369)
Gain on disposal of assets held for sale	-	(440,613)
Loss (gain) on disposal of investments accounted for using the equity method	280,823	(358,539)
Loss on disposal of investments	3,937,087	6,775,085
Expected credit loss on financial assets	1,362,986	4,682,547
Loss (gain) on changes in fair value of investment properties	267,594	(2,094,495)
Gain on disposal of subsidiaries	(398)	-
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(2,648,951)	(8,406,645)
Financial assets at fair value through profit or loss	73,675,942	294,868,000
Financial assets at fair value through other comprehensive income	100,338,207	(495,374,571)
Debt instruments at amortized cost	(215,193,537)	(181,326,295)
Financial assets for hedging	(508,973)	1,208,290
Receivables	(25,834,086)	(3,122,185)
Loans	(192,283,486)	(213,073,325)
Reinsurance assets	119,552	(3,493,052)
Other financial assets	2,707,180	2,091,129
Other assets	(3,909,157)	(444,697)
Deposits from the Central Bank and banks	19,821,615	22,704,065
Financial liabilities at fair value through profit or loss	(325,620,891)	(399,877,010)
Financial liabilities for hedging	(1,690,367)	3,719,654
Notes and bonds sold under repurchase agreements	(8,921,613)	(5,104,445)
Payables	11,373,997	(6,578,073)
Deposits and remittances	311,546,599	313,476,036
Provisions for employee benefits	(488,616)	(23,492)

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Provisions	\$ 681,491	\$ 40,334
Other financial liabilities	8,112,587	25,523,435
Other liabilities	<u>9,213,600</u>	<u>(18,750,158)</u>
Cash used in operations	(323,415,233)	(264,283,371)
Interest received	304,958,717	243,285,551
Dividends received	23,747,446	28,304,737
Interest paid	(57,649,748)	(22,615,640)
Income tax paid	<u>(6,890,779)</u>	<u>(10,946,182)</u>
Net cash used in operating activities	<u>(59,249,597)</u>	<u>(26,254,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(26,017,351)	(17,202,630)
Proceeds from disposal of financial assets at fair value through other comprehensive income	21,962,542	15,688,232
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	23,000	-
Acquisition of financial assets at fair value through profit or loss	(1,324,763)	(967,522)
Proceeds from disposal of financial assets at fair value through profit or loss	557,493	523,372
Acquisition of investments accounted for using equity method	-	(2,308,500)
Proceeds from disposal of investments accounted for using equity method	-	595,743
Net cash outflow on acquisition of subsidiaries (after deduction of cash and cash equivalent balances acquired)	(238,286)	(415,958)
Proceeds from disposal of subsidiaries	30,744	-
Proceeds from capital reduction of investments accounted for using equity method	10,729	170,887
Proceeds from disposal of assets held for sale	-	723,700
Acquisition of property and equipment	(4,566,415)	(4,179,942)
Proceeds from disposal of property and equipment	32,431	195,217
Acquisition of intangible assets	(614,083)	(743,023)
Proceeds from disposal of intangible assets	-	40,988
Acquisition of investment properties	(12,380,488)	(8,201,702)
Proceeds from disposal of investment properties	134,892	36,891
Other assets	35,357,297	(36,876,827)
Dividends received	<u>24,670</u>	<u>95,134</u>
Net cash generated from (used in) investing activities	<u>12,992,412</u>	<u>(52,825,940)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in funds borrowed from the Central Bank and banks	\$ -	\$ (1,076,000)
Increase in commercial paper payable	2,650,000	10,410,000
Proceeds from issuing bonds	53,986,835	-
Proceeds from issuance of financial debentures	-	693,116
Repayment of financial debentures	(10,048,944)	(10,384,260)
Increase in borrowings	216,688	3,598,444
Repayment of the principal portion of lease liabilities	(1,968,506)	(1,705,048)
Other liabilities	(136,129)	4,019,118
Dividends paid	(16,593,213)	(49,483,159)
Proceeds from issuance of ordinary shares	-	52,500,000
Acquisition of interests in subsidiaries	(667,490)	(911,234)
Changes in non-controlling interests	<u>(638,312)</u>	<u>(1,071,062)</u>
Net cash generated from financing activities	<u>26,800,929</u>	<u>6,589,915</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>1,304,606</u>	<u>1,052,650</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,151,650)	(71,438,280)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>620,603,407</u>	<u>692,041,687</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 602,451,757</u>	<u>\$ 620,603,407</u>
Reconciliation of cash and cash equivalents:		
	December 31	
	2023	2022
Cash and cash equivalents presented in the consolidated balance sheets	\$ 320,831,824	\$ 412,013,900
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	238,294,936	170,513,016
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>43,324,997</u>	<u>38,076,491</u>
Cash and cash equivalents at the end of the years	<u>\$ 602,451,757</u>	<u>\$ 620,603,407</u>

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

(Concluded)

Cathay Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

ASSETS	December 31		LIABILITIES AND EQUITY	December 31	
	2023	2022		2023	2022
CASH AND CASH EQUIVALENTS	\$ 7,587,401	\$ 7,943,654	COMMERCIAL PAPER PAYABLE, NET	\$ 69,400,000	\$ 73,880,000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	33,624,500	33,575,500	PAYABLES	19,323,541	15,901,806
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	197,768	195,035	CURRENT TAX LIABILITIES	960	3,947,034
RECEIVABLES, NET	5,279,134	4,121,685	BONDS PAYABLE	69,000,000	50,000,000
CURRENT TAX ASSETS	5,686,741	5,131,669	OTHER BORROWING	4,990,000	5,000,000
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	897,567,264	696,821,834	PROVISIONS	1,065,895	753,962
PROPERTY AND EQUIPMENT, NET	284,162	161,431	LEASE LIABILITIES	192,957	290,119
RIGHT-OF-USE ASSETS	191,933	289,676	DEFERRED TAX LIABILITIES	266,714	266,714
INTANGIBLE ASSETS	574	-	OTHER LIABILITIES	<u>605</u>	<u>270</u>
DEFERRED TAX ASSETS	1,529,782	333,745	Total liabilities	<u>164,240,672</u>	<u>150,039,905</u>
OTHER ASSETS	<u>346,098</u>	<u>306,016</u>	EQUITY		
			Share capital		
			Ordinary shares	146,692,102	146,692,102
			Preference shares	15,333,000	15,333,000
			Capital surplus	202,793,453	215,318,047
			Retained earnings		
			Legal reserve	72,994,637	73,747,059
			Special reserve	378,461,911	150,768,651
			Unappropriated earnings	50,240,458	230,331,762
			Other equity	<u>(78,460,876)</u>	<u>(233,350,281)</u>
			Total equity	<u>788,054,685</u>	<u>598,840,340</u>
TOTAL	<u>\$ 952,295,357</u>	<u>\$ 748,880,245</u>	TOTAL	<u>\$ 952,295,357</u>	<u>\$ 748,880,245</u>

Cathay Financial Holding Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
REVENUE		
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 50,584,863	\$ 45,374,122
Other operating income	<u>1,462,830</u>	<u>1,301,593</u>
Total revenue	<u>52,047,693</u>	<u>46,675,715</u>
EXPENSES AND LOSSES		
Operating expenses	(2,498,773)	(1,922,878)
Other expenses and losses	<u>(1,715,123)</u>	<u>(3,778,808)</u>
Total expenses and losses	<u>(4,213,896)</u>	<u>(5,701,686)</u>
INCOME BEFORE TAX	47,833,797	40,974,029
INCOME TAX BENEFIT (EXPENSE)	<u>3,095,068</u>	<u>(3,614,669)</u>
NET INCOME	<u>50,928,865</u>	<u>37,359,360</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	14,525	1,234
Gain on equity instruments at fair value through other comprehensive income	2,733	51,544
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	24,705,002	(27,416,729)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,905)	(247)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>129,462,828</u>	<u>(316,890,952)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>154,182,183</u>	<u>(344,255,150)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ 205,111,048</u>	<u>\$ (306,895,790)</u>
EARNINGS PER SHARE		
Basic	<u>\$3.24</u>	<u>\$2.58</u>

Cathay Financial Holding Co., Ltd.
Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Other Equity													Total Equity	
	Share Capital			Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach		Others
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2022	\$ 131,692,102	\$ 15,333,000	\$ 177,244,388	\$ 59,471,895	\$ 150,716,023	\$ 267,799,001	\$ (18,652,251)	\$ 47,131,473	\$ 335,851	\$ (889,397)	\$ (966,130)	\$ 11,281,909	\$ 64,764,671	\$ (3,224,389)	\$ 902,038,146
Appropriation of 2021 earnings															
Legal reserve	-	-	-	14,275,164	-	(14,275,164)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	52,628	(52,628)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(46,092,235)	-	-	-	-	-	-	-	-	(46,092,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(104,319)	-	-	-	-	-	-	-	-	-	-	-	(104,319)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(623,579)	-	-	-	-	-	-	-	731,063	107,484
Net income for the year ended December 31, 2022	-	-	-	-	-	37,359,360	-	-	-	-	-	-	-	-	37,359,360
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(344,255,150)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	37,359,360	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(306,895,790)
Issuance of ordinary shares for cash	15,000,000	-	37,500,000	-	-	-	-	-	-	-	-	-	-	-	52,500,000
Share-based payment transactions	-	-	677,978	-	-	-	-	-	-	-	-	-	-	-	677,978
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(10,376,705)	-	10,376,705	-	-	-	-	-	-	-
Others	-	-	-	-	-	(15,364)	-	-	-	-	-	15,364	-	-	-
BALANCE AT DECEMBER 31, 2022	146,692,102	15,333,000	215,318,047	73,747,059	150,768,651	230,331,762	(13,027,301)	(58,533,041)	950,265	(428,795)	(1,097,143)	12,609,000	(171,329,940)	(2,493,326)	598,840,340
Appropriation of 2022 earnings															
Legal reserve	-	-	-	2,638,502	-	(2,638,502)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	227,719,196	(227,719,196)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	(13,202,289)	-	-	-	-	-	-	-	-	-	-	-	(13,202,289)
Cash dividends on preferred shares	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	657,911	-	-	(74,807)	-	74,792	-	-	-	-	-	-	657,896
Organizational restructuring	-	-	3,245	-	-	-	(3,245)	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(709,227)	-	-	-	-	-	-	-	731,302	22,075
Net income for the year ended December 31, 2023	-	-	-	-	-	50,928,865	-	-	-	-	-	-	-	-	50,928,865
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	68,562	43,795,461	(439,766)	(404,998)	(20,517)	3,706	111,179,735	-	154,182,183
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	50,928,865	68,562	43,795,461	(439,766)	(404,998)	(20,517)	3,706	111,179,735	-	205,111,048
Share-based payment transactions	-	-	16,539	-	-	-	-	-	-	-	-	-	-	-	16,539
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	95,627	-	(95,627)	-	-	-	-	-	-	-
Others	-	-	-	-	(25,936)	25,936	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685

Cathay Financial Holding Co., Ltd.

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 47,833,797	\$ 40,974,029
Adjustments for:		
Depreciation expenses	206,046	150,518
(Gain) loss on of financial assets at fair value through profit or loss	(49,000)	2,684,500
Interest income	(1,369,347)	(1,278,822)
Dividend income	(7,026)	(7,594)
Interest expenses	1,663,633	1,025,775
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(50,584,863)	(45,374,122)
Loss on disposal and retirement of property and equipment	401	266
Compensation cost of share-based payments	76	10,230
Changes in operating assets and liabilities		
Receivables	(4,999)	5,400
Other assets	51	(522)
Payables	(28,538)	52,821
Provisions	2,057	7,640
Other liabilities	335	(309)
Cash used in operations	(2,337,377)	(1,750,190)
Interest received	1,343,380	1,278,079
Dividends received	7,026	7,594
Interest paid	(1,479,529)	(1,141,152)
Income tax paid	(134,348)	(890,462)
Net cash used in operating activities	<u>(2,600,848)</u>	<u>(2,496,131)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity the method	-	(55,000,000)
Disposal of investments accounted for using the equity the method	98,799	-
Acquisition of property and equipment	(169,125)	(125,332)
Disposal of property and equipment	245	-
Acquisition of intangible assets	(574)	-
Increase in other assets	(46,718)	(93,915)
Dividends received	4,604,898	41,771,476
Net cash generated from (used in) investing activities	<u>4,487,525</u>	<u>(13,447,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	(4,480,000)	15,370,000
(Decrease) increase in other borrowings	(10,000)	5,000,000
Repayments of the principal portion of lease liabilities	(159,717)	(132,518)
Issuance of corporate bonds	19,000,000	-
Issuance of ordinary shares for cash	-	52,500,000
Dividends paid	(16,593,213)	(49,483,159)
Net cash (used in) generated from financing activities	<u>(2,242,930)</u>	<u>23,254,323</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(356,253)	7,310,421
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,943,654</u>	<u>633,233</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,587,401</u>	<u>\$ 7,943,654</u>

【Appendix III】

Cathay Financial Holding Co., Ltd. Earnings Distribution Plan of the year 2023

Unit : NT Dollar

Item	Amount
(I) Undistributed earnings at the beginning of the period	0
Net income of the current period	50,928,865,102
Add: Any items other than net profit- Disposal of equity instruments measured at fair value through other comprehensive income	95,626,969
Less: Changes in recognition of subsidiaries, affiliates and joint ventures using the equity method	(784,033,740)
(II) Any items other than net profit after tax plus any items other than net profit	50,240,458,331
Less: Legal reserve	(5,024,045,833)
Less: Special reserve – net effect of investment property at fair value (Note 1)	(84,495,870)
Add: Reversal of special reserves – net reduction to the other shareholders' equity for the previous years (Note 2)	148,418,189,956
(III) Distributable earnings	193,550,106,584
Less: Cash Dividends on preferred stock A, (NT\$2.30 per share)	(1,913,402,913)
Less: Cash Dividends on preferred stock B, (NT\$2.13 per share)	(1,491,000,000)
Less: Cash Dividends on common stock, (NT\$2 per share)	(29,338,420,256)
Balance	160,807,283,415

Note1: Pursuant to the Financial Supervisory Commission (FSC) Letters No. 10310000140 dated February 19, 2014 and No. 1030006415 dated March 18, 2014, companies that account for investment properties using the fair value method are required to provide special reserves for any fair value gains that have the effect of increasing retained earnings. Subsequently, when the fair value of the investment property declines, or when the investment property is disposed of, the company may reverse the increase.

Note2: According to Jin-Guan-Zheng-Fa-Zi No. 1090150022 Letter dated March 31, 2021, for the net amount of other shareholders' equity deduction recognized in the current year, for the net income after tax of the current period with addition of the items other than net income after tax of the current period, it is included in the amount of the undistributed earnings for the current period, and special reserve of the same amount is appropriated. If the deduction net amount of other shareholders' equity reverses subsequently, the earnings of the reversing part can be distributed. In case of any deficiency, it is appropriated from the undistributed earnings of last period. Furthermore, according to Jin-Guan-Yin-Fa-Zi

No.11102279031 letter dated November 4, 2022 and letters from other competent authorities, during the distribution of the distributable earnings, the financial holdings company shall appropriate special reserve of the same amount with respect to the change in the fair value of the financial assets reclassified by the insurance subsidiary.

Note3: The cash dividend is calculated to the nearest NT dollar based on the distribution ratio. The remainder is rounded up. The difference is paid as an expense of the company.

【Appendix IV】

Cathay Financial Holdings Corporation

Articles of Incorporation, the Parts Amended, Contents Before & After Amendment in Comparison

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 16</p> <p>The Board of Directors of the Company shall consist of 9 to 21 Directors, <u>including no fewer than 3 independent directors. Since the 9th Board of Directors, the independent director seats shall account for no less than one-third of the director seats and directors of the opposite gender shall be no fewer than one person, all to be elected by the shareholders' meeting from the persons with disposing capacity.</u></p> <p><u>If the number of directors in the Company is less than 7 due to the Company's violation of the preceding paragraph or dismissal of the directors with cause, the Company shall carry out the re-election or by-election of directors at the most recent shareholders' meeting. However, if the vacancy in directors reaches one-third of the number of seats specified in Paragraph 1 or if all independent directors have been vacated, the Company shall convene an extraordinary meeting for a by-election within 60 days from the date of the occurrence of the vacancy.</u></p> <p>Starting from the 6th Board, Directors have been elected from among a group of candidates nominated at shareholders' meetings. The nomination and election methods shall be governed by the Company Act and the Securities and Exchange Act-related laws and regulations. The qualifications, limitations on the retention of shares and concurrently holding other offices,</p>	<p>Article 16</p> <p>The Board of Directors of the Company shall consist of 9 to 21 Directors, <u>at least 3 of which</u>, and the independent director seats shall account for no less than one-fifth, all to be elected by the shareholders' meeting from the persons with disposing capacity.</p> <p>Starting from the 6th Board, Directors have been elected from among a group of candidates nominated at shareholders' meetings. The nomination and election methods shall be governed by the Company Act and the Securities and Exchange Act-related laws and regulations. The qualifications, limitations on the retention of shares and concurrently holding other offices, and independence of Independent Directors shall be governed by the relevant laws and regulations.</p> <p>The Board shall have an Audit Committee composing of the entire number of Independent Directors and not be fewer than three persons in number. One Committee member shall be the convener, and at least one member shall specialize in accounting or finance. The responsibilities and the relevant affairs of the Committee shall be governed by the relevant laws and regulations or the Company's rules.</p> <p>The Board of Directors of the Company may establish other committees whose sizes as well as terms of service and authorities of the members shall be specified in</p>	<p>1. In response to Paragraphs 1–3, Article 4 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers” (hereinafter referred to as the “Directions”) amended and promulgated via TWSE's notice under Tai-Zheng-Zhi-Li-Zi No. 1120014763 dated August 23, 2023, in order to improve the independence and diversity of the Board of Directors, Paragraph 1 of this provision expressly states that the independent directors shall be no fewer than 3 persons, and since the 9th Board of Directors (i.e.</p>

Contents after amendment	Current Contents	Reasons for amendment
<p>and independence of Independent Directors shall be governed by the relevant laws and regulations.</p> <p>The Board shall have an Audit Committee composing of the entire number of Independent Directors and not be fewer than three persons in number. One Committee member shall be the convener, and at least one member shall specialize in accounting or finance. The responsibilities and the relevant affairs of the Committee shall be governed by the relevant laws and regulations or the Company's rules.</p> <p>The Board of Directors of the Company may establish other committees whose sizes as well as terms of service and authorities of the members shall be specified in individual committees' organization bylaws and approved by the Board of Directors.</p>	<p>individual committees' organization bylaws and approved by the Board of Directors.</p>	<p>the new term of office since the re-election of directors in 2025), the independent director seats shall account for no less than one-third of the director seats and directors of the opposite gender shall be no fewer than one person.</p> <p>2. In response to Paragraph 1, Article 8 of the "Directions" and in reference to Paragraph 6, Article 30 of the "Corporate Governance Best-Practice Principles for Financial Holding Companies," Paragraph 2 of this provision expressly provides the time limit for the re-election or by-election of directors in the case of violation of Paragraph 1.</p>
<p>Article 18 All Directors serve a three-year term and may be re-elected. If new Directors are elected after the term of the current Directors expires, the term of the current Directors shall be extended until the new Directors take office.</p> <p><u>It is advisable that the consecutive</u></p>	<p>Article 18 All Directors serve a three-year term and may be re-elected. If new Directors are elected after the term of the current Directors expires, the term of the current Directors shall be extended until the new Directors take office.</p> <p><u>The re-election of Independent</u></p>	<p>1. I. In response to Paragraph 4, Article 4 of the "Directions" and to strengthen the independence of independent directors, Paragraph 2 of this provision</p>

Contents after amendment	Current Contents	Reasons for amendment
<p><u>terms of office of independent directors do not exceed three terms. Starting from the 9th Board of Directors, a majority of independent directors shall hold office for no more than three consecutive terms. Starting from the 10th Board of Directors, all independent directors shall hold office for no more than three consecutive terms.</u></p> <p><u>In case of any violation of the preceding paragraph, the Company shall carry out the re-election or by-election of directors at the most recent shareholders' meeting.</u></p>	<p><u>Directors shall be governed by the relevant laws and regulations.</u></p>	<p>expressly states that it is advisable that the consecutive terms of office of independent directors do not exceed three terms. Starting from the 9th Board of Directors (i.e. the new term of office since the re-election of directors in 2025), a majority of independent directors shall hold office for no more than three consecutive terms. Starting from 10th Board of Directors (i.e. the new term of office since the re-election of directors in 2028), all independent directors shall hold office for no more than three consecutive terms.</p> <p>2. II. In response to Paragraph 1, Article 8 of the "Directions," Paragraph 3 of this provision expressly states the time limit for the re-election or by-election of directors in the case of violation of Paragraph 2.</p>

Contents after amendment	Current Contents	Reasons for amendment
<p>Article 33</p> <p>These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016; June 8, 2018; June 14, 2019; June 12, 2020; June 17, 2022 <u>and June 14, 2024.</u></p>	<p>Article 33</p> <p>These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016 and June 8, 2018; June 14, 2019; June 12, 2020 and June 17, 2022.</p>	<p>Add the dates of amendments.</p>

【Appendix V】

Description of the long-term fund raising proposal

- I. Issuance of common shares and preferred shares via domestic cash capital increase
 - A. In this cash capital increase proposal, we plan to issue common shares and preferred shares either through book building or public subscription.
 - B. Via book building
 1. If book building is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining shares shall be offered publicly via book building with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the new issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price.
 2. According to provision of law, the issue price of common shares shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws should be coordinate the pricing adjustments.). The Board of Directors and/or Chairman of the Board shall determine the actual issue price based on the pricing principles set out in the paragraphs above, the status of the book building in consultation with the underwriter, as well as on the conditions of the market where the securities are issued and regulatory requirements.
 3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration book building consolidation, the situation of the issuance market, and the relevant laws and regulations.
 4. Since the preferred shares issued this time may not be transformed into common shares, if it is conducted by issuing preferred shares, there will be no effect of diluting the equity of shareholders. If it is conducted by issuing common shares, it will account for 9.3% of current outstanding shares of the Company calculated with the common shares issuance limit of 1.5 billion shares. Although the equity of shareholders will be partially diluted, it is expected to enhance the competitiveness and improve the operational efficiency of the Company. This is because the estimated fund will meet one or more purpose of enhancing the financial structure of the Company, increasing capital adequacy ratio of the Company, repaying loans, and coping with the long-term development strategy. It will not cause significant impacts on the common equity of

shareholders.

C. Via public offering

1. If public offering and distribution is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act) and also allocating 10% for subscription by the general public in accordance with Article 28-1 of the Securities and Exchange Act, the remaining shares shall be available for subscription by existing shareholders based on their respective percentages of shareholding in the Company on the subscription reference date. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees or existing shareholders for subscription in the full quantity by designated individuals at the issue price.
2. According to provision of law, the issue price of common shares shall be no less than 70% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws, should be coordinate the pricing adjustments.). The Board of Directors is authorized to assign the ex-dividend date as the valuation reference date.
3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration the situation of the issuance market and the relevant laws and regulations.

D. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

E. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

F. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed

with full authorization and in accordance with relevant laws and regulations.

II. Cash capital increase by issuing common shares and participation in the issuance of GDR

A. If participation in the issuance of GDR is adopted for the cash capital increase and issuance of common shares, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining of the newly issued shares shall be allocated for participation in the issuance of GDR with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price, or reallocated it to the original securities that are participating in the issuance of GDR.

B. Pursuant to relevant domestic laws and regulations, the issue price for the common shares that are participating in the issuance of GDR for cash capital increase shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. However, in the event of changes in domestic regulations, corresponding changes to the above formula shall also be made.

The Chairman or a designated person by the Chairman shall be authorized by the Board of Directors to determine the actual issue price based on actual market conditions, domestic laws and regulations and common practices in the market where the securities are issued, as well as in consultation with the underwriter.

C. The above pricing methods are compliant with relevant domestic laws, regulations and common practices in the market where the securities are issued, and the basis on which pricing is determined should be reasonable.

D. The issue price for the common shares that are participating in the issuance of GDR for cash capital increase is determined based on the market price of the Company's common shares traded in domestic stock exchange market. It remains that the original shareholders may purchase the Company's common shares in domestic stock exchange market at a price close to the GDR issuance price. Since the original shareholders don't bear any exchange rate or liquidity risk, this arrangement is not expected to have any negative impact on the interests of the original shareholders. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

E. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of

the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

- F. In conjunction with the issuance of common shares for capital increase in cash and participation in GDR issuance, we request that the Board of Directors authorize the Chairman or a designated person by the Chairman to represent the Company in signing all documents related to the participation in the issuance of GDR as well as in handling all required matters related to the participation in the issuance of GDR.
- G. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.