

**KGI Financial Holding Co., Ltd. and
Subsidiaries**
(Formerly China Development Financial Holding
Corporation)

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KGI Financial Holding Co., Ltd.
(Formerly China Development Financial Holding Corporation)

Opinion

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

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

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.

Emphasis of Matter

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

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

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

Key Audit Matters

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

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

Impairment of Discounts and Loans

Management assesses impairment of discounts and loans according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") issued by the FSC of the ROC and IFRS 9, respectively, and then recognizes the higher estimated amount as a reserve for asset impairment. Under the Procedures, impairment is based on the length of time overdue and the status of the collaterals; under IFRS 9, impairment is assessed by considering the probability of default and loss given default estimated based on historical experience, present market situation and forward-looking information. Since the important assumptions and input values used in revisions and adjustments involve critical judgments and estimates and impairment has a significant impact on the financial statements; therefore, the impairment of discounts and loans is deemed to be a key audit matter for the six months ended June 30, 2026.

Refer to Notes 4, 5 and 51 for the accounting policy information, critical judgment, estimation uncertainty and related disclosures of the impairment of discounts and loans.

Our key audit procedures performed in respect of the above matter included the following:

We obtained an understanding of the accounting policies and internal controls related to the recognition of impairment. We verified that the impairment assessment procedures including the classification of the credit assets, the length of time overdue and the status of the collaterals complied with the Procedures. We understood the methodology, main assumptions and parameters adopted by management in accordance with the IFRS 9 impairment model, as well as the important assumptions and input values considered in its revision and adjustment. We selected samples of discounts and loans and evaluated the reasonableness of measuring expected credit losses.

Insurance Contract Liability Measurement

The measurement of insurance contract liabilities is principally based on the present value of the estimated future cash flows of a group of insurance contracts, together with a risk adjustment for non-financial risk and the contractual service margin. The contractual service margin applies only to groups of insurance contracts measured under the General Measurement Model or the Variable Fee Approach.

The measurement of insurance contract liabilities in accordance with the characteristics of the rights and obligations arising from insurance contracts requires management to exercise significant judgment in applying complex valuation models and assumptions. The selection of such assumptions involves substantial professional judgment, and the related estimates are subject to a high degree of uncertainty. Assumptions that have a material impact on the measurement of insurance contract liabilities include discount rates, mortality rates, morbidity rates, and lapse rates, among others. Except for discount rates, which are prescribed in accordance with directives issued by the competent authority, the aforementioned assumptions involve a considerable degree of subjectivity and rely heavily on historical experience data, which may not necessarily provide an appropriate reflection of future outcomes. In addition, the measurement process requires complex calculations and assessments involving unobservable market inputs.

The principal audit procedures performed by us in response to the aforementioned key audit matter were as follows:

1. We evaluated the relevant internal controls adopted by management in establishing key assumptions and determining the sources from which such assumptions were derived, as well as the operating effectiveness of those controls.
2. Our actuarial specialists performed the following procedures to assess the reasonableness of significant assumptions, including mortality rates, morbidity rates, and lapse rates:
 - a. Evaluated whether the assumptions adopted by management were established in accordance with the requirements of IFRS 17 and other relevant regulations;
 - b. Tested the reasonableness of the experience analyses used to determine the assumptions and the parameters referenced in the determination of such assumptions; and
 - c. Compared the significant assumptions adopted in the current period with those applied in the preceding period, analyzed the basis for management's adjustments to the assumptions, and assessed the reasonableness of newly established and revised key assumptions.
3. Our actuarial specialists performed the following procedures to assess the appropriateness of specific valuation models employed by management in the valuation process:
 - a. Examined the significant assumptions underlying the different estimation methodologies and independently recalculated the present value of future cash flows for selected policies, comparing the results with management's estimates; and
 - b. Tested the valuation results of the best estimate liabilities and risk adjustments for selected groups of insurance contracts, and verified that the effects of significant assumptions had been appropriately reflected in the relevant financial amounts for the reporting period; and
 - c. Reperformed the valuation of the contractual service margin for selected groups of insurance contracts and compared the results with the amounts recognized by the Company.

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 Public Banks, 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 Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 24, 2026

Notice to Readers

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

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

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
(Formerly China Development Financial Holding Corporation)

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026		December 31, 2025 (Restated)		June 30, 2025 (Restated)		January 1, 2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 78,232,673	2	\$ 65,666,234	2	\$ 85,135,537	2	\$ 67,956,047	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS (Note 7)	99,708,437	2	57,477,139	1	58,250,828	2	37,955,433	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 16, 45 and 46)	422,590,310	9	694,081,941	17	604,440,371	16	618,609,889	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 16, 46 and 51)	1,064,296,571	23	262,614,523	6	240,395,477	6	256,148,521	7
DEBT INVESTMENTS MEASURED AT AMORTIZED COST (Notes 4, 10, 16, 46 and 51)	1,316,831,154	29	1,669,911,034	41	1,603,221,122	42	1,729,065,793	44
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	403,896	-	198,294	-	253,245	-	735,637	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 12)	69,200,513	1	68,312,726	2	85,178,741	2	93,635,113	2
RECEIVABLES, NET (Notes 13, 45, 46 and 51)	351,257,316	8	205,493,479	5	177,134,859	5	170,513,976	4
CURRENT TAX ASSETS (Note 4)	908,176	-	933,027	-	882,151	-	875,944	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 45 and 51)	539,724,649	12	525,988,467	13	502,919,302	13	473,265,221	12
INSURANCE ASSETS AND REINSURANCE ASSETS, NET (Notes 4 and 32)	175,099	-	311,608	-	195,270	-	380,879	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 15 and 16)	29,442,171	1	29,857,949	1	26,641,580	1	28,092,039	1
OTHER FINANCIAL ASSETS (Notes 17, 45 and 46)	333,293,516	7	229,443,193	6	182,927,228	5	188,555,399	5
INVESTMENT PROPERTY, NET (Notes 18 and 46)	73,407,996	1	55,691,700	1	56,230,565	2	56,222,023	1
PROPERTY AND EQUIPMENT, NET (Notes 19 and 46)	30,360,438	1	30,554,642	1	30,407,059	1	30,850,748	1
RIGHT-OF-USE ASSETS, NET (Note 20)	12,785,910	-	12,724,671	-	12,055,002	-	11,657,229	-
INTANGIBLE ASSETS, NET (Note 21)	6,014,162	-	6,142,653	-	6,058,428	-	6,507,264	-
DEFERRED TAX ASSETS (Notes 4 and 42)	28,352,925	1	32,653,858	1	18,648,532	1	21,697,927	1
OTHER ASSETS, NET (Notes 22 and 46)	<u>134,118,015</u>	<u>3</u>	<u>134,646,599</u>	<u>3</u>	<u>92,453,959</u>	<u>2</u>	<u>106,880,192</u>	<u>3</u>
TOTAL	<u>\$ 4,591,103,927</u>	<u>100</u>	<u>\$ 4,082,703,737</u>	<u>100</u>	<u>\$ 3,783,429,256</u>	<u>100</u>	<u>\$ 3,899,605,274</u>	<u>100</u>
LIABILITIES AND EQUITY								
LIABILITIES								
Deposits from the Central Bank and financial institutions (Note 23)	\$ 8,866,326	-	\$ 9,772,012	-	\$ 15,615,366	-	\$ 12,112,909	-
Financial liabilities at fair value through profit or loss (Notes 4, 8 and 45)	163,921,710	4	150,031,041	4	138,862,172	4	141,630,245	4
Financial liabilities for hedging (Note 11)	729,983	-	889,286	-	683,321	-	902,016	-
Notes and bonds issued under repurchase agreements (Notes 8, 9, 10, 24 and 45)	212,861,060	5	168,586,478	4	155,532,441	4	178,629,928	5
Commercial paper payable, net (Note 25)	145,974,849	3	97,640,997	2	44,709,725	1	79,093,159	2
Payables (Notes 26 and 45)	252,787,387	5	129,018,630	3	130,922,873	4	96,977,954	3
Current tax liabilities (Note 4)	10,595,348	-	6,684,346	-	3,349,053	-	1,550,379	-
Deposits and remittances (Notes 27 and 45)	655,599,580	14	645,674,883	16	609,896,202	16	592,785,038	15
Bonds payable (Note 28)	146,845,953	3	113,976,559	3	104,819,692	3	109,990,604	3
Other borrowings (Notes 29 and 46)	38,986,768	1	30,107,304	1	22,790,462	1	24,049,725	1
Provisions (Note 4)	896,431	-	983,186	-	953,358	-	1,022,447	-
Other financial liabilities (Notes 31 and 45)	221,433,305	5	138,082,032	3	118,363,291	3	118,736,231	3
Insurance liabilities and reinsurance liabilities (Notes 4 and 32)	2,009,312,089	44	2,017,945,065	50	1,934,731,616	51	1,953,335,319	50
Lease liabilities (Note 20)	7,179,274	-	5,285,906	-	4,506,843	-	4,065,014	-
Deferred tax liabilities (Notes 4 and 42)	38,215,315	1	40,835,513	1	37,938,225	1	49,707,241	1
Other liabilities (Notes 33 and 45)	<u>207,556,784</u>	<u>5</u>	<u>164,937,624</u>	<u>4</u>	<u>119,083,902</u>	<u>3</u>	<u>133,018,731</u>	<u>3</u>
Total liabilities	<u>4,121,762,162</u>	<u>90</u>	<u>3,720,450,862</u>	<u>91</u>	<u>3,442,758,542</u>	<u>91</u>	<u>3,497,606,940</u>	<u>90</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 34)								
Capital								
Common stock	169,748,470	4	169,748,470	4	168,079,317	5	168,080,953	4
Preferred stock	15,821,424	-	15,821,424	-	15,821,424	-	15,821,424	1
Share dividends to be distributed	-	-	-	-	1,680,729	-	-	-
Share capital awaiting retirement	(2,336)	-	-	-	(8,331)	-	(1,636)	-
Capital surplus	33,702,594	1	33,758,864	1	33,747,556	1	33,736,912	1
Retained earnings								
Legal reserve	24,111,845	-	21,086,902	1	21,086,902	1	17,591,149	-
Special reserve	42,643,198	1	44,295,851	1	44,295,851	1	39,120,659	1
Unappropriated earnings	189,257,866	4	130,158,428	3	83,338,795	2	138,836,232	4
Other equity	<u>(6,082,532)</u>	<u>-</u>	<u>(52,747,817)</u>	<u>(1)</u>	<u>(27,496,046)</u>	<u>(1)</u>	<u>(11,324,055)</u>	<u>(1)</u>
Total equity attributable to owners of the parent	469,200,529	10	362,122,122	9	340,546,197	9	401,861,638	10
NON-CONTROLLING INTERESTS	<u>141,236</u>	<u>-</u>	<u>130,753</u>	<u>-</u>	<u>124,517</u>	<u>-</u>	<u>136,696</u>	<u>-</u>
Total equity	<u>469,341,765</u>	<u>10</u>	<u>362,252,875</u>	<u>9</u>	<u>340,670,714</u>	<u>9</u>	<u>401,998,334</u>	<u>10</u>
TOTAL	<u>\$ 4,591,103,927</u>	<u>100</u>	<u>\$ 4,082,703,737</u>	<u>100</u>	<u>\$ 3,783,429,256</u>	<u>100</u>	<u>\$ 3,899,605,274</u>	<u>100</u>

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

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

(Formerly China Development Financial Holding Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 35 and 45)	\$ 28,509,203	74	\$ 24,092,513	42	\$ 55,538,659	90	\$ 49,499,309	112
INTEREST EXPENSE (Notes 35 and 45)	<u>(6,758,066)</u>	<u>(17)</u>	<u>(6,087,509)</u>	<u>(11)</u>	<u>(12,687,860)</u>	<u>(21)</u>	<u>(12,812,617)</u>	<u>(29)</u>
INTEREST PROFIT, NET	<u>21,751,137</u>	<u>57</u>	<u>18,005,004</u>	<u>31</u>	<u>42,850,799</u>	<u>69</u>	<u>36,686,692</u>	<u>83</u>
NONINTEREST LOSSES, NET								
Service fee and commission, net (Notes 36 and 45)	10,372,560	27	4,364,547	8	17,486,640	28	8,859,251	20
Insurance service result (Notes 37 and 45)	3,858,707	10	3,861,302	7	8,452,062	14	7,631,950	17
Gain on financial assets and liabilities measured at fair value through profit or loss, net (Note 38)	8,568,320	22	49,609,764	86	4,097,370	7	31,673,735	72
Gain on investment property, net (Note 45)	63,326	-	82,729	-	144,509	-	196,404	1
Realized gain on financial assets measured at fair value through other comprehensive income (Note 39)	865,325	2	322,992	1	1,861,281	3	447,839	1
Gain on disposal of financial assets measured at amortized cost (Note 10)	3,418	-	45,331	-	6,090	-	180,187	1
Foreign exchange gain (loss), net	(2,339,952)	(6)	(117,816,033)	(205)	6,782,984	11	(101,606,593)	(231)
Impairment loss on assets, net	(464,689)	(1)	(340,749)	(1)	(410,888)	(1)	(363,792)	(1)
Share of the profit of associates and joint ventures	308,342	1	684,354	1	294,782	-	938,909	2
Gains (losses) arising from insurance products, separated account (Note 17)	24,774,450	64	(3,797,719)	(7)	24,654,595	40	(5,996,725)	(14)
Insurance finance income or expenses (Note 40)	(30,977,375)	(81)	(12,770,296)	(22)	(45,274,173)	(73)	(23,365,344)	(53)
Finance income or expenses from reinsurance contracts held (Note 40)	(58,743)	-	(51,997)	-	(117,788)	-	(104,337)	-
Other noninterest net income	<u>1,729,163</u>	<u>5</u>	<u>385,648</u>	<u>1</u>	<u>1,191,239</u>	<u>2</u>	<u>848,279</u>	<u>2</u>
Total noninterest gains (losses), net	<u>16,702,852</u>	<u>43</u>	<u>(75,420,127)</u>	<u>(131)</u>	<u>19,168,703</u>	<u>31</u>	<u>(80,660,237)</u>	<u>(183)</u>
TOTAL NET REVENUE	<u>38,453,989</u>	<u>100</u>	<u>(57,415,123)</u>	<u>(100)</u>	<u>62,019,502</u>	<u>100</u>	<u>(43,973,545)</u>	<u>(100)</u>
ALLOWANCE FOR BAD DEBTS AND LOSSES ON COMMITMENTS AND GUARANTEES	<u>(196,319)</u>	<u>(1)</u>	<u>(75,010)</u>	<u>-</u>	<u>(165,013)</u>	<u>-</u>	<u>(369,993)</u>	<u>(1)</u>
OTHER INSURANCE SERVICE COSTS (Note 33)	<u>(5,057,124)</u>	<u>(13)</u>	<u>35,804,108</u>	<u>62</u>	<u>(5,181,957)</u>	<u>(9)</u>	<u>26,814,966</u>	<u>61</u>
OPERATING EXPENSES (Notes 20, 30, 41 and 45)								
Employee benefits	(9,059,905)	(23)	(3,908,310)	(7)	(15,957,327)	(26)	(8,995,832)	(20)
Depreciation and amortization	(755,673)	(2)	(774,298)	(1)	(1,507,496)	(2)	(1,585,801)	(4)
Other general and administrative expenses	<u>(3,417,330)</u>	<u>(9)</u>	<u>(2,324,078)</u>	<u>(4)</u>	<u>(6,140,456)</u>	<u>(10)</u>	<u>(4,474,443)</u>	<u>(10)</u>
Total operating expenses	<u>(13,232,908)</u>	<u>(34)</u>	<u>(7,006,686)</u>	<u>(12)</u>	<u>(23,605,279)</u>	<u>(38)</u>	<u>(15,056,076)</u>	<u>(34)</u>

(Continued)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

(Formerly China Development Financial Holding Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT (LOSS)								
BEFORE INCOME TAX	\$ 19,967,638	52	\$ (28,692,711)	(50)	\$ 33,067,253	53	\$ (32,584,648)	(74)
INCOME TAX (EXPENSE)								
BENEFIT (Note 42)	<u>(3,211,643)</u>	<u>(8)</u>	<u>4,572,872</u>	<u>8</u>	<u>(4,619,235)</u>	<u>(7)</u>	<u>2,228,853</u>	<u>5</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>16,755,995</u>	<u>44</u>	<u>(24,119,839)</u>	<u>(42)</u>	<u>28,448,018</u>	<u>46</u>	<u>(30,355,795)</u>	<u>(69)</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss, net of income tax								
Gain on equity instruments measured at fair value through other comprehensive income	92,712,740	241	951,179	2	104,146,642	168	1,273,810	3
Share of the other comprehensive income of associates and joint ventures	183,400	-	432,883	1	(278,598)	(1)	460,601	1
Income tax relating to the items that will not be reclassified subsequently to profit or loss (Note 42)	(4,655,826)	(12)	(215,825)	(1)	(5,596,294)	(9)	(212,817)	(1)
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of financial statements of foreign operations	(119,937)	-	(4,886,151)	(9)	768,964	1	(4,152,421)	(9)
Gain (loss) on debt instruments measured at fair value through other comprehensive income	4,581,318	12	1,123,726	2	(8,089,272)	(13)	2,749,966	6
Share of the other comprehensive income (loss) of associates and joint ventures	(37,893)	-	(860,149)	(1)	113,542	-	(763,477)	(1)
Insurance finance income and expenses that will be reclassified to profit or loss (Note 40)	8,943,132	23	(21,868,869)	(38)	42,682,329	69	(18,832,617)	(43)
Finance income or expenses of reinsurance contracts held (Note 40)	199,316	1	(450,551)	(1)	594,882	1	(353,035)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 42)	<u>(2,535,861)</u>	<u>(7)</u>	<u>4,420,975</u>	<u>8</u>	<u>(7,479,504)</u>	<u>(12)</u>	<u>3,623,348</u>	<u>8</u>
Other comprehensive income (loss) for the period, net of income tax	<u>99,270,389</u>	<u>258</u>	<u>(21,352,782)</u>	<u>(37)</u>	<u>126,862,691</u>	<u>204</u>	<u>(16,206,642)</u>	<u>(37)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 116,026,384</u>	<u>302</u>	<u>\$ (45,472,621)</u>	<u>(79)</u>	<u>\$ 155,310,709</u>	<u>250</u>	<u>\$ (46,562,437)</u>	<u>(106)</u>

(Continued)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

(Formerly China Development Financial Holding Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025 (Restated)		2026		2025 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Owners of parent	\$ 16,750,427	44	\$ (24,118,710)	(42)	\$ 28,440,126	46	\$ (30,355,037)	(69)
Non-controlling interests	<u>5,568</u>	<u>-</u>	<u>(1,129)</u>	<u>-</u>	<u>7,892</u>	<u>-</u>	<u>(758)</u>	<u>-</u>
	<u>\$ 16,755,995</u>	<u>44</u>	<u>\$ (24,119,839)</u>	<u>(42)</u>	<u>\$ 28,448,018</u>	<u>46</u>	<u>\$ (30,355,795)</u>	<u>(69)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of parent	\$ 116,019,939	302	\$ (45,462,102)	(79)	\$ 155,299,347	250	\$ (46,554,283)	(106)
Non-controlling interests	<u>6,445</u>	<u>-</u>	<u>(10,519)</u>	<u>-</u>	<u>11,362</u>	<u>-</u>	<u>(8,154)</u>	<u>-</u>
	<u>\$ 116,026,384</u>	<u>302</u>	<u>\$ (45,472,621)</u>	<u>(79)</u>	<u>\$ 155,310,709</u>	<u>250</u>	<u>\$ (46,562,437)</u>	<u>(106)</u>
EARNINGS (LOSS) PER SHARE (Note 43)								
Basic	<u>\$ 0.95</u>		<u>\$ (1.46)</u>		<u>\$ 1.64</u>		<u>\$ (1.83)</u>	
Diluted	<u>\$ 0.95</u>		<u>\$ (1.46)</u>		<u>\$ 1.64</u>		<u>\$ (1.83)</u>	

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

(Concluded)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
(Formerly China Development Financial Holding Corporation)

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

	Equity Attributable to Owners of the Parent																	
	Capital								Other Equity									
	Common Stock	Preferred Stock	Share Dividends to Be Distributed	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Insurance Finance Income or Expenses Recognized Other Comprehensive Income (Loss)	Finance Income or Expenses from Reinsurance Contracts Held Recognized Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss) on Reclassified Using the Overlay Approach	Gains (Losses) on Hedging Instruments	Others	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE ON JANUARY 1, 2025	\$ 168,080,953	\$ 15,821,424	\$ -	\$ (1,636)	\$ 33,736,912	\$ 17,591,149	\$ 39,120,659	\$ 53,634,530	\$ 1,717,580	\$ (13,425,355)	\$ -	\$ -	\$ (8,967,738)	\$ 1,722	\$ (153,734)	\$ 307,156,466	\$ 136,696	\$ 307,293,162
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	85,201,702	-	(17,107)	569,480	(16,641)	8,967,738	-	-	94,705,172	-	94,705,172
BALANCE ON JANUARY 1, 2025 AS RESTATED	168,080,953	15,821,424	-	(1,636)	33,736,912	17,591,149	39,120,659	138,836,232	1,717,580	(13,442,462)	569,480	(16,641)	-	1,722	(153,734)	401,861,638	136,696	401,998,334
Appropriation of the 2024 earnings																		
Legal reserve	-	-	-	-	-	3,495,753	-	(3,495,753)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	5,175,192	(5,175,192)	-	-	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(14,286,193)	-	-	-	-	-	-	-	(14,286,193)	-	(14,286,193)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(561,661)	-	-	-	-	-	-	-	(561,661)	-	(561,661)
Share dividends - common shares	-	-	1,680,729	-	-	-	-	(1,680,729)	-	-	-	-	-	-	-	-	-	-
	-	-	1,680,729	-	-	3,495,753	5,175,192	(25,199,528)	-	-	-	-	-	-	-	(14,847,854)	-	(14,847,854)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	7	-	7
Net profit for the six months ended June 30, 2025	-	-	-	-	-	-	-	(30,355,037)	-	-	-	-	-	-	-	(30,355,037)	(758)	(30,355,795)
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	-	1	(4,907,192)	4,057,777	(15,066,094)	(282,428)	-	(1,310)	-	(16,199,246)	(7,396)	(16,206,642)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	-	(30,355,036)	(4,907,192)	4,057,777	(15,066,094)	(282,428)	-	(1,310)	-	(46,554,283)	(8,154)	(46,562,437)
Share-based payments	(1,636)	-	-	(6,695)	10,637	-	-	968	-	-	-	-	-	-	83,415	86,689	-	86,689
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,025)	(4,025)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	56,159	-	(56,159)	-	-	-	-	-	-	-	-
BALANCE ON JUNE 30, 2025	\$ 168,079,317	\$ 15,821,424	\$ 1,680,729	\$ (8,331)	\$ 33,747,556	\$ 21,086,902	\$ 44,295,851	\$ 83,338,795	\$ (3,189,612)	\$ (9,440,844)	\$ (14,496,614)	\$ (299,069)	\$ -	\$ 412	\$ (70,319)	\$ 340,546,197	\$ 124,517	\$ 340,670,714
BALANCE ON DECEMBER 31, 2025	\$ 169,748,470	\$ 15,821,424	\$ -	\$ -	\$ 33,758,864	\$ 21,086,902	\$ 44,295,851	\$ 130,158,428	\$ 319,912	\$ (5,514,039)	\$ (46,883,118)	\$ (636,421)	\$ -	\$ 417	\$ (34,568)	\$ 362,122,122	\$ 130,753	\$ 362,252,875
Effect of redesignation of financial assets	-	-	-	-	-	-	-	10,342,485	-	(40,893,564)	-	-	-	-	-	(30,551,079)	-	(30,551,079)
BALANCE ON JANUARY 1, 2026 AS REDESIGNATED OF FINANCIAL ASSETS	169,748,470	15,821,424	-	-	33,758,864	21,086,902	44,295,851	140,500,913	319,912	(46,407,603)	(46,883,118)	(636,421)	-	417	(34,568)	331,571,043	130,753	331,701,796
Appropriation of the 2025 earnings																		
Legal reserve	-	-	-	-	-	3,024,943	-	(3,024,943)	-	-	-	-	-	-	-	-	-	-
Special reserve reversal	-	-	-	-	-	-	(1,652,653)	1,652,653	-	-	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(16,974,707)	-	-	-	-	-	-	-	(16,974,707)	-	(16,974,707)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(561,661)	-	-	-	-	-	-	-	(561,661)	-	(561,661)
	-	-	-	-	-	3,024,943	(1,652,653)	(18,908,658)	-	-	-	-	-	-	-	(17,536,368)	-	(17,536,368)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	(70,983)	-	-	(109,794)	-	-	-	-	-	-	-	(180,777)	-	(180,777)
Net profit for the six months ended June 30, 2026	-	-	-	-	-	-	-	28,440,126	-	-	-	-	-	-	-	28,440,126	7,892	28,448,018
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	-	-	879,455	91,358,417	34,145,863	475,906	-	(420)	-	126,859,221	3,470	126,862,691
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	-	-	28,440,126	879,455	91,358,417	34,145,863	475,906	-	(420)	-	155,299,347	11,362	155,310,709
Share-based payments	-	-	-	(2,336)	14,713	-	-	339	-	-	-	-	-	-	34,568	47,284	-	47,284
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(879)	(879)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	39,334,940	-	(39,334,940)	-	-	-	-	-	-	-	-
BALANCE ON JUNE 30, 2026	\$ 169,748,470	\$ 15,821,424	\$ -	\$ (2,336)	\$ 33,702,594	\$ 24,111,845	\$ 42,643,198	\$ 189,257,866	\$ 1,199,367	\$ 5,615,874	\$ (12,737,255)	\$ (160,515)	\$ -	\$ (3)	\$ -	\$ 469,200,529	\$ 141,236	\$ 469,341,765

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

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
(Formerly China Development Financial Holding Corporation)

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

	For the Six Months Ended	
	June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) before income tax	\$ 33,067,253	\$ (32,584,648)
Adjustments for reconciliation with net profit		
Depreciation expenses	1,590,962	1,497,797
Amortization expenses	563,305	577,000
Allowance for bad debts and losses on commitments and guarantees, net	165,013	369,993
(Gain) loss on financial assets and liabilities measured at fair value through profit or loss, net	(2,575,773)	(24,374,250)
Interest expense	12,687,860	12,812,617
Interest revenue	(55,538,659)	(49,499,309)
Dividend income	(2,833,243)	(7,537,330)
Net changes in reserve for changes in foreign exchange valuation	5,621,520	(28,263,955)
Net change in special provisions and other provisions	1,305,057	1,266,096
Net changes in other provisions	572	(4,926)
Share-based payments	46,959	85,722
Share of profit of associates and joint ventures	(294,314)	(938,441)
Gain on disposal of property and equipment	(5,746)	(17,628)
Gain on disposal of investments	(547,473)	(385,501)
Impairment loss on financial assets	410,875	364,386
(Profit) losses arising from insurance products, separated account	(24,654,595)	5,996,725
Others	(36,661)	(46,808)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to financial institutions	(2,215,561)	(2,663,574)
Financial assets at fair value through profit or loss	(64,611,488)	23,783,988
Financial assets at fair value through other comprehensive income	(10,697,132)	19,467,541
Debt investments measured at amortized cost	(11,622,203)	139,331,996
Securities purchased under resell agreements	(2,285,658)	(7,910,427)
Receivables	(143,519,880)	(5,695,611)
Discounts and loans	(13,787,363)	(30,059,000)
Increase in insurance contract assets and reinsurance contract assets	126,687	189,580
Other financial assets	(79,399,428)	(226,540)
Other assets	(19,291,941)	330,365
Deposits from the Central Bank and financial institutions	(905,686)	3,502,457
Financial liabilities at fair value through profit or loss	15,122,504	9,328,010
Notes and bonds issued under repurchase agreements	44,274,582	(23,097,487)
Payables	97,843,724	44,057,358
Deposits and remittances	9,924,697	17,111,164
Other financial liabilities	83,359,643	(372,940)
Insurance contract liabilities and reinsurance contract liabilities	34,177,026	(38,078,710)
Other liabilities	42,534,828	(13,946,011)
Cash (used in) generated from operations	(51,999,737)	14,369,699
Interest received	44,838,993	54,135,969

(Continued)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
(Formerly China Development Financial Holding Corporation)

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

	For the Six Months Ended	
	June 30	
	2026	2025 (Restated)
Dividends received	\$ 2,304,285	\$ 6,348,130
Interest paid	(11,237,566)	(12,107,115)
Income tax paid	(5,624,054)	(1,904,880)
Net cash (used in) generated from operating activities	(21,718,079)	60,841,803
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(240,000)
Acquisition of financial assets measured at amortized cost	(13,238)	(736,827)
Proceeds from disposal of financial assets measured at amortized cost	276,632	230,485
Proceeds from repayments of financial assets at amortised cost	101,035	302,386
Acquisition of financial assets at fair value through profit or loss	(378,220)	(116,888)
Proceeds from disposal of financial assets at fair value through profit or loss	559,593	247,147
Acquisition of investments accounted for using equity method	(502,224)	(18,148)
Proceeds from capital reduction of investments accounted for using the equity method	358,483	143,589
Acquisition of property and equipment	(587,988)	(469,262)
Proceeds from disposal of property and equipment	9,167	78,054
Acquisition of investment properties	(16,469,216)	(456,751)
Proceeds from disposal of investment properties	34,788	239,615
Others	(84,696)	34,475
Net cash used in investing activities	(16,695,884)	(762,125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	8,879,464	(1,259,262)
Increase (decrease) in commercial paper payable	48,333,852	(34,383,367)
Proceeds from issuing corporate bonds	32,800,000	-
Repayments of corporate bonds	(29,524)	(5,531,844)
Repayments of the principal portion of lease liabilities	(386,296)	(388,009)
Others	207	(2,715)
Net cash generated from (used in) financing activities	89,597,703	(41,565,197)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	564	(69,969)
		(Continued)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
(Formerly China Development Financial Holding Corporation)

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

	For the Six Months Ended June 30	
	2026	2025 (Restated)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 51,184,304	\$ 18,444,512
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>161,815,117</u>	<u>174,177,224</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 212,999,421</u>	<u>\$ 192,621,736</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2026 and 2025:

	June 30	
	2026	2025 (Restated)
Cash and cash equivalents in consolidated balance sheets	\$ 78,232,673	\$ 85,135,537
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined in IAS 7	72,374,049	34,875,250
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined in IAS 7	<u>62,392,699</u>	<u>72,610,949</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 212,999,421</u>	<u>\$ 192,621,736</u>

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

(Concluded)

KGI FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

(Formerly China Development Financial Holding Corporation)

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

1. GENERAL INFORMATION

KGI Financial Holding Co., Ltd. (formerly China Development Financial Holding Corporation (the “Company”)) was established by CDIB Capital Group (formerly China Development Industrial Bank) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. The Company was approved by the Financial Supervisory Commission (FSC) and the Ministry of Economic Affairs to change its name to KGI Financial Holding Co., Ltd. on July 10, 2024 and August 8, 2024, respectively.

The Company acquired First Taiwan Securities Corporation (“First Taiwan”) and Grand Cathay Securities Corporation (“Grand Cathay”) through a share swap between the latter two companies on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

In 2012, the Company acquired 81.73% of KGI Securities’ shares through a public tender offer. Afterwards, the Company acquired KGI Securities’ remaining shares through a share swap and completed this acquisition on January 18, 2013. Thus, KGI Securities became a 100% subsidiary of the Company. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On September 15, 2014, the Company acquired KGI Bank Co., Ltd. (KGI Bank) through a share swap. Thus, KGI Bank became the Company’s wholly owned subsidiary.

In 2017, the Company acquired 25.33% of the ordinary shares of KGI Life Insurance through a public tender offer. After the acquisition, KGI Life Insurance became a subsidiary of the Company as defined by the Financial Holding Company Act. After the participation of capital increase by cash of KGI Life Insurance and acquisition of ordinary shares through public tender offer, on December 30, 2021, the Company acquired KGI Life Insurance through a share swap. Thus, KGI Life Insurance became the Company’s wholly owned subsidiary.

On July 1, 2023, the Company acquired 100% equity interests in KGI Securities Investment Trust Co., Ltd., which were previously held by KGI Securities.

The Company engages in financial holding, invests in and manages the businesses of finance-related institutions domestic and foreign approved by authorities and investees.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval. On May 1, 2015, CDIB Capital Group transferred its banking business to KGI Bank. On March 15, 2017, China Development Industrial Bank was converted into an investment company, and its name became CDIB Capital Group, and its main operations include securities investment, investment financial related business and venture capital, etc.

KGI Securities was established on September 14, 1988, and operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992, and mainly engages in banking operations are regulated under the banking Act.

KGI Life Insurance was incorporated in Taiwan on April 25, 1963, and is mainly engaged in the business of life insurance, offshore life insurance paid and received for foreign currency and other insurance-related businesses approved by competent authorities.

KGI Securities Investment Trust Co., Ltd. was established on April 19, 2001, and is mainly engaged in nominee services, discretionary investment services, and other related business approved by authorities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 24, 2026.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed by the FSC

Unless stated below, the applicable to the International Financial Reporting Standards (IFRSs) did not have any material impact on the Group’s accounting policies.

1) IFRS 17 “Insurance Contract” (with 2020 and 2021 amendments)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 “Insurance Contracts”. The relevant accounting policies are set out in Note 4 e, Insurance Contracts.

Under IFRS 4, for insurance contracts and financial instruments with discretionary participation features, initial and renewal premiums were recognised as revenue upon receipt and completion of underwriting procedures, and upon the due date for subsequent premiums, respectively. The related policy acquisition costs, such as commission expenses and underwriting costs, were recognised as expenses when the insurance contracts became effective. For insurance products that are not separate account products and are classified as financial instruments without discretionary participation features, the premiums received are recognized as insurance contract liabilities with financial instrument characteristics in the balance sheet. For separate account insurance products that are classified as financial instruments without discretionary participation features, the premiums received, net of front-end fees, investment management service fees, and other related charges, are recognized in full as liabilities for separate account insurance products in the balance sheet.

The Company has applied the transition provisions of IFRS 17 in its accounting. In principle, the Company applies IFRS 17 retrospectively using the full retrospective approach. However, where such application is impracticable, the Company elects to apply the fair value approach.

Under the full retrospective approach, the Company identifies, recognizes and measures each group of insurance contracts and all insurance acquisition cash flow assets as if IFRS 17 had always been applied since inception at January 1, 2024. However, no recoverability assessment was performed for insurance acquisition cash flow assets before January 1, 2024. Under the fair value approach, the Company uses reasonable and supportable information and determines the contractual service margin or loss component of the liability for remaining coverage as of January 1, 2025 as the difference between the fair value of a group of insurance contracts on that date and the fulfillment cash flows measured on that date. Please refer to Note 4 e, Insurance Contracts.

In addition, prior to the adoption of IFRS 17, the Company applied the overlay approach to designated financial assets to mitigate accounting mismatches arising from the earlier application of IFRS 9. The Company ceased applying the overlay approach upon the adoption of IFRS 17.

The Company has applied IFRS 17 retrospectively, discontinued the application of the overlay approach and restated the comparative information. The resulting adjustments to assets, liabilities and equity as of December 31, 2025, June 30, 2025 and January 1, 2025 are set out below:

	Amounts Before Restatement	Adjustments on Initial Application	Amounts After Restatement
<u>December 31, 2025</u>			
Receivables, net	\$ 207,156,715	\$ (1,663,236)	\$ 205,493,479
Discount and loans, net	562,242,022	(36,253,555)	525,988,467
Insurance assets and reinsurance assets, net	1,208,702	(897,094)	311,608
Other financial assets	229,484,981	(41,788)	229,443,193
Intangible assets, net	16,597,957	(10,455,304)	6,142,653
Deferred tax assets	20,773,973	11,879,885	32,653,858
Other assets, net	134,646,566	<u>33</u>	134,646,599
Total impact on assets		<u>\$ (37,431,059)</u>	
Financial liabilities at fair value through profit or loss	\$ 89,112,122	\$ 60,918,919	\$ 150,031,041
Payables	138,103,071	(9,084,441)	129,018,630
Provisions	2,100,298,607	(2,099,315,421)	983,186
Other financial liabilities	277,288,840	(139,206,808)	138,082,032
Insurance liabilities and reinsurance liabilities	-	2,017,945,065	2,017,945,065
Deferred tax liabilities	20,027,529	20,807,984	40,835,513
Other liabilities	89,164,358	<u>75,773,266</u>	164,937,624
Total impact on liabilities		<u>\$ (72,161,436)</u>	
Unappropriated earnings	\$ 58,684,436	\$ 71,473,992	\$ 130,158,428
Other equity	(16,004,202)	<u>(36,743,615)</u>	(52,747,817)
Total impact on equity		<u>\$ 34,730,377</u>	

(Continued)

	Amounts Before Restatement	Adjustments on Initial Application	Amounts After Restatement
<u>June 30, 2025</u>			
Receivables, net	\$ 178,793,566	\$ (1,658,707)	\$ 177,134,859
Discount and loans, net	538,272,213	(35,352,911)	502,919,302
Insurance assets and reinsurance assets, net	897,571	(702,301)	195,270
Other financial assets	182,934,802	(7,574)	182,927,228
Intangible assets, net	16,669,708	(10,611,280)	6,058,428
Deferred tax assets	12,403,967	6,244,565	18,648,532
Other assets, net	92,452,899	<u>1,060</u>	92,453,959
Total impact on assets		<u>\$ (42,087,148)</u>	
Financial liabilities at fair value through profit or loss	\$ 84,058,990	\$ 54,803,182	\$ 138,862,172
Payables	139,986,064	(9,063,191)	130,922,873
Provisions	2,040,101,079	(2,039,147,722)	953,357
Other financial liabilities	234,364,807	(116,001,516)	118,363,291
Insurance liabilities and reinsurance liabilities	-	1,934,731,616	1,934,731,616
Deferred tax liabilities	12,983,642	24,954,583	37,938,225
Other liabilities	85,585,241	<u>33,498,661</u>	119,083,902
Total impact on liabilities		<u>\$ (116,224,387)</u>	
Unappropriated earnings	\$ 33,966,269	\$ 49,372,526	\$ 83,338,795
Other equity	(52,260,759)	<u>24,764,713</u>	(27,496,046)
Total impact on equity		<u>\$ 74,137,239</u>	
<u>January 1, 2025</u>			
Receivables, net	\$ 172,152,213	\$ (1,638,237)	\$ 170,513,976
Discount and loans, net	509,030,873	(35,765,652)	473,265,221
Insurance assets and reinsurance assets, net	844,147	(463,268)	380,879
Other financial assets	188,562,747	(7,348)	188,555,399
Intangible assets, net	17,274,521	(10,767,257)	6,507,264
Other assets, net	106,877,660	<u>2,532</u>	106,880,192
Total impact on assets		<u>\$ (48,639,230)</u>	

(Continued)

	Amounts Before Restatement	Adjustments on Initial Application	Amounts After Restatement
Financial liabilities at fair value through profit or loss	\$ 81,307,658	\$ 60,322,587	\$ 141,630,245
Payables	105,110,572	(8,132,618)	96,977,954
Provisions	2,112,697,504	(2,111,675,057)	1,022,447
Other financial liabilities	240,168,957	(121,432,726)	118,736,231
Insurance liabilities and reinsurance liabilities	-	1,953,335,319	1,953,335,319
Deferred tax liabilities	25,926,587	23,780,654	49,707,241
Other liabilities	72,561,292	<u>60,457,439</u>	133,018,731
Total impact on liabilities		<u>\$ (143,344,402)</u>	
Unappropriated earnings	\$ 53,634,530	\$ 85,201,702	\$ 138,836,232
Other equity	(20,827,525)	<u>9,503,470</u>	(11,324,055)
Total impact on equity		<u>\$ 94,705,172</u>	
			(Concluded)

Redesignation of financial assets

In accordance with the transition provisions of IFRS 17, the Company reassessed the classification of financial assets held as at January 1, 2026 based on the facts and circumstances existing at that date, and reclassified certain financial assets to mitigate or eliminate inappropriate mismatches in profit or loss or other comprehensive income arising from inconsistencies in the accounting treatment of financial assets and insurance liabilities, as follows:

- The Company reassessed its business model for managing financial assets and reclassified certain financial assets previously measured at amortized cost to financial assets at fair value through other comprehensive income (FVOCI).
- The Company reassessed its business model for managing financial assets and reclassified certain financial assets from fair value through other comprehensive income (FVOCI) to amortized cost.
- The Company reclassified certain financial assets from fair value through profit or loss (FVTPL) to fair value through other comprehensive income (FVOCI).

The Company has elected not to restate comparative information for the redesignation and reclassification of financial assets, and has not applied the classification overlay approach to adjust financial assets for comparative periods. The redesignation and reclassification of financial assets resulted in an increase of \$10,342,485 thousand in retained earnings and a decrease of \$40,893,564 thousand in other equity - unrealized gains or losses on financial assets at fair value through other comprehensive income (FVOCI), respectively, as at January 1, 2026. A summary of the measurement categories, carrying amounts and movements of financial assets subject to redesignation and reclassification is presented below:

Financial assets at fair value through profit or loss

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings	Impact on Other Components of Equity
Financial assets at FVTPL	\$ 694,081,941	\$ -	\$ -	\$ 694,081,941	\$ -	\$ -
Additions						
Reclassification from FVOCI financial assets	-	-	-	-	-	-
Reclassification from financial assets measured at amortized cost	-	-	-	-	-	-
Deductions						
To financial assets at fair value through other comprehensive income	-	(336,262,205)	-	(336,262,205)	10,369,939	-
To financial assets measured at amortized cost	-	-	-	-	-	-
Financial assets at fair value through profit or loss	<u>\$ 694,081,941</u>	<u>\$ (336,262,205)</u>	<u>\$ -</u>	<u>\$ 357,819,736</u>	<u>\$ 10,369,939</u>	<u>\$ -</u>

Financial assets at fair value through other comprehensive income

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings	Impact on Other Components of Equity
Financial assets at FVOCI	\$ 262,614,523	\$ -	\$ -	\$ 262,614,523	\$ -	\$ -
Additions						
Reclassification from FVTPL financial assets	-	336,262,205	-	336,262,205	(27,454)	(10,342,485)
Reclassification from financial assets measured at amortized cost	-	405,512,310	(37,077,848)	368,434,462	-	(30,598,823)
Deductions						
To financial assets at fair value through profit or loss	-	-	-	-	-	-
To financial assets measured at amortized cost	-	(3,740,703)	-	(3,740,703)	-	-
Financial assets at fair value through other comprehensive income	<u>\$ 262,614,523</u>	<u>\$ 738,033,812</u>	<u>\$ (37,077,848)</u>	<u>\$ 963,570,487</u>	<u>\$ (27,454)</u>	<u>\$ (40,941,308)</u>

Financial assets at amortized cost

	Carrying Amount as of December 31, 2025	Reclassification	Remeasurement	Carrying Amount as of January 1, 2026	Impact on Retained Earnings	Impact on Other Components of Equity
Financial assets at amortized cost	\$ 1,704,469,373	\$ -	\$ -	\$ 1,704,469,373	\$ -	\$ -
Additions						
Reclassification from FVTPL financial assets	-	-	-	-	-	-
Reclassification from FVOCI financial assets	-	3,740,703	8,113	3,748,816	-	6,490
Deductions						
To financial assets at fair value through profit or loss	-	-	-	-	-	-
To financial assets at fair value through other comprehensive income	-	(405,512,310)	47,271	(405,465,039)	-	41,254
Financial assets at amortized cost	<u>\$ 1,704,469,373</u>	<u>\$ (401,771,607)</u>	<u>\$ 55,384</u>	<u>\$ 1,302,753,150</u>	<u>\$ -</u>	<u>\$ 47,744</u>

2) Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies

Pursuant to paragraph 6E of IAS 8, the life insurance subsidiaries of financial holding companies that determine their directly held financial assets to be classified as debt instruments measured at amortized cost, and that have not designated the foreign currency risk component as a hedged item, shall, effective January 1, 2026, recognize the unrealized foreign exchange differences arising in each period from the foreign-currency amortized cost, calculated based on either the carrying amount after prior-period currency translation or the cost of newly acquired assets, in exchange gains or losses through straight-line amortization on an individual security and transaction basis over the expected remaining term of the debt instrument investment. Any unamortized cumulative net unrealized foreign exchange differences shall be presented as other assets or other liabilities. Upon derecognition of the debt instrument, any remaining unamortized amount shall be recognized in full in exchange gains or losses for the current period. For further information, please refer to Note 10.

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

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

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

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

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

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

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

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

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

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

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

The Group has decided not to adopt IFRS 18 and consequential amendments early.

Except for the impact described above, as of the date the consolidated financial statements were authorized for issue, the amendments to other standards are not expected to have a material impact on the Group's financial position and financial performance.

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

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

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

- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

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

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business (as defined in IFRS 3) but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

Except for the impact described above, as of the date the consolidated financial statements were authorized for issue, the Group is continuing to assess the impact of the above amendments and interpretations on its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Insurance Bureau (Financial) Ref. No. 1140495239 and IAS 34 "Interim Financial Reporting" endorsed by the FSC. Disclosure information included in the interim financial report is less than disclosures required in a full set of annual financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, insurance contract assets/liabilities and reinsurance contract assets/liabilities measured based on fulfilment cash flows and contract service margins and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All the consolidated accounts in the financial statements were categorized according to the nature of each account and sequenced by their liquidity rather than classified as current or noncurrent assets/liabilities.

Principles for Preparing Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation.

The functional currency of the Company is the New Taiwan dollar, and the consolidated financial statements are presented in New Taiwan dollars.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the consolidated entities included in the consolidated financial statements included 62, 62 and 63 companies for each period, (please refer to the attached Table 6).

Other Significant Accounting Policy

Except for the following description, the accounting policies of the consolidated financial statements are applied consistently with the consolidated financial statements for the year ended December 31, 2025.

a. Foreign currencies

The Group recognizes at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period occurred.

For directly held financial assets classified as debt instruments measured at amortized cost for which no hedge relationship has been designated for the foreign currency risk component, effective January 1, 2026, the unrealized exchange gains or losses arising in each period from the foreign currency amortized cost calculated based on the carrying amount translated in the previous period or the acquisition cost of newly purchased debt instruments are amortized and recognized in profit or loss as foreign exchange gains or losses on a straight-line basis over the expected remaining life of each individual debt instrument. The cumulative unamortized net unrealized exchange differences are presented within other assets or other liabilities. Upon derecognition of the debt instruments, any remaining unamortized amount is fully recognized in current-period's foreign exchange gains or losses.

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are recognized in other comprehensive income (attributed to the shareholders of the parent company and non-controlling interests as appropriate).

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

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

b. Financial instruments

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

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

Financial assets and liabilities

All regular way purchases or sales of financial assets and liabilities are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

a) Financial assets or liabilities at FVTPL

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

A financial asset or liability may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial liabilities at fair value through profit or loss relating to investment contracts refer to insurance contracts issued by insurance enterprises that are determined to be investment contracts without discretionary participation features and, in accordance with the Regulations Governing Various Reserves for Insurance Enterprises and IFRS 9, are required to be recognized as financial liabilities at fair value through profit or loss.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 49.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss, except as otherwise provided in the proviso to Article 12 of the Regulations Governing the Preparation of Financial Reports, exchange differences are recognized in profit or loss.

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

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

c) Investments in debt instruments at FVTOCI

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

- i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. New Taiwan dollar-denominated overseas bond ETFs are accounted for in accordance with Insurance Bureau (Financial) Ref. No. 1140131712 and the “Illustrative Guidance on the Classification of New Taiwan dollar-denominated Overseas Bond ETFs as Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)” issued by the Life Insurance Association of the Republic of China.

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Margin loans, short sales, refinancing and relending

When providing margin financing services for the purchase of securities, the funds advanced to investors for the purchase of shares are recorded as “receivable amount for margin loans.” The shares purchased with such financing are pledged as collateral, and the collateral securities are recorded using memo entries and returned upon settlement of the margin loans.

When providing short sale services for securities transactions, the margin deposits received from customers are recorded as “short sale margin deposits.” The proceeds from the short sale of securities, net of securities transaction tax, brokerage commissions and short sale handling fees, are retained as collateral and recorded as “deposit payable for short sale collateral.” The securities lent to customers for short sales are recorded using memo entries. The margin deposits and short sale proceeds are returned upon settlement by the customers.

When providing margin financing services for securities transactions, if funding is insufficient, the Company may obtain refinancing borrowings from securities finance companies, which are recorded as “refinancing borrowings” and secured by all shares purchased through margin financing.

When providing short sale services for securities transactions, if securities are insufficient for lending, the Company may borrow securities through relending arrangements with securities finance companies. Margin deposits or collateral provided for such relending transactions are recorded as “refinancing margin deposits.” The proceeds from customers’ short sales are used as collateral for securities borrowed through relending arrangements and are recorded as “deposit payable for short sale collateral” and “receivable amount for refinancing collateral,” respectively.

3) Guarantee deposits received on futures contracts and customers’ equity accounts - futures

Margin deposits received from clients are debited to “guarantee deposits received on futures contracts” and credited to “customers’ equity accounts - futures” for futures transactions as required by the regulations. Margin deposit balances are calculated daily by marking to market the open positions of each customer and determining the required margin levels. The debit balance of “customers’ equity accounts - futures” which results from losses on futures transactions in excess of the margin deposit, is recorded as “accounts receivable - futures guarantee deposits.” Customer’s equity accounts - futures cannot be offset unless these accounts pertain to the same customers.

4) Impairment of financial assets

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

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

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

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

Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual loans, credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Bank), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers'/clients' financial condition and delinquency record on interest payments.

These assets have allowances at 1%, 2%, 10%, 50% and 100%, respectively, of outstanding credit. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging in Credit Card Business. The minimum allowance for credit assets on or off balance sheet is equal to the book value of the above listed.

Based on FSC Letter No. 10300329440 dated December 4, 2014, for the Bank to have an enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets, excluding policy-based loan, effective from January 1, 2011. Based on FSC Letter No. 10410001840 dated April 23, 2015, for the Bank to have an enhanced control on the exposure to the risk in mainland China, the minimum provision for credit loss reserve is 1.5% of the credit, which includes short-term trade financing that were granted to companies based in mainland China and classified as normal assets.

Credit deemed uncollectable of KGI Bank may be written off under the approval of the board of directors.

In addition to the aforementioned assessment, KGI Life Insurance appropriates an allowance for doubtful accounts in accordance with the "Regulations Governing the Procedures for Insurance Enterprises Evaluating Assets and Dealing with Non-performing/Non-accrual Loans and Bad Debts." The amount of such allowance shall not be less than the minimum requirements prescribed under the respective provisions of the Regulations. Where the aggregate minimum allowance for doubtful accounts determined under the aforementioned provisions is lower than the amount assessed in accordance with generally accepted accounting principles, the amount determined under generally accepted accounting principles shall prevail as the minimum required allowance for doubtful accounts. In addition, where the competent authority requires insurance enterprises to enhance their loss-bearing capacity for specific loan assets by increasing the allowance for doubtful accounts in accordance with prescribed standards and timelines, KGI Life Insurance shall comply accordingly.

5) Derecognition of financial assets

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

6) Equity instruments

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

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

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

7) Derivative financial instruments

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

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

8) Modification of financial instruments

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

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

9) Reclassification of financial assets

The Group reclassifies all affected financial assets only when it changes the business model for managing financial assets. Such changes are determined by the Group's senior management based on the results of external or internal changes and must be material to the operations of the Group and demonstrable to external parties. The reclassification of financial assets is applied prospectively from the reclassification date.

c. Separate account product assets

The Company distributes separate account insurance products, under which premiums paid by policyholders are allocated, in accordance with the terms of the contract, after deducting various charges imposed by the insurer, and are placed in segregated accounts based on the investment allocation method agreed with or designated by the policyholders. The assets in the segregated accounts are measured at fair value as of the valuation date, and the net asset value is determined in accordance with applicable regulations and generally accepted accounting principles.

In accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets attributable to segregated accounts are presented under "Separate Account Product Assets."

d. Contracts with customers

Revenue from contracts with customers primarily arises from premium charges, account administration fees, investment management fees and surrender charges collected from policyholders for the provision of asset management services. Such fees may be fixed amounts or variable amounts based on changes in policy account values and are recognised as revenue at a point in time or over time as the related asset management services are provided. Where fees collected relate to services to be provided in future periods, such amounts are recognised as service contract liabilities. In addition, where a portion of the fees collected from policyholders is expected to be refunded in the future, such portion is not recognised as revenue but is instead recognised as a refund liability.

Commissions and certain sales-related costs in selling investment contracts are incurred only upon obtaining customer contracts and are recognised as incremental costs of obtaining contracts to the extent that such costs are recoverable. These costs are amortised on a straight-line basis over the contract period.

e. Insurance contracts

Definitions and ranges

1) Insurance contracts issued (including reinsurance contracts):

An insurance contract is a contract under which the issuer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company considers insurance risk to be significant only if an insured event could cause the issuer to pay significant additional amounts in any single scenario, excluding scenarios that lack commercial substance (i.e. those that have no discernible effect on the economics of the transaction).

Certain insurance contracts issued by the Company contain direct participation features. These contracts primarily provide investment-related services, under which policyholders share in the returns on underlying items. Such contracts are measured under the variable fee approach. At initial recognition, these insurance contracts have the following characteristics:

- a) The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- b) The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and;
- c) The Company expects that a substantial proportion of any changes in the amounts to be paid to the policyholder will vary with changes in the fair value of the underlying items.

2) Investment contracts with discretionary participation features:

Certain investment contracts issued by the Company contain discretionary participation features. These contracts provide policyholders with the contractual right to receive additional amounts as a supplement to amounts that are not subject to the issuer's discretion. Such additional benefits are based on the returns on a specified pool of assets and are expected to represent a substantial portion of the total contractual benefits. The Company accounts for these contracts in accordance with IFRS 17.

3) Reinsurance contracts held:

The Company uses reinsurance to mitigate its exposure to insurance risk. Reinsurance contracts held transfer substantially all of the insurance risk relating to the reinsured portion of the underlying insurance contracts to the reinsurer. A reinsurance contract held is considered to transfer significant insurance risk even if it does not expose the issuer to the possibility of significant loss.

Separation of components of insurance contracts

The Company assesses whether insurance contracts contain components that are required to be separated. IFRS 17 requires the following components to be separated if they were separate contracts:

- 1) Cash flows relating to embedded derivatives that are required to be separated in accordance with IFRS 9
- 2) Cash flows relating to distinct investment components; and
- 3) Promises to transfer to the policyholder distinct goods or non-insurance services.

Level of aggregation

1) Insurance contracts

The Company groups insurance contracts issued into portfolios based on the nature of the underlying risks, with contracts within each portfolio having similar risks and being managed together. Each portfolio is further divided into groups of contracts based on the issuance period.

At initial recognition, the Company divides each portfolio into:

- a) Groups of contracts that are onerous;
- b) Groups of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and

- c) Groups comprising the remaining contracts in the portfolio.

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

For insurance contracts measured under the Premium Allocation Approach (PAA), the Company assumes that there are no onerous contracts within a portfolio at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, the Company performs an additional assessment to distinguish onerous contracts from non-onerous contracts.

2) Reinsurance contracts held

The level of aggregation for reinsurance contracts held is assessed separately from that for insurance contracts issued. For the purpose of applying the level of aggregation requirements, the Company groups reinsurance contracts issued within a period not exceeding one year at initial recognition into:

- a) Groups of contracts that are net gains;
- b) Groups of contracts that, at initial recognition, have no significant possibility of becoming net gains subsequently; and
- c) Groups comprising the remaining contracts in the portfolio.

Initial recognition

1) Insurance contracts

The Company recognises groups of insurance contracts issued from the earliest of:

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

Investment contracts with discretionary participation features are recognised when the Company becomes a party to the contract.

Insurance contracts transferred that do not form part of a business and insurance contracts acquired in a business combination within the scope of IFRS 3 are treated as if they were entered into at the acquisition date.

2) Reinsurance contracts held

The Company recognises groups of reinsurance contracts held from the earliest of:

- a) The beginning of the coverage period of the group of reinsurance contracts held; and
- b) The date on which the Company recognises an onerous group of underlying insurance contracts, if the Company has entered into the related reinsurance contracts held in the group at or before that date.

The Company defers the recognition of a group of reinsurance contracts held that provides proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

- 3) Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the group of contracts. Contracts that meet the recognition criteria after the reporting period are included in the group in the reporting period in which they meet the criteria, subject to the annual cohort requirement.

Contract modifications and derecognition

When the Company and the counterparty agree to modify a contract, or when a contract is modified as a result of changes in laws or regulations, the Company treats changes in cash flows arising from the modification as changes in estimates of fulfilment cash flows, unless the contract modification results in the derecognition of the original contract.

The Company derecognises an insurance contract when one of the following conditions is met:

- 1) The insurance contract is extinguished, that is, when the obligation specified in the insurance contract expires, is discharged or is cancelled;
- 2) When a modification of an insurance contract meets any of the following conditions, the Company derecognises the original contract and recognises the modified contract as a new contract:
 - a) If the modified terms had been included at contract inception and the Company would have concluded that:
 - i. The modified contract would not be within the scope of IFRS 17;
 - ii. The modification would result in separating different components from the host insurance contract, leading to different insurance contracts within the scope of IFRS 17;
 - iii. The modified contract would have substantially different contract boundaries; or
 - iv. The modified contract would be included in a different group of contracts;
 - b) The original contract meets the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition (or vice versa); or
 - c) The original contract is measured under the Premium Allocation Approach, but the modification results in the contract no longer meeting the eligibility criteria for that approach.

Measurement of insurance contracts and reinsurance contracts held

- 1) Insurance contract assets/liabilities

Insurance contract assets and liabilities represent insurance contracts and investment contracts with discretionary participation features recognised in accordance with IFRS 17 and the relevant regulations governing the provisioning of insurance reserves. These amounts are presented as either assets or liabilities based on the net debit (asset) or net credit (liability) balance at the level of groups of insurance contracts. They comprise the liability for remaining coverage, the liability for incurred claims and insurance acquisition cash flow assets.

2) Reinsurance contract assets/liabilities

Reinsurance contract assets and liabilities represent reinsurance contracts recognised in accordance with IFRS 17 and the relevant regulations governing the provisioning of insurance reserves. These amounts are presented as either assets or liabilities based on the net debit (asset) or net credit (liability) balance at the level of groups of reinsurance contracts held. They comprise the asset for remaining coverage, the asset for incurred claims, and include the effect of any non-performance risk of the reinsurer.

3) Initial recognition: Groups of contracts not measured under the Premium Allocation Approach

At initial recognition, the Company measures a group of insurance contracts as the sum of the fulfilment cash flows and the contractual service margin.

a) Fulfilment cash flows

- i. The fulfilment cash flows comprise current estimates of future cash flows within the contract boundary of a group of contracts, including expected premiums to be received and claims, benefits and expenses to be paid, adjusted to reflect the time value of money and the uncertainty of future cash flows. They include:

- i) Estimates of future cash flows;
- ii) An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that such financial risks are not included in the estimates of future cash flows; and
- iii) A risk adjustment for non-financial risk.

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

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for groups of reinsurance contracts held and the underlying groups of insurance contracts.

ii. Contract boundary

The Company applies the concept of contract boundaries to determine which cash flows are included within groups of insurance contracts. Cash flows that are outside the contract boundary and relate to future insurance contracts are recognised when those contracts meet the recognition criteria.

Cash flows are within the boundary of an insurance contract if they arise from rights and obligations that exist during the reporting period, such as the Company's ability to require policyholders to pay premiums or its substantive obligation to provide insurance contract services to policyholders.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or when both of the following conditions are met:

- i) The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that includes the contract and, as a result, can set a price or level of benefits that fully reflects those risks; and

- ii) The premiums up to the date when the risks are reassessed do not reflect risks that relate to periods after that reassessment date.

For investment contracts with discretionary participation features issued by the Company, cash flows are within the contract boundary if they arise from a substantive obligation of the Company to transfer cash at a current or future date.

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

iii. Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and initiating a group of insurance contracts (issued or expected to be issued) that are directly attributable to a portfolio of insurance contracts to which the group belongs.

The Company allocates insurance acquisition cash flows using a systematic and rational basis to:

- i) Insurance acquisition cash flows directly attributable to a group of insurance contracts, which are allocated to:
 - The group; and
 - Groups that include insurance contracts expected to arise from renewals of the insurance contracts in that group; and
- ii) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts, which are allocated to groups of insurance contracts in that portfolio that exist or are expected to exist.

Insurance acquisition cash flows paid before the recognition of the related group of insurance contracts (or recognised as a liability under IFRS 9) are recognised as an insurance acquisition cash flow asset. The asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

At the end of each reporting period, the Company assesses the recoverability of insurance acquisition cash flow assets. If facts and circumstances indicate that an insurance acquisition cash flow asset may be impaired, the Company adjusts the carrying amount of the asset and recognises an impairment loss in insurance service expenses.

To the extent that the impairment conditions no longer exist or have improved, the Company recognises a reversal of some or all of the previously recognised impairment loss in profit or loss and increases the carrying amount of the asset.

iv. Risk adjustment for non-financial risk

The Company adjusts the estimates of the present value of future cash flows to reflect the compensation that it requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

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

b) Contract service margins

i. Contract of insurance

The Company recognises the unearned profit relating to future insurance contract services as the contractual service margin, which forms part of the carrying amount of a group of insurance contracts (as an asset or a liability). The contractual service margin is recognised in profit or loss as the Company provides insurance contract services over the coverage period.

At initial recognition of a group of insurance contracts, the contractual service margin is measured at an amount that results in no income or expenses arising from:

- i) The initial recognition of the fulfilment cash flows;
- ii) Cash flows arising from contracts in the group at that date;
- iii) The derecognition of any insurance acquisition cash flow assets; and
- iv) The derecognition of any other assets or liabilities previously recognised for cash flows related to the group of contracts, with the corresponding recognition of insurance revenue and insurance service expenses, unless the group of contracts is onerous or income or expenses arise from the derecognition of pre-recognition cash flows.

If the sum of the amounts described above results in a net outflow, the group of insurance contracts is onerous at initial recognition. The Company recognises the net outflow as a loss immediately in profit or loss so that the carrying amount of the liability for the group equals the fulfilment cash flows and the contractual service margin of the group is zero. At the same time, a loss component of the liability for remaining coverage is established for the amount of the loss recognised.

ii. Reinsurance contract held

At initial recognition, any net cost or net gain on a group of reinsurance contracts held is recognised as a contractual service margin, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the acquisition of the group of reinsurance contracts held, in which case such cost is recognised immediately as an expense in profit or loss.

For reinsurance contracts held, the contractual service margin represents the deferred net cost or net gain that will be recognised as the Company receives insurance contract services from the reinsurer. It is included in the allocation of reinsurance premiums paid and comprises the following components:

- i) The fulfilment cash flows;
- ii) The amount of any assets or liabilities previously recognised for cash flows related to the group of reinsurance contracts held that are derecognised at that date;
- iii) Any cash flows arising at that date; and

- iv) When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or for the addition of onerous underlying insurance contracts to a group, the contractual service margin of the group of reinsurance contracts held is adjusted, and any resulting gain is recognised in profit or loss. At the same time, the amount of the gain recognised establishes or adjusts a loss-recovery component of the asset for remaining coverage.

When a group of onerous underlying insurance contracts includes both contracts that are covered by a group of reinsurance contracts held and contracts that are not covered, the Company applies a systematic and rational allocation method to determine the portion of the loss recognised that relates to the insurance contracts covered by the group of reinsurance contracts held.

- c) For insurance contracts acquired in a transfer of insurance contracts or in a business combination within the scope of IFRS 3, at initial recognition of a group of insurance contracts, the contractual service margin is measured at an amount that results in no income or expenses arising from:
 - i. The initial recognition of the fulfilment cash flows; and
 - ii. Cash flows arising from contracts in the group at that date, including using the fair value of the group of contracts at the acquisition date as a substitute for the premiums received.
- 4) Subsequent measurement: Groups of contracts not measured under the Premium Allocation Approach
 - a) Groups of insurance contracts: At the end of each reporting period, the carrying amount of a group of insurance contracts is the sum of:
 - i. The liability for remaining coverage, comprising:
 - i) The fulfilment cash flows related to future service allocated to the group at that date; and
 - ii) The contractual service margin of the group at that date; and
 - ii. The liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at that date.
 - b) Reinsurance Contract Group held: At the end of each reporting period, the carrying amount of a group of reinsurance contracts held is the sum of:
 - i. The assets for remaining coverage, comprising:
 - i) The fulfilment cash flows related to future service allocated to the group at that date; and
 - ii) The contractual service margin of the group at that date; and
 - ii. The asset for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at that date.

c) Changes in fulfilment cash flows

- i. At the end of each reporting period, the Company updates the fulfilment cash flows using current assumptions and current discount rates. Changes in fulfilment cash flows are recognised as follows:
 - i) Changes that relate to current or past service are recognised in profit or loss; and
 - ii) Changes that relate to future service are recognised by adjusting the contractual service margin or the loss component.
- ii. For insurance contracts measured under the general model, changes in fulfilment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:
 - i) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows; and
 - ii) Changes in estimates of the present value of future cash flows within the liability for remaining coverage.
 - iii) Differences between any investment components expected to become payable in the period and the actual investment components that become payable in the period. Such differences are determined by comparing: (i) the actual investment components that become payable in the period; and (ii) the expected payments in the period at the beginning of the period, adjusted for any insurance finance income or expenses relating to those expected payments before they become payable;
 - iv) Differences between any policyholder loans expected to be repaid in the period and the actual policyholder loans repaid in the period. Such differences are determined by comparing: (i) the actual policyholder loans repaid in the period; and (ii) the expected repayments in the period at the beginning of the period, adjusted for any insurance finance income or expenses relating to those expected repayments before they become repayable.
 - v) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments described in i), ii) and v) above are measured using the discount rates determined at initial recognition.

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

- iv. For investment contracts with discretionary participation features measured under the general model, the Company has discretion over the amount and timing of payments to policyholders. Changes in discretionary cash flows are regarded as relating to future service and, accordingly, adjust the contractual service margin. Upon initial recognition of the contracts, the effects of changes arising from discretionary participation features are reflected through adjustments to the contractual service margin. In contrast, changes in assumptions related to financial risks do not adjust the contractual service margin and are recognized in insurance finance expenses.
- v. For insurance contracts measured under the variable fee approach, changes in fulfilment cash flows that relate to future service adjust the contractual service margin of the group of insurance contracts, including:

- i) Changes in the Company's share of the fair value of the underlying items;
- ii) Changes in fulfilment cash flows that do not vary based on the returns on underlying items, including:

Changes in the time value of money and financial risk, including the effect of financial guarantees;

Experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;

Changes in estimates of the present value of future cash flows within the liability for remaining coverage;

Differences between any investment components expected to become payable in the period and the actual investment components that become payable in the period. Such differences are determined by comparing: (i) the actual investment components that become payable in the period; and (ii) the expected payments in the period at the beginning of the period, adjusted for any insurance finance income or expenses relating to those expected payments before they become payable;

Differences between any policyholder loans expected to be repaid in the period and the actual policyholder loans repaid in the period. Such differences are determined by comparing: (i) the actual policyholder loans repaid in the period; and (ii) the expected repayments in the period at the beginning of the period, adjusted for any insurance finance income or expenses relating to those expected repayments before they become repayable;

Changes in the risk adjustment for non-financial risk that relate to future service.

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

- vi. For insurance contracts measured under the variable fee approach, the following changes in fulfilment cash flows do not adjust the contractual service margin:
- i) Changes in the obligation to pay to policyholders an amount equal to the fair value of the underlying items;

- ii) Changes in fulfilment cash flows that do not vary based on the returns on underlying items, including:

Changes in the obligation to pay to policyholders an amount equal to the fair value of the underlying items;

Experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows (such as insurance acquisition cash flows); and

Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

d) Changes in the contractual service margin

- i. For insurance contracts issued, the carrying amount of the contractual service margin at the end of each reporting period is equal to the carrying amount at the beginning of the reporting period, adjusted for:

- i) The effect of any new contracts added to the group;
- ii) Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured using the discount rates determined at initial recognition;
- iii) Changes in fulfilment cash flows that relate to future service, which adjust the contractual service margin, subject to the condition that such adjustments do not exceed the carrying amount of the contractual service margin. If an increase in fulfilment cash flows exceeds the carrying amount of the contractual service margin, the contractual service margin is reduced to zero and the excess is recognised as insurance service expenses, with a corresponding loss component recognised in the liability for remaining coverage. When the contractual service margin is zero, subsequent changes in fulfilment cash flows are recognised in insurance service expenses and adjust the loss component. If subsequent decreases in fulfilment cash flows exceed the loss component, the loss component is reduced to zero and a contractual service margin is re-established;
- iv) The effect of any foreign exchange differences on the contractual service margin; and
- v) The amount recognised as insurance revenue because of the transfer of services in the period.

- ii. For groups of reinsurance contracts held, the carrying amount of the contractual service margin at the end of each reporting period is equal to the carrying amount at the beginning of the reporting period, adjusted for:

- i) The effect of any new contracts added to the group;
- ii) Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured using the discount rates determined at initial recognition;
- iii) The amount of any gain recognised in profit or loss when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or for the addition of onerous underlying insurance contracts to a group, and the corresponding establishment or adjustment of a loss-recovery component of the asset for remaining coverage;
- iv) Reversals of the loss-recovery component, to the extent that such reversals are not changes in fulfilment cash flows of the group of reinsurance contracts held;

- v) Changes in fulfilment cash flows that relate to future service, except to the extent that those changes arise from changes in fulfilment cash flows allocated to the underlying insurance contracts that do not adjust the contractual service margin of those underlying insurance contracts;
- vi) The effect of any foreign exchange differences on the contractual service margin; and
- vii) The amount recognised in profit or loss for services received in the period.

For the purpose of applying items iii) to v) above, the Company applies a systematic and rational allocation method to determine the portion of the loss recognised that relates to the insurance contracts covered by the group of reinsurance contracts held.

iii. Discount rates used for interest accretion on the contractual service margin

For insurance contracts without direct participation features, interest accreted on the contractual service margin is determined using the discount rates established at the date of initial recognition of the group of contracts. When additional contracts are added to an existing group, the Company uses the weighted-average discount rates determined at initial recognition of the contracts issued within the period, which does not exceed one year.

iv. Release of the contractual service margin to profit or loss

The amount of the contractual service margin recognised as insurance revenue in profit or loss for services provided in the period is determined by allocating the contractual service margin at the end of the reporting period over the current period and the remaining coverage period on the basis of coverage units.

The coverage period is the period during which the Company provides insurance contract services. Insurance contract services include coverage for insured events, investment-return services for policyholders and investment-related services of managing underlying items on behalf of policyholders. The period for investment-return services or investment-related services ends on or before the date when all amounts due to current policyholders relating to those services have been paid.

For insurance contracts without direct participation features, the Company provides investment-return services only when there is an investment component or when policyholders have the right to withdraw an amount and the Company expects that such amounts include an investment return and expects to perform investment activities to generate that return.

The quantity of coverage units in a group of contracts is determined based on the quantity of benefits provided under each contract and its expected coverage period.

For the purpose of allocating the contractual service margin, the Company adjusts coverage units to reflect the time value of money using the discount rates determined at initial recognition that apply to nominal cash flows that do not vary based on the returns on underlying items.

For reinsurance contracts held, coverage units are determined based on the insurance coverage provided by the reinsurer. In addition to the sum assured of the ceded contracts, the Company also considers expected new business within the contract boundary of the reinsurance contracts.

v. Onerous contracts - loss component

When an increase in fulfilment cash flows exceeds the carrying amount of the contractual service margin, the group of contracts becomes onerous. The excess is recognised as insurance service expenses in profit or loss and a loss component is established within the liability for remaining coverage.

After a loss on an onerous group of insurance contracts is recognised, the Company allocates the following amounts between the loss component and the liability for remaining coverage excluding the loss component using a systematic basis based on the proportion of the loss component relative to the present value of expected future cash outflows:

- i) Changes in estimates of the present value of future cash flows for claims and expenses released from the liability for remaining coverage as insurance service expenses are incurred;
- ii) Changes in the risk adjustment for non-financial risk; and
- iii) Insurance finance income or expenses.

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

In subsequent periods, decreases in fulfilment cash flows reduce the remaining loss component. Once the loss component is reduced to zero, a contractual service margin is re-established. Conversely, increases in fulfilment cash flows increase the loss component.

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

The loss-recovery component determines the amount presented in profit or loss as reversals of recoveries of losses from reinsurance contracts held and is therefore excluded from the allocation of reinsurance premiums paid.

5) Initial recognition and subsequent measurement: Groups of contracts measured under the Premium Allocation Approach

a) Insurance contracts

The Company applies the Premium Allocation Approach to measure insurance contracts with a coverage period of one year or less. This approach is used to measure group insurance contracts and travel insurance contracts with a coverage period of less than one year.

For insurance contracts issued, insurance acquisition cash flows allocated to groups of contracts measured under the Premium Allocation Approach are deferred and recognised over the coverage period of the group of contracts.

At initial recognition, the liability for remaining coverage is measured as the premiums received at that date, less any insurance acquisition cash flows at that date, adjusted for any amount arising from the derecognition of insurance acquisition cash flow assets and any other assets or liabilities previously recognised for cash flows related to the group of contracts.

At the end of each reporting period, the carrying amount of a group of insurance contracts is the sum of:

- i. The liability for remaining coverage; and
- ii. The liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

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

- i. Increased by premiums received in the period; and
- ii. Decreased by insurance acquisition cash flows; and
- iii. Decreased by the amount recognised as insurance revenue for services provided in the period.
- iv. Increased by any amounts related to the insurance acquisition cash flows that are recognized as expenses during the reporting period.

b) Reinsurance contracts held

The Company applies the Premium Allocation Approach to reinsurance contracts held with a coverage period of one year or less.

At initial recognition, the asset for remaining coverage is measured as the reinsurance premiums paid, adjusted for any amounts arising from the derecognition of any pre-recognition cash flows.

At the end of each reporting period, the carrying amount of a group of reinsurance contracts held is the sum of:

- i. The asset for remaining coverage; and
- ii. The asset for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

At the end of each subsequent reporting period, the carrying amount of the asset for remaining coverage is:

- i. Increased by reinsurance premiums paid in the period; and
- ii. Decreased by the amount recognised as reinsurance expenses for services received in the period.

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

c) The Company's insurance contracts and reinsurance contracts held measured under the Premium Allocation Approach do not contain any investment components. As the premiums are due within the coverage period and within one year, the Company does not adjust the liability for remaining coverage of insurance contracts issued to reflect the time value of money.

- d) If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the amount by which the fulfilment cash flows determined under the general model exceed the carrying amount of the liability for remaining coverage. The liability for remaining coverage is increased accordingly and a loss component is established. Subsequently, at each reporting date, the loss component is remeasured as the difference between the fulfilment cash flows relating to future service determined under the general model and the carrying amount of the liability for remaining coverage. Changes in the loss component are allocated between insurance service expenses and insurance finance income or expenses to reflect the effects of the time value of money, financial risk and changes therein.

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or for the addition of onerous underlying insurance contracts to a group, it adjusts the asset for remaining coverage of the related group of reinsurance contracts held measured under the Premium Allocation Approach, recognises a gain in profit or loss, and establishes or adjusts a loss-recovery component of the asset for remaining coverage. The amount of the gain recognised is determined by multiplying the loss recognised on the underlying insurance contracts by the percentage of claims expected to be recovered from the group of reinsurance contracts held. The reinsurance contracts held must be entered into at or before the same time as the recognition of the onerous underlying insurance contracts.

When a group of onerous insurance contracts includes both contracts that are covered by a group of reinsurance contracts held and contracts that are not covered, the Company applies a systematic and rational allocation method to determine the portion of the loss recognised that relates to the insurance contracts covered by the group of reinsurance contracts held.

Changes in the loss-recovery component of reinsurance contracts held are allocated between reinsurance income or expenses and reinsurance finance income or expenses to reflect the effects of the time value of money, financial risk and changes therein, consistent with the treatment of the underlying insurance contracts.

Insurance service result: Contracts issued

1) Insurance revenue

The Company recognises insurance revenue as it provides insurance contract services during the reporting period. Insurance revenue recognised in the period reflects the transfer of promised services in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services, by reducing the liability for remaining coverage.

For insurance contracts not measured under the Premium Allocation Approach, insurance revenue comprises:

- a) Amounts relating to changes in the liability for remaining coverage, including:
- i. Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:
 - i) Amounts allocated to the loss component of the liability for remaining coverage;
 - ii) Repayments of investment components;
 - iii) Amounts relating to transaction-based taxes collected on behalf of third parties;

- iv) Insurance acquisition cash flows; and
 - v) Amounts relating to the risk adjustment for non-financial risk.
- ii. Insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the period, excluding:
 - i) Changes included in insurance finance income or expenses;
 - ii) Changes that relate to future service; and
 - iii) Amounts allocated to the loss component of the liability for remaining coverage;
 - iii. The amount of the contractual service margin recognised in profit or loss for the period; and
 - iv. Other amounts, such as experience adjustments for premiums received that do not relate to future service.
- b) Allocation of premiums relating to the recovery of insurance acquisition cash flows, determined by allocating the portion of premiums related to the recovery of insurance acquisition cash flows to each reporting period on a systematic basis over time.

For insurance contracts measured under the Premium Allocation Approach, the Company recognises insurance revenue based on the passage of time over the coverage period of the group of contracts.

2) Insurance service expenses

Insurance service expenses comprise:

- a) Incurred claims (excluding repayments of investment components) and other insurance service expenses incurred;
- b) Amortisation of insurance acquisition cash flows;
- c) Changes that relate to past service, being changes in fulfilment cash flows relating to the liability for incurred claims;
- d) Changes that relate to future service, being losses on onerous groups of contracts and reversals of those losses; and
- e) Impairment losses on insurance acquisition cash flow assets.

For insurance contracts not measured under the Premium Allocation Approach, the amortisation of insurance acquisition cash flows is included in insurance service expenses and corresponds to the allocation of premiums relating to the recovery of insurance acquisition cash flows recognised in insurance revenue.

For insurance contracts measured under the Premium Allocation Approach, insurance acquisition cash flows are amortised on a systematic basis over the coverage period.

Cash flows relating to costs that are not directly attributable to a portfolio of insurance contracts are recognised as other operating expenses in the statement of comprehensive income when incurred.

Insurance service result: Reinsurance contracts held

The Company presents the net income or expenses from a group of reinsurance contracts held as a single amount, comprising the following:

- 1) For reinsurance contracts held not measured under the Premium Allocation Approach, the allocation of reinsurance premiums paid includes amounts arising from changes in the asset for remaining coverage, including:
 - a) Reinsurance service expenses for the period, measured at the amounts expected at the beginning of the period, including incurred recoveries of claims and other directly attributable expenses, excluding
 - i. Amounts allocated to the loss-recovery component of the asset for remaining coverage;
 - ii. Repayments of investment components; and
 - iii. Amounts relating to the risk adjustment for non-financial risk;
 - b) Changes in the risk adjustment for non-financial risk, excluding:
 - i. Changes included in reinsurance finance income or expenses;
 - ii. Changes that relate to future service; and
 - iii. Amounts allocated to the loss-recovery component;
 - c) The amount of the contractual service margin recognised in profit or loss for the period as services are received; and
 - d) Other amounts, such as experience adjustments arising from reinsurance premiums paid that do not relate to future service.
- 2) For reinsurance contracts held measured under the Premium Allocation Approach, the Company recognises reinsurance expenses based on the passage of time over the coverage period of the group of contracts.
- 3) Amounts recovered from reinsurers, comprising:
 - a) Recoveries of incurred reinsurance claims and benefits (excluding repayments of investment components and net of amounts allocated to the loss-recovery component);
 - b) Other incurred reinsurance-related expenses;
 - c) Changes that relate to past service, being changes in fulfilment cash flows relating to the asset for incurred claims; and
 - d) Amounts relating to recoveries of losses on onerous underlying insurance contracts and reversals of such recoveries.
- 4) Changes in non-performance risk of the reinsurer.

Insurance finance income or expenses

- 1) Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance contracts arising from:
 - a) The effect of the time value of money and changes in the time value of money; and
 - b) The effect of financial risk and changes in financial risk.
- 2) For contracts measured under the general model, insurance finance income or expenses primarily comprise:
 - a) Interest accreted on the fulfilment cash flows and the contractual service margin;
 - b) The effects of changes in interest rates and other financial assumptions; and
 - c) The effects of foreign exchange differences.
- 3) For contracts measured under the variable fee approach, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).
- 4) For contracts measured under the Premium Allocation Approach, insurance finance income or expenses primarily comprise:
 - a) Interest accreted on the liability for incurred claims; and
 - b) The effects of changes in interest rates and other financial assumptions.
- 5) For contracts measured under the variable fee approach and the Premium Allocation Approach, the Company recognises insurance finance income or expenses entirely in profit or loss.
- 6) For contracts measured under the general model, the Company chooses to disaggregate insurance finance income or expenses for the period, recognising an amount in profit or loss and the remaining amount in other comprehensive income. The amount recognised in profit or loss is determined by allocating the expected total insurance finance income or expenses over the duration of the group of contracts on a systematic basis.
- 7) For groups of insurance contracts that generate cash flows in a foreign currency, the Company treats such groups (including the contractual service margin) as monetary items.

Interim financial reporting

The Company prepares its interim financial statements in accordance with IAS 34 Interim Financial Reporting. For the application of IFRS 17, the Company elects not to change the accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements or in the annual reporting period.

Transition

The Company applies IFRS 17 retrospectively. When full retrospective application is impracticable, the Company applies the fair value approach. All contracts issued on or after January 1, 2024 are measured using the full retrospective approach. All contracts issued before January 1, 2024 are measured using the fair value approach.

1) Contracts measured under the full retrospective approach

The Company has determined that, for all insurance contracts issued on or after January 1, 2024, reasonable and supportable information is available to apply the full retrospective approach.

Under the full retrospective approach, the Company identifies, recognises and measures each group of insurance contracts and any insurance acquisition cash flow assets as if IFRS 17 had always been applied. The Company derecognises any existing balances that would not exist if IFRS 17 had always been applied and recognises any resulting net difference in equity. In accordance with the transition requirements of IFRS 17, the Company did not assess impairment of insurance acquisition cash flow assets before the transition date.

2) Contracts measured under the fair value approach

For all insurance contracts issued before January 1, 2024, reasonable and supportable information is not available to apply the modified retrospective approach. Accordingly, the fair value approach is applied.

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

- a) Identify groups of insurance contracts;
- b) Determine whether insurance contracts meet the definition of insurance contracts with direct participation features;
- c) Identify discretionary cash flows for insurance contracts without direct participation features; and
- d) Determine whether investment contracts meet the definition of investment contracts with discretionary participation features within the scope of IFRS 17.

Level of aggregation

Due to the absence of reasonable and supportable information to group contracts appropriately, the Company includes contracts in groups issued more than one year apart.

Measurement at the transition date

Under the fair value approach, at the transition date, the Company measures the contractual service margin or the loss component of the liability for remaining coverage as the difference between the fair value of a group of insurance contracts and the fulfilment cash flows at that date. In determining fair value, the Company applies IFRS 13 Fair Value Measurement, except for the requirement relating to demand features (i.e. fair value shall not be less than the amount payable on demand), as this would conflict with the IFRS 17 requirement to include probability-weighted cash flows.

Discount rates

The Company uses discount rates at the transition date rather than those at initial recognition.

Insurance acquisition cash flows

At the transition date, the insurance acquisition cash flow asset determined by the Company represents the amount that would be incurred at that date to obtain the right to:

- 1) Recover insurance acquisition cash flows from premiums of insurance contracts issued before the transition date but not yet recognised at that date;

- 2) Obtain future insurance contracts after the transition date without having to pay the related costs already incurred; and
- 3) Obtain renewals of insurance contracts recognised at the transition date.

When measuring groups of insurance contracts recognised at the transition date, the Company excludes insurance acquisition cash flows from the measurement of those groups.

Insurance finance income or expenses

The Company elects to disaggregate insurance finance income or expenses and determines the cumulative amount recognised in other comprehensive income at the transition date as follows:

- 1) For contracts with direct participation features for which the Company holds underlying items, the cumulative amount recognised in other comprehensive income at the beginning of the period equals the cumulative amount recognised in other comprehensive income for the underlying items; and
- 2) For all other contracts, the cumulative amount recognised in other comprehensive income is nil.

Reinsurance contracts held

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

Insurance contracts acquired

The Company elects to classify liabilities for the settlement of claims incurred before the acquisition date, relating to groups of insurance contracts acquired in a transfer of contracts or in a business combination within the scope of IFRS 3, as liabilities for incurred claims.

f. Foreign exchange valuation reserve

In accordance with the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and “Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises” the Company has recognized, under other liabilities, a reserve in respect of foreign investment assets held by the Company.

g. Retirement benefit costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

h. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on discounts and loans

Management regularly reviews loan portfolios in accordance with IFRS 9 to assess impairment. To determine whether an impairment loss should be recognized, management exercises judgement in assessing whether there has been a significant increase in credit risk or whether there is objective evidence of credit impairment. For the purpose of impairment assessment, management determines the expected future cash flows based on past events, current conditions and forecast of future economic conditions of the assets with similar credit risk characteristics. Management also periodically reviews the methodology and assumptions adopted for estimating expected future cash flows and their timing to reduce differences between estimated and actual impairment losses. Also, management should consider the specifications of the Procedures to make sure that it is in compliance with the minimum eligibility criteria. Furthermore, interest rate fluctuations affect financial assets, credit risk, leading to increased uncertainty in estimating probabilities of default and loss given default.

b. Valuation of insurance contract liabilities

- 1) Level of aggregation - Distinguishing insurance contracts that have no significant possibility of becoming onerous from other profitable insurance contracts.
- 2) Determination of coverage units - The quantity of coverage units is determined based on the quantity of contractual benefits provided under groups of insurance contracts upon the occurrence of insured events and the expected coverage period thereof. For contracts that provide both insurance coverage and investment-related services, or insurance coverage and investment-return services, the Company determines, at initial recognition, a weighting factor to reflect the relative contribution of insurance coverage and investment-related services or investment-return services to the total benefits provided.

- 3) Discretionary cash flows for contracts without direct participation features - Certain insurance contracts without direct participation features (for example, participating life insurance contracts) provide the Company with discretion over the amounts of cash flows paid to policyholders. Changes in discretionary cash flows are treated as relating to future service and adjust the contractual service margin. In determining whether changes in cash flows are discretionary, the Company specifies, at contract inception, the basis of its commitments under the contracts. This basis is used to distinguish between the effects of changes in assumptions relating to financial risk on such commitments, which do not adjust the contractual service margin, and the effects of discretionary changes, which adjust the contractual service margin.
- 4) Insurance contracts - In measuring insurance contracts issued, including investment contracts with direct participation features, and reinsurance contracts held in accordance with IFRS 17, the Company applies key estimates in respect of future cash flows, discount rates and risk adjustment for non-financial risks. The Company uses estimation techniques and assumptions, together with other sources of estimation uncertainty, in measuring insurance contracts issued, including investment contracts with direct participation features, and reinsurance contracts held, which affect the carrying amounts of insurance contract assets/liabilities and reinsurance contract assets/liabilities.

a) Estimation of future cash flows

In estimating future cash flows within the contract boundary, the Company adopts an unbiased approach that considers the full range of possible outcomes. Each scenario explicitly reflects the amount, timing and probability of cash flows, based on conditions existing at the measurement date, and the expected value is derived using a probability-weighted averages. The Company considers all reasonable and supportable information available without undue cost or effort, including information about past events, current conditions and forecasts of future conditions, in determining the relevant scenarios.

Estimates of future cash flows include both observable or directly derivable market variables and non-market variables, such as mortality, morbidity, lapse rates and expense assumptions. The Company maximises the use of observable market inputs and applies internally developed, portfolio-specific data where appropriate.

Insurance acquisition cash flows include allocations of fixed and variable overhead expenses that are directly attributable to the fulfilment of insurance contracts and are included in the measurement only when they are directly attributable to the group of insurance contracts.

b) Discount rates

For cash flows that do not vary based on the returns on underlying items for contracts without participation features, the Company applies a bottom-up approach to determine discount rates. Under this approach, yield curves are constructed by adding a liquidity premium to risk-free rates for each currency.

- i. Within observable market ranges, risk-free rates are derived from market data;
- ii. The liquidity premium reflects the characteristics of the insurance liabilities and corresponding assets; and
- iii. For unobservable periods, yield curves are extrapolated from the last observable point to the ultimate forward rate using the Smith-Wilson method.

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

June 30, 2026

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.62%	2.05%	2.16%	3.53%	4.14%	4.54%
USD	4.07%	4.65%	5.29%	6.36%	6.02%	4.72%
AUD	4.50%	4.82%	5.73%	6.04%	6.45%	5.80%
CNY	1.17%	1.94%	2.35%	4.69%	5.64%	6.21%

December 31, 2025

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.29%	1.67%	1.77%	3.39%	4.09%	4.53%
USD	3.58%	4.49%	5.42%	6.35%	6.16%	4.87%
AUD	4.04%	4.92%	5.81%	6.02%	6.29%	5.51%
CNY	1.46%	2.73%	2.29%	4.66%	5.63%	6.21%

June 30, 2025

Currency	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years
NTD	1.40%	1.85%	1.86%	3.42%	4.10%	4.53%
USD	4.05%	4.48%	5.50%	6.26%	6.06%	4.67%
AUD	3.36%	4.37%	5.58%	5.69%	6.19%	5.59%
CNY	1.46%	2.26%	1.80%	4.49%	5.56%	6.20%

Note: The foregoing disclosures do not include the liquidity premium of 50 basis points (“bps”) applied on a full parallel basis to policies sold by life insurance enterprises prior to January 1, 2004, for which the reserving interest rates at policy issuance were 6% or higher.

c) Risk adjustment for non-financial risks

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of cash flows arising from insurance risk and other non-financial risks, such as lapse risk and expense risk. The Company measures the variability of expected future cash flows, the price for bearing such risks, and reflects the Company’s degree of risk aversion. The Company determines the risk adjustment for non-financial risk at the entity level and allocates it to all groups of insurance contracts.

The risk adjustment for non-financial risk is estimated using the confidence level technique at a 75% confidence level.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash in banks	\$ 56,441,142	\$ 51,008,728	\$ 71,252,096
Futures overdraft guarantees	10,686,913	1,617,079	1,630,055
Commercial paper	5,172,975	3,474,338	4,229,209
Due from banks	4,015,911	7,878,169	6,433,023
Others	<u>1,915,732</u>	<u>1,687,920</u>	<u>1,591,154</u>
	<u>\$ 78,232,673</u>	<u>\$ 65,666,234</u>	<u>\$ 85,135,537</u>

Cash and cash equivalents as of December 31, 2025 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of June 30, 2026 and 2025:

	December 31, 2025
Cash and cash equivalents in consolidated balance sheet	\$ 65,666,234
Due from the Central Bank and call loans to financial institutions which qualify as cash and cash equivalents as defined of in IAS 7	32,358,313
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	<u>63,790,570</u>
Cash and cash equivalents in consolidated statement of cash flow	<u>\$ 161,815,117</u>

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO FINANCIAL INSTITUTIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Call loans to financial institutions	\$ 66,175,434	\$ 23,601,576	\$ 22,606,162
Deposit reserve - demand accounts	20,530,120	18,594,637	18,065,283
Deposit reserve - checking accounts	6,879,811	10,060,330	12,869,195
Due from the Central Bank - interbank settlement funds	5,900,213	5,000,530	4,500,874
Deposit reserve - foreign currencies	<u>222,859</u>	<u>220,066</u>	<u>209,314</u>
	<u>\$ 99,708,437</u>	<u>\$ 57,477,139</u>	<u>\$ 58,250,828</u>

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve is determined monthly at prescribed rates based on average balance of the Bank's deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

There are no certificates of deposit issued by the Central Bank of the ROC pledged as collateral for the Group.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments			
Options and futures contracts	\$ 17,381,799	\$ 11,867,205	\$ 6,789,094
Currency swap and forward exchange contracts	14,755,674	16,876,717	57,586,220
Interest rate swap contracts	5,897,860	5,786,237	4,471,700
Others	1,003,516	1,099,269	1,207,886
Non-derivative financial assets			
Mutual funds	126,300,728	239,248,234	231,572,561
Shares	102,378,981	280,275,961	176,414,678
Corporate bonds	69,195,964	55,507,146	46,981,108
Bank debentures	52,977,339	49,142,983	48,943,876
Commercial paper	18,836,166	20,819,598	14,051,604
Others	4,611,737	4,655,772	9,217,102
	<u>413,339,764</u>	<u>685,279,122</u>	<u>597,235,829</u>
Financial assets designated as at FVTPL (Note 15)	<u>9,250,546</u>	<u>8,802,819</u>	<u>7,204,542</u>
Financial assets at FVTPL	<u>\$ 422,590,310</u>	<u>\$ 694,081,941</u>	<u>\$ 604,440,371</u>
<u>Financial liabilities held for trading</u>			
Derivative financial instrument			
Currency swap and forward exchange contracts	\$ 21,291,759	\$ 46,256,992	\$ 31,509,788
Options and futures contracts	14,110,529	9,004,028	4,943,845
Structured products	7,216,019	7,378,272	6,524,003
Interest rate swap contracts	5,489,530	5,574,405	4,351,430
Others	8,523,554	4,306,117	2,378,765
Non-derivative financial liabilities			
Borrowed securities payable	20,171,706	10,659,762	27,864,957
Others	3,543,681	515,060	1,425,029
	<u>80,346,778</u>	<u>83,694,636</u>	<u>78,997,817</u>
Investment contract liabilities designated as at FVTPL	<u>74,760,101</u>	<u>60,918,918</u>	<u>54,803,182</u>
<u>Financial liabilities designated as at FVTPL</u>			
Structured products	<u>8,814,831</u>	<u>5,417,487</u>	<u>5,061,173</u>
Financial liabilities at FVTPL	<u>\$ 163,921,710</u>	<u>\$ 150,031,041</u>	<u>\$ 138,862,172</u>

The movements in investment contract liabilities designated as at FVTPL were as follows:

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 60,918,918	\$ 60,322,586
Premiums received	12,337,058	3,215,550
Benefit payments made	(4,121,049)	(4,332,463)
Investment returns on underlying assets	5,745,000	(4,357,871)
Asset management fees received	<u>(119,826)</u>	<u>(44,620)</u>
Ending balance	<u>\$ 74,760,101</u>	<u>\$ 54,803,182</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, financial assets at fair value through profit or loss with aggregate carrying values of \$80,354,164 thousand, \$67,780,197 thousand and \$60,982,385 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 46.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in debt instruments at FVTOCI			
Corporate bonds	\$ 260,240,828	\$ 83,542,732	\$ 83,958,770
Bank debentures	210,249,908	68,246,489	43,701,469
Government bonds	124,214,204	70,903,190	79,806,539
Others	<u>134,540,582</u>	<u>10,530,537</u>	<u>5,382,666</u>
	<u>729,245,522</u>	<u>233,222,948</u>	<u>212,849,444</u>
Investments in equity instruments at FVTOCI			
Common stocks	325,456,878	19,693,913	16,826,102
Preferred stocks	<u>9,594,171</u>	<u>9,697,662</u>	<u>10,719,931</u>
	<u>335,051,049</u>	<u>29,391,575</u>	<u>27,546,033</u>
	<u>\$ 1,064,296,571</u>	<u>\$ 262,614,523</u>	<u>\$ 240,395,477</u>

a. Investments in debt instruments at FVTOCI

As of June 30, 2026, December 31, 2025 and June 30, 2025, investments in debt instruments at FVTOCI, with aggregate carrying values of \$93,293,091 thousand, \$76,630,757 thousand and \$67,267,583 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on investments in debt instruments at FVTOCI pledged as collateral for the Group, please refer to Note 46.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at FVTOCI, please refer to Note 51.

b. Investments in equity instruments at FVTOCI

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the three months ended June 30, 2026 and 2025, and for the six months ended June 30, 2026 and 2025 are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Derecognized during the period	\$ 211,895	\$ -	\$ 382,488	\$ -
Held at the end of the period	<u>505,554</u>	<u>207,654</u>	<u>929,908</u>	<u>238,583</u>
	<u>\$ 717,449</u>	<u>\$ 207,654</u>	<u>\$ 1,312,396</u>	<u>\$ 238,583</u>

Given the investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the three months ended June 30, 2026 and 2025, and for the six months ended June 30, 2026 and 2025 are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The fair value of the investments at the date of derecognition	\$ 13,578,951	\$ 470,223	\$ 226,256,047	\$ 950,468
The cumulative unrealized valuation gain on disposal reclassified from other equity to retained earnings	24,808,196	(1,277)	39,323,178	(2,913)

There are no any investments in equity instruments at FVTOCI pledged as collateral for the Group.

10. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Bank debentures	\$ 697,317,635	\$ 825,703,323	\$ 775,533,233
Corporate bonds	385,142,243	560,964,128	535,781,652
Government bonds	165,783,355	208,154,623	225,999,391
Others	<u>68,587,921</u>	<u>75,088,960</u>	<u>65,906,846</u>
	<u>\$ 1,316,831,154</u>	<u>\$ 1,669,911,034</u>	<u>\$ 1,603,221,122</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, investments in debt instruments at amortized cost, with aggregate carrying values of \$3,877,872 thousand, \$3,396,729 thousand and \$2,204,135 thousand had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the three months ended June 30, 2026 and the six months ended June 30, 2026, the Group has no financial assets measured at amortized cost that have been derecognized. For the three months ended June 30, 2025 and the six months ended June 30, 2025, financial assets at amortized cost are derecognized because of the credit risk are increasing, seldomly selling, or both individually and totally amounts are lower than the materiality, and sold approaching maturity dates. The Company recognizes the loss on disposal of \$43,940 thousand for the three months ended June 30, 2025 and the loss on disposal of \$176,334 thousand for the six months ended June 30, 2025.

For the information on investments in debt instruments at amortized cost that are pledged as collateral for the Group, please refer to Note 46.

For the information regarding credit risk analysis and assessment of impairment on investments in debt instruments at amortized cost, please refer to Note 51.

The Group's accounts for exchange gains and losses in accordance with the proviso under Subparagraph 6, Item 1, Paragraph 4, Article 12 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and makes the relevant disclosures pursuant to Paragraph 20 of IAS 1.

The financial information affected by the application of the foreign exchange gain and loss amortization method - such as unrealized exchange gains and losses on financial assets measured at amortized cost - is disclosed in the table below:

	Not Subject to Foreign Exchange Application Profit or Loss Amortization Method	Subject to Foreign Exchange Application Profit or Loss Amortization Method	Effect of the Differential		
			June 30, 2026 Assets	June 30, 2026 Liabilities	For the Six Months Ended June 30, 2026 (Loss) Gain
Other assets - unamortized effects of unrealized foreign exchange valuation on financial assets measured at amortized cost	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities - unamortized effects of unrealized foreign exchange valuation on financial assets measured at amortized cost	-	11,117,956	-	11,117,956	-
Unrealized foreign exchange gains (losses) recognized in profit or loss on debt instruments measured at amortized cost					
Measured at closing exchange rates (designated as hedging instruments)	5,118,819	5,118,819	-	-	-
Recognized on an amortized cost basis	11,490,741	372,785	-	-	11,117,956
			<u>\$ -</u>	<u>\$ 11,117,956</u>	<u>\$ 11,117,956</u>

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets for hedging</u>			
Fair value hedge - interest rate swap	<u>\$ 403,896</u>	<u>\$ 198,294</u>	<u>\$ 253,245</u>
<u>Financial liabilities for hedging</u>			
Fair value hedge - interest rate swap	<u>\$ 729,983</u>	<u>\$ 889,286</u>	<u>\$ 683,321</u>

Fair Value Hedges

The Group is exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the debt instruments and bank debentures issued. Since the risk is considered material, the Group enters into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

June 30, 2026

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 38,360,558	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	\$ 403,896	\$ 729,983
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		
	Asset	Liability	Asset	Liability	
Fair value hedge					
Financial assets at fair value through other comprehensive income		\$ 16,763,183	\$ -	\$ (442,985)	\$ -
Bonds payable		-	5,400,000	-	60,976
Bank debentures		-	14,402,956	-	(697,044)

December 31, 2025

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 34,151,428	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	\$ 198,294	\$ 889,286
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		
	Asset	Liability	Asset	Liability	
Fair value hedge					
Financial assets at fair value through other comprehensive income		\$ 18,045,623	\$ -	\$ (200,610)	\$ -
Bank debentures		-	14,365,014	-	(734,986)

June 30, 2025

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Fair value hedge					
Interest rate swap contracts	\$ 34,416,692	2027.03.05-2038.03.25	Financial assets and liabilities for hedging	\$ 253,245	\$ 683,321
Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		
	Asset	Liability	Asset	Liability	
Fair value hedge					
Financial assets at fair value through other comprehensive income		\$ 18,125,044	\$ -	\$ (292,888)	\$ -
Bank debentures		-	14,573,227	-	(526,773)

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Corporate bonds	\$ 31,275,369	\$ 36,173,522	\$ 38,622,628
Government bonds	18,932,429	9,921,959	8,681,907
Commercial paper	10,676,018	5,987,174	18,641,245
Negotiable certificates of deposit	5,221,838	13,478,802	14,614,245
Bank debentures	<u>3,094,859</u>	<u>2,751,269</u>	<u>4,618,716</u>
	<u>\$ 69,200,513</u>	<u>\$ 68,312,726</u>	<u>\$ 85,178,741</u>
Resold amounts	<u>\$ 69,304,587</u>	<u>\$ 68,455,682</u>	<u>\$ 85,319,941</u>

13. RECEIVABLES, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Receivable accounts for settlement	\$ 146,590,829	\$ 61,139,421	\$ 59,911,385
Margin loans receivable, securities financing refundable deposits and deposits payable for securities financing	87,584,419	48,675,044	31,791,399
Trading securities receivable	35,124,800	32,096,993	27,694,563
Interest receivable	26,932,415	25,348,007	22,809,639
Exchange clearing receivable	21,667,455	13,825,142	10,434,672
Accounts receivable factoring without recourse	16,573,762	9,289,492	9,269,666
Installment accounts receivable and lease payments receivable	5,184,820	5,559,796	5,362,555
Others	<u>17,433,297</u>	<u>14,882,419</u>	<u>14,575,930</u>
	357,091,797	210,816,314	181,849,809
Less: Allowance for bad debts	(5,445,792)	(4,913,475)	(4,326,741)
Unrealized interest revenue	<u>(388,689)</u>	<u>(409,360)</u>	<u>(388,209)</u>
	<u>\$ 351,257,316</u>	<u>\$ 205,493,479</u>	<u>\$ 177,134,859</u>

For the amount of receivables pledged as collateral for the Group, please refer to Note 46.

For the information on credit risk management and impairment loss analysis of receivables, please refer to Note 51.

14. DISCOUNTS AND LOANS, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term loans	\$ 99,501,054	\$ 92,774,880	\$ 92,196,397
Medium-term loans	263,389,510	273,130,186	264,792,492
Long-term loans	179,872,853	165,483,496	151,512,073
Insurance policy loans related to investment contracts	3,128,578	660,007	228,470
Loans reclassified to nonperforming loans	708,466	758,109	718,215
Export negotiations	<u>4,673</u>	<u>-</u>	<u>21,245</u>
	546,605,134	532,806,678	509,468,892
Less: Allowance for bad debts	(6,778,334)	(6,710,925)	(6,459,294)
Discounts on loans	<u>(102,151)</u>	<u>(107,286)</u>	<u>(90,296)</u>
	<u>\$ 539,724,649</u>	<u>\$ 525,988,467</u>	<u>\$ 502,919,302</u>

For the information on credit risk management and impairment loss analysis of discounts and loans, please refer to Note 51.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Suyin KGI Consumer Finance Co., Ltd.	\$ 10,872,315	\$ 10,161,491	\$ 8,912,978
CDIB & Partners Investment Holding Corporation	7,255,638	8,035,263	6,976,586
KGI Securities (Thailand) Public Company Limited	3,183,442	3,249,711	2,851,155
CDIB Capital Asia Partners L.P.	1,615,472	1,885,494	1,997,398
Others	<u>6,515,304</u>	<u>6,525,990</u>	<u>5,903,463</u>
	<u>\$ 29,442,171</u>	<u>\$ 29,857,949</u>	<u>\$ 26,641,580</u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, financial assets designated as at FVTPL of associates that are not individually material were \$9,250,546 thousand, \$8,802,819 thousand and \$7,204,542 thousand, respectively.

Investments accounted for using the equity method and the Group's share of profit and other comprehensive income of Suyin KGI Consumer Finance Co., Ltd., CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees had not been reviewed, there would have been no significant effect on the consolidated financial statements.

There are no any investments under equity method was pledged as collateral for the Group.

16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below presents the types of structured entities that the Company and subsidiaries do not include in consolidated financial reports but in which they hold an interest. The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

Type of Structured Entity	Nature and Purpose	Interests Owned
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entities

The carrying amounts of the Company's subsidiaries' interests in structured entities are as follows:

June 30, 2026

	Partnership Fund	Asset Securitization	Total
Financial assets mandatorily at fair value through profit or loss	\$ 57,460,960	\$ 1,261,256	\$ 58,722,216
Financial assets designated at fair value through profit or loss	5,716,863	-	5,716,863
Debt instruments measured at amortized cost	-	13,279,690	13,279,690
Investments accounted for using the equity method	5,254,488	-	5,254,488

December 31, 2025

	Partnership Fund	Asset Securitization	Total
Financial assets mandatorily at fair value through profit or loss	\$ 52,419,994	\$ 1,300,955	\$ 53,720,949
Financial assets designated at fair value through profit or loss	5,459,403	-	5,459,403
Financial assets at fair value through other comprehensive income	-	3,262,478	3,262,478
Debt instruments measured at amortized cost	-	6,371,385	6,371,385
Investments accounted for using the equity method	5,115,599	-	5,115,599

June 30, 2025

	Partnership Fund	Asset Securitization	Total
Financial assets mandatorily at fair value through profit or loss	\$ 46,842,406	\$ 1,429,525	\$ 48,271,931
Financial assets designated at fair value through profit or loss	5,027,799	-	5,027,799
Debt instruments measured at amortized cost	-	6,171,996	6,171,996
Investments accounted for using the equity method	4,942,595	-	4,942,595

The asset sizes of the private equity funds for which the Company's subsidiaries have investment and management obligations and which are accounted for as investments under the equity method and financial assets designated at fair value through profit or loss were \$38,367,946 thousand, \$36,796,258 thousand and \$33,779,683 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively.

17. OTHER FINANCIAL ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Separate-account insurance products	\$ 185,539,065	\$ 139,165,020	\$ 115,993,942
Customer margin accounts	146,118,877	89,047,195	65,242,968
Others	<u>1,635,574</u>	<u>1,230,978</u>	<u>1,690,318</u>
	<u>\$ 333,293,516</u>	<u>\$ 229,443,193</u>	<u>\$ 182,927,228</u>

Separate Account Insurance Products

a. Separate account insurance products - assets

	June 30, 2026	December 31, 2025	June 30, 2025
Cash in banks	\$ 9,216,814	\$ 10,383,810	\$ 5,668,019
Financial assets at fair value through profit or loss - mutual funds	176,257,297	128,734,357	110,298,263
Accounts receivables	<u>64,954</u>	<u>46,853</u>	<u>27,660</u>
	<u>\$ 185,539,065</u>	<u>\$ 139,165,020</u>	<u>\$ 115,993,942</u>

b. Reconciliation of assets of separate account insurance products - financial assets at fair value through profit or loss

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 128,734,357	\$ 115,173,532
Additions during the period	62,762,262	10,929,737
Disposals during the period	(33,815,855)	(7,165,914)
Expenses	(1,380,617)	(1,134,818)
Investment performance	<u>19,957,150</u>	<u>(7,504,274)</u>
Ending balance	<u>\$ 176,257,297</u>	<u>\$ 110,298,263</u>

c. Net income (loss) of separate account insurance products

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Separate-account insurance products revenues				
Gain from financial assets at fair value through profit or loss	\$ 23,831,840	\$ (4,450,273)	\$ 22,870,689	\$ (6,782,180)
Interest income	902,643	402,416	1,496,399	752,370
Foreign exchange (losses) gains	20,229	238,284	244,741	16,145
Other revenues	<u>19,738</u>	<u>11,854</u>	<u>42,766</u>	<u>16,940</u>
	<u>\$ 24,774,450</u>	<u>\$ (3,797,719)</u>	<u>\$ 24,654,595</u>	<u>\$ (5,996,725)</u>

For the information on other financial assets pledged as collateral for the Group, please refer to Note 46.

18. INVESTMENT PROPERTY, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Land	\$ 39,832,909	\$ 37,434,294	\$ 37,570,660
Buildings and facilities	17,822,056	14,274,578	14,620,771
Right-of-use assets - superficies of royalties	13,559,313	3,520,320	3,570,708
Right-of-use assets - land	2,133,164	462,508	468,426
Construction in progress	<u>60,554</u>	<u>-</u>	<u>-</u>
	<u>\$ 73,407,996</u>	<u>\$ 55,691,700</u>	<u>\$ 56,230,565</u>

Changes in the Group investment property are as follows:

	For the Six Months Ended June 30	
	2026	2025
<u>Cost</u>		
Beginning balance	\$ 61,054,229	\$ 60,822,936
Additions during the period	18,183,652	456,751
Disposals during the period	(57,554)	(179,972)
Reclassification	<u>40,046</u>	<u>87,726</u>
Ending balance	<u>79,220,373</u>	<u>61,187,441</u>

(Continued)

	For the Six Months Ended June 30	
	2026	2025
<u>Accumulated depreciation</u>		
Beginning balance	\$ (4,846,900)	\$ (4,103,513)
Additions during the period	(455,180)	(378,986)
Disposals during the period	-	1,592
Reclassification	<u>5,332</u>	<u>21,431</u>
Ending balance	<u>(5,296,748)</u>	<u>(4,459,476)</u>
<u>Accumulated impairment</u>		
Balance at January 1 and June 30	<u>(515,629)</u>	<u>(497,400)</u>
Investment property, net	<u>\$ 73,407,996</u>	<u>\$ 56,230,565</u>
		(Concluded)

The above items of investment property are depreciated on a straight-line basis at estimated economic lives as follows:

Buildings and facilities	5-60 years
Right-of-use assets - superficies of royalties	70 years
Right-of-use assets - land	70 years

The fair values of the Group's investment property as of June 30, 2026, December 31, 2025 and June 30, 2025 were \$80,167,420 thousand, \$60,780,412 thousand and \$61,013,113 thousand, respectively. Investment property was categorized into Level 3.

Valuation of fair values above mentioned arrived at without appraisal from independent appraisers. All the other subsidiaries of the Group engaged independent appraisers for the valuation of their investment properties. The sales comparison approach and income approach were used in the valuation, whereby the sales comparison approach compares a subject property's characteristics with those of comparable properties which have been recently sold in similar transaction, and income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

The Group's investment property is mainly based on leased building with lease terms of 1 to 20 years and some lessees have priority to rent the leased building. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Year 1	\$ 1,609,282	\$ 1,329,108	\$ 910,578
Year 2	1,447,400	1,175,110	1,056,748
Year 3	1,262,551	1,002,006	861,380
Year 4	1,063,587	856,949	709,184
Year 5	736,528	644,894	557,909
Year 5 onwards	<u>3,856,316</u>	<u>3,468,075</u>	<u>3,370,451</u>
	<u>\$ 9,975,664</u>	<u>\$ 8,476,142</u>	<u>\$ 7,466,250</u>

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 46.

19. PROPERTY AND EQUIPMENT, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Land	\$ 17,418,703	\$ 17,424,140	\$ 17,405,168
Buildings and facilities	9,429,683	9,650,212	9,877,787
Machinery and computer equipment	1,716,330	1,648,016	1,487,790
Leasehold improvements	697,926	697,306	654,715
Other equipment	411,191	463,694	491,713
Transportation equipment	<u>18,174</u>	<u>17,465</u>	<u>18,160</u>
	29,692,007	29,900,833	29,935,333
Prepayments for acquisition of properties	<u>668,431</u>	<u>653,809</u>	<u>471,726</u>
	<u>\$ 30,360,438</u>	<u>\$ 30,554,642</u>	<u>\$ 30,407,059</u>

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025.

The above items of self-use property and equipment are depreciated on a straight-line basis over the estimated economic lives as follows:

Buildings and facilities	3-60 years
Machinery and computer equipment	3-15 years
Transportation equipment	4-10 years
Other equipment	3-15 years
Leasehold improvements	Depend on the age or the durable life of lease, whichever is shorter

For the information on property and equipment pledged as collateral for the Group, please refer to Note 46.

20. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts			
Royalty-surface rights	\$ 8,070,759	\$ 8,154,925	\$ 8,225,005
Buildings and facilities	3,639,615	3,531,727	2,772,947
Land	1,040,230	998,721	1,007,509
Transportation equipment	23,552	23,574	23,349
Computer equipment	9,028	10,155	25,737
Other equipment	<u>2,726</u>	<u>5,569</u>	<u>455</u>
	<u>\$ 12,785,910</u>	<u>\$ 12,724,671</u>	<u>\$ 12,055,002</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets	<u>\$ 389,473</u>	<u>\$ 10,337</u>	<u>\$ 609,908</u>	<u>\$ 930,398</u>
Depreciation of right-of-use assets				
Buildings and facilities	\$ 212,471	\$ 181,452	\$ 425,199	\$ 367,116
Royalty-surface rights	35,040	35,039	70,080	70,079
Land	4,551	4,394	9,101	8,788
Transportation equipment	4,033	4,462	8,143	8,873
Computer equipment	2,787	10,335	5,897	20,777
Other equipment	<u>1,528</u>	<u>1,514</u>	<u>3,057</u>	<u>3,019</u>
	<u>\$ 260,410</u>	<u>\$ 237,196</u>	<u>\$ 521,477</u>	<u>\$ 478,652</u>

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts	<u>\$ 7,179,274</u>	<u>\$ 5,285,906</u>	<u>\$ 4,506,843</u>

The interest expenses of the lease liabilities recognized in profit or loss for the three months ended June 30, 2026 and 2025 were \$51,710 thousand and \$32,425 thousand, respectively, and the interest expense of the lease liabilities recognized in profit or loss for the six months ended June 30, 2026 and 2025 were \$93,813 thousand and \$63,238 thousand, respectively.

Range of discount rates for lease liabilities were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings and facilities	0.63%-3.90%	0.57%-4.66%	0.57%-8.38%
Land	1.65%-3.50%	1.61%-3.50%	1.61%-3.50%
Computer equipment	0.57%-4.87%	0.57%-4.87%	0.56%-4.87%
Transportation equipment	0.58%-1.86%	0.58%-1.86%	0.58%-1.86%
Other equipment	1.03%-3.61%	1.03%-3.61%	1.03%-3.61%

The maturity analysis of lease liabilities were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Not later than 1 year	\$ 955,647	\$ 884,731	\$ 841,600
Later than 1 year and not later than 5 years	1,629,840	2,706,059	2,263,475
Later than 5 years and not later than 10 years	1,601,386	1,072,617	603,876
Later than 10 years	<u>3,200,486</u>	<u>3,092,631</u>	<u>3,124,812</u>
	<u>\$ 7,387,359</u>	<u>\$ 7,756,038</u>	<u>\$ 6,833,763</u>

c. Material lease-in activities and terms

The Group leases land, building and facilities, computer equipment, transportation equipment and other equipment with lease terms of 1 to 15 years. In the contract, the Group has options to lease the building at the end of the lease terms. The lease contract for the right of superficies has been established indicates that KGI Life Insurance also leases land with lease terms of 70 years.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties for the Group, please refer Note 18, respectively.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	<u>\$ 18,965</u>	<u>\$ 9,313</u>	<u>\$ 38,287</u>	<u>\$ 18,582</u>
Expenses relating to low-value asset leases	<u>\$ 1,670</u>	<u>\$ 1,652</u>	<u>\$ 3,170</u>	<u>\$ 3,293</u>
Total cash outflow for leases			<u>\$ 432,719</u>	<u>\$ 442,771</u>

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

21. INTANGIBLE ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Goodwill	\$ 3,213,875	\$ 3,202,848	\$ 3,207,488
Computer software	2,271,967	2,350,510	2,197,687
Operation rights	528,068	589,039	652,886
Others	<u>252</u>	<u>256</u>	<u>367</u>
	<u>\$ 6,014,162</u>	<u>\$ 6,142,653</u>	<u>\$ 6,058,428</u>

Except for amortization recognized, the Group had no significant addition, disposal, and impairment of other intangible assets during the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025.

The intangible assets above are amortized on a straight-line basis by the Group over the estimated economic lives as follows:

Operation rights	7-20 years
Computer software	1-10 years

22. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Security borrowing margins	\$ 54,607,575	\$ 49,940,404	\$ 46,771,790
Overseas custodian accounts	32,864,520	27,881,864	26,691,734
Guarantee deposits paid	22,253,814	41,089,245	5,718,769
Operating guarantee deposits	8,981,090	8,981,359	8,756,889
Others	<u>15,411,016</u>	<u>6,753,727</u>	<u>4,514,777</u>
	<u>\$ 134,118,015</u>	<u>\$ 134,646,599</u>	<u>\$ 92,453,959</u>

The above overseas custodian account is mainly for foreign subsidiaries transaction.

For information regarding other assets of the Group that have been pledged as collateral, please refer to Note 46.

23. DEPOSITS FROM THE CENTRAL BANK AND FINANCIAL INSTITUTIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Call loans from financial institutions	\$ 8,685,770	\$ 9,591,456	\$ 15,434,810
Deposits from Chunghwa Post Co., Ltd.	<u>180,556</u>	<u>180,556</u>	<u>180,556</u>
	<u>\$ 8,866,326</u>	<u>\$ 9,772,012</u>	<u>\$ 15,615,366</u>

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Corporate bonds	\$ 104,254,554	\$ 87,459,348	\$ 76,844,810
Bank debentures	55,618,256	50,868,250	40,711,588
Government bonds	48,414,138	24,757,939	36,560,544
Commercial paper	<u>4,574,112</u>	<u>5,500,941</u>	<u>1,415,499</u>
	<u>\$ 212,861,060</u>	<u>\$ 168,586,478</u>	<u>\$ 155,532,441</u>
Repurchased amounts	<u>\$ 213,892,260</u>	<u>\$ 169,269,044</u>	<u>\$ 156,619,065</u>

25. COMMERCIAL PAPER PAYABLE, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Commercial paper payable	\$ 146,615,045	\$ 97,875,488	\$ 44,755,918
Less: Unamortized discount	<u>(640,196)</u>	<u>(234,491)</u>	<u>(46,193)</u>
	<u>\$ 145,974,849</u>	<u>\$ 97,640,997</u>	<u>\$ 44,709,725</u>
Range of rate	1.66%-3.54%	1.51%-3.76%	1.50%-4.29%

Except the commercial paper payable for those issued without guarantee, are guaranteed or accepted by note corporations and banks.

26. PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable for settlement	\$ 135,162,468	\$ 76,892,894	\$ 64,644,873
Exchange clearing payable	54,081,322	13,053,942	15,775,931
Accrued expenses	18,495,521	16,469,748	11,470,698
Cash dividends payable	17,540,425	-	14,847,854
Deposits payable for securities financing	11,565,020	12,261,272	10,926,676
Others	<u>15,942,631</u>	<u>10,340,774</u>	<u>13,256,841</u>
	<u>\$ 252,787,387</u>	<u>\$ 129,018,630</u>	<u>\$ 130,922,873</u>

27. DEPOSITS AND REMITTANCES

	June 30, 2026	December 31, 2025	June 30, 2025
Saving deposits	\$ 257,815,710	\$ 227,268,040	\$ 212,420,523
Time deposits	255,094,489	271,741,831	245,484,404
Demand deposits	141,347,792	129,084,928	142,297,089
Checking deposits	1,263,456	2,000,826	1,605,998
Inward remittance	66,633	67,758	76,688
Negotiable CDs	<u>11,500</u>	<u>15,511,500</u>	<u>8,011,500</u>
	<u>\$ 655,599,580</u>	<u>\$ 645,674,883</u>	<u>\$ 609,896,202</u>

28. BONDS PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
Corporate bonds payable	\$ 120,122,997	\$ 87,291,545	\$ 80,796,465
Bank debentures payable	<u>26,722,956</u>	<u>26,685,014</u>	<u>24,023,227</u>
	<u>\$ 146,845,953</u>	<u>\$ 113,976,559</u>	<u>\$ 104,819,692</u>

Corporate Bonds Payable

Name	June 30, 2026	December 31, 2025	June 30, 2025	Issuance Period	Method of Paying Principle and Interests	Interest Rate
1st corporate bonds in 2017 - the Company	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	Bond A 2017.09.08-2024.09.08 Bond B 2017.09.08-2027.09.08 Bond C 2017.09.08-2032.09.08	Interest payable annually; principal due on maturity	Bond A 1.75% Bond B 1.90% Bond C 2.10%
1st corporate bonds in 2019 - the Company	5,000,000	5,000,000	5,000,000	Bond A 2019.08.08-2026.08.08 Bond B 2019.08.08-2029.08.08	Interest payable annually; principal due on maturity	Bond A 0.88% Bond B 1.00%
1st corporate bonds in 2020 - the Company	2,400,000	2,400,000	2,400,000	Bond A 2020.05.20-2025.05.20 Bond B 2020.05.20-2035.05.20	Interest payable annually; principal due on maturity	Bond A 0.75% Bond B 0.95%
2nd corporate bonds in 2020 - the Company	6,000,000	6,000,000	6,000,000	Bond A 2020.11.30-2030.11.30 Bond B 2020.11.30-2035.11.30	Interest payable annually; principal due on maturity	Bond A 1.25% Bond B 1.50%
3rd corporate bonds in 2020 - the Company	4,000,000	4,000,000	4,000,000	Bond A 2021.01.14-2028.01.14 Bond B 2021.01.14-2031.01.14	Interest payable annually; principal due on maturity	Bond A 0.50% Bond B 0.59%
1st corporate bonds in 2021 - the Company	15,000,000	15,000,000	15,000,000	Bond A 2021.12.20-2026.12.20 Bond B 2021.12.20-2028.12.20 Bond C 2021.12.20-2031.12.20	Interest payable annually; principal due on maturity	Bond A 0.59% Bond B 0.65% Bond C 0.75%
1st corporate bonds in 2025 - the Company	6,600,000	6,600,000	-	Bond A 2025.09.08-2030.09.08 Bond B 2025.09.08-2034.09.08 Bond C 2025.09.08-2040.09.08	Interest payable annually; principal due on maturity	Bond A 1.87% Bond B 2.00% Bond C 2.06%
1st corporate bonds in 2019 - KGI Securities	1,300,000	1,300,000	1,300,000	Bond B 2019.11.22-2022.11.22 Bond B 2019.11.22-2024.11.22 Bond C 2019.11.22-2026.11.22	Interest payable annually; principal due on maturity	Bond A 0.73% Bond B 0.78% Bond C 0.83%
1st corporate bonds in 2021 - KGI Securities	5,000,000	5,000,000	5,000,000	Bond A 2021.07.09-2026.07.09 Bond B 2021.07.09-2028.07.09	Interest payable annually; principal due on maturity	Bond A 0.51% Bond B 0.55%
1st corporate bonds in 2024 - KGI Securities	3,000,000	3,000,000	3,000,000	2024.05.28-2034.05.28	Interest payable annually; principal due on maturity	2.20%
1st corporate bonds in 2026 - KGI Securities	9,100,000	-	-	Bond A 2026.05.25-2031.05.25 Bond B 2026.05.25-2036.05.25	Interest payable annually; principal due on maturity	Bond A 1.85% Bond B 2.05%
2nd corporate bonds in 2026 - KGI Securities	3,700,000	-	-	2026.05.25-2036.05.25	Interest payable annually; principal due on maturity	2.40%
1st corporate bonds in 2020 - KGI Life Insurance	9,950,000	9,980,000	10,000,000	2020.12.28, no maturity date	Interest payable annually (Note)	2.70%
1st corporate bonds in 2023 - KGI Life Insurance	10,000,000	10,000,000	10,000,000	2023.07.25-2033.07.25	Interest payable annually; principal due on maturity	3.75%
1st corporate bonds in 2024 - KGI Life Insurance	10,000,000	10,000,000	10,000,000	Bond A 2024.09.13-2034.09.13 Bond B 2024.09.13-2039.09.13	Interest payable annually; principal due on maturity (Note)	Bond A 3.75% Bond B 3.88%
1st corporate bonds in 2026 - KGI Life Insurance	10,000,000	-	-	Bond A 2026.01.26-2036.01.26 Bond B 2026.01.26-2041.01.26	Interest payable annually; principal due on maturity (Note)	Bond A 3.75% Bond B 3.88%
2nd corporate bonds in 2026 - KGI Life Insurance	10,000,000	-	-	Bond A 2026.06.10-2041.06.10 Bond B 2026.06.10-2041.06.10	Interest payable annually; principal due on maturity (Note)	Bond A 3.75% Bond B 3.88%
Beneficiary bonds - CDIB Real Estate Credit Ltd.	-	-	85,740	2023.10.26-2026.09.27	Interest payment every season	9.50%
Beneficiary bonds - CDIB Real Estate Credit Ltd.	<u>12,021</u>	<u>11,545</u>	<u>10,725</u>	2024.10.29-2028.10.29	Interest payment every season	AUD BBSY 3m (BID rate) +7.00%
	120,062,021	87,291,545	80,796,465			
Unamortized discount	<u>60,976</u>	<u>-</u>	<u>-</u>			
Net amount	<u>\$ 120,122,997</u>	<u>\$ 87,291,545</u>	<u>\$ 80,796,465</u>			

Note: KGI Life Insurance has the right to redeem the B bonds after 10 years from the issue date if its self-owned capital adequacy ratio is higher than the minimum regulation requirement at the time of calculation. KGI Life Insurance is allowed to redeem the bonds based on the carrying value of each bond plus interest after being approved by the competent authority.

Bank Debentures Payable

Name	June 30, 2026	December 31, 2025	June 30, 2025	Issuance Period	Method of Paying Principle and Interests	Interest Rate
P07 KGIB 1	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	2018.12.27, no maturity date	Interest payable annually (Note)	2.35%
P07 KGIB 2	3,350,000	3,350,000	3,350,000	2018.12.27-2033.12.27	Interest payable annually; principal due on maturity	1.68%
P08 KGIB 1	3,100,000	3,100,000	3,100,000	2019.06.26-2034.06.26	Interest payable annually; principal due on maturity	1.40%
P09 KGIB 1	1,200,000	1,200,000	1,200,000	2020.03.05-2027.03.05	Interest payable annually; principal due on maturity	0.75%
P09 KGIB 2	4,800,000	4,800,000	4,800,000	2020.03.05-2030.03.05	Interest payable annually; principal due on maturity	0.80%
P09 KGIB 3	4,800,000	4,800,000	4,800,000	2020.08.07-2030.08.07	Interest payable annually; principal due on maturity	0.71%
P10 KGIB 1	4,300,000	4,300,000	4,300,000	2021.02.04-2031.02.04	Interest payable annually; principal due on maturity	0.57%
P14 KGIB 1	<u>2,870,000</u>	<u>2,870,000</u>	<u>-</u>	2025.12.30, no maturity date	Interest payable annually (Note)	4.50%
	27,420,000	27,420,000	24,550,000			
Unamortized discount	<u>(697,044)</u>	<u>(734,986)</u>	<u>(526,773)</u>			
Net amount	<u>\$ 26,722,956</u>	<u>\$ 26,685,014</u>	<u>\$ 24,023,227</u>			

Note: KGI Bank has the right to redeem the bonds after 5 years and 1 month from the issue date if its self-owned capital adequacy ratio is still in accordance with the requirements set by the competent authority. KGI Bank is allowed to redeem the bonds based on the carrying value of each bond plus interest after approved by the competent authority.

29. OTHER BORROWINGS

	June 30, 2026	December 31, 2025	June 30, 2025
Short-term credit borrowings	\$ 34,768,861	\$ 26,722,198	\$ 20,045,217
Call loans from banks	3,533,907	2,735,106	1,614,708
Short-term secured borrowings	<u>684,000</u>	<u>650,000</u>	<u>1,130,537</u>
	<u>\$ 38,986,768</u>	<u>\$ 30,107,304</u>	<u>\$ 22,790,462</u>
Range of rate	1.41%-5.75%	1.39%-5.47%	0.93%-6.65%

For the information on collateral of other borrowings listed, please refer to Note 46.

30. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2025 and 2024, and recognized respectively, for the six months ended June 30, 2026 and 2025.

For the three months ended June 30, 2026 and 2025, the Group recognized its contributions under defined benefit plans as pension expenses amounting to \$2,547 thousand and \$2,577 thousand, respectively, and recognized pension expenses under defined contribution plans amounting to \$210,645 thousand and \$191,573 thousand, respectively, and for the six months ended June 30, 2026 and 2025 the Group recognized its contributions under defined benefit plans as pension expenses amounting to \$5,088 thousand and \$13,804 thousand, respectively, and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to \$411,972 thousand and \$375,495 thousand, respectively.

31. OTHER FINANCIAL LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Customers' equity accounts - futures	\$ 145,877,557	\$ 87,510,484	\$ 64,808,654
Principal received on structured products	62,350,092	40,584,456	45,605,743
Appropriation for loans	<u>13,205,656</u>	<u>9,987,092</u>	<u>7,948,894</u>
	<u>\$ 221,433,305</u>	<u>\$ 138,082,032</u>	<u>\$ 118,363,291</u>

32. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS ISSUED AND HELD

a. Insurance contract assets and reinsurance contract assets

	June 30, 2026	December 31, 2025	June 30, 2025
Insurance contract assets			
Asset for remaining coverage	\$ 8,820	\$ 191,305	\$ 167,971
Asset for incurred claims	<u>-</u>	<u>(55,092)</u>	<u>(132,631)</u>
	<u>8,820</u>	<u>136,213</u>	<u>35,340</u>
Reinsurance contract assets			
Asset for remaining coverage	26,887	23,478	28,198
Asset for incurred claims	<u>139,392</u>	<u>151,917</u>	<u>131,732</u>
	<u>166,279</u>	<u>175,395</u>	<u>159,930</u>
	<u>\$ 175,099</u>	<u>\$ 311,608</u>	<u>\$ 195,270</u>

b. Insurance contract liabilities and reinsurance contract liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Insurance contract liabilities			
Liabilities for remaining coverage	\$ 1,989,866,681	\$ 1,997,988,794	\$ 1,917,558,463
Liabilities for incurred claims	<u>6,753,234</u>	<u>6,443,658</u>	<u>4,148,095</u>
	<u>1,996,619,915</u>	<u>2,004,432,452</u>	<u>1,921,706,558</u>
Reinsurance contract liabilities			
Liabilities for remaining coverage	14,365,701	15,151,440	14,238,126
Liabilities for incurred claims	<u>(1,673,527)</u>	<u>(1,638,827)</u>	<u>(1,213,068)</u>
	<u>12,692,174</u>	<u>13,512,613</u>	<u>13,025,058</u>
	<u>\$ 2,009,312,089</u>	<u>\$ 2,017,945,065</u>	<u>\$ 1,934,731,616</u>

33. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Securities lending deposits received	\$ 72,804,660	\$ 62,689,393	\$ 50,297,028
Foreign exchange valuation reserve	48,993,847	43,372,327	2,441,255
Other reserves	33,277,608	31,968,304	30,670,148
Customers' equity in segregated accounts	30,489,079	20,425,068	17,286,869
Unamortized effects of unrealized foreign exchange valuation on financial assets measured at amortized cost	11,117,956	-	-
Others	<u>10,873,634</u>	<u>6,482,532</u>	<u>18,388,602</u>
	<u>\$ 207,556,784</u>	<u>\$ 164,937,624</u>	<u>\$ 119,083,902</u>

a. Foreign exchange valuation reserve

1) The hedge strategy and risk exposure

KGI Life Insurance Co., Ltd. consistently adjusts the hedge ratios to establish an adequate risk exposure planning based on the new foreign exchange valuation exposure principle by integrating the exchange rate and interest rate trends of domestic and foreign financial markets. However, changes in the hedge and risk exposure ratios should follow the internal risk control to alert and adjust hedge strategy in advance to meet the optimal hedge considerations.

2) Adjustment in foreign exchange valuation reserve

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 43,372,327	\$ 30,705,210
Reserve		
Provision for statutory reserves	4,507,565	-
Provision for fluctuation reserves	2,133,872	-
Compulsory reserve	-	2,673,285
Extra reserve	-	9,176,375
	<u>6,641,437</u>	<u>11,849,660</u>
Offset during the period		
Offset against statutory reserves	-	-
Offset against fluctuation reserves	<u>(1,019,917)</u>	<u>-</u>
	<u>(1,019,917)</u>	<u>-</u>
Recover	<u>-</u>	<u>(40,113,615)</u>
Ending balance	<u>\$ 48,993,847</u>	<u>\$ 2,441,255</u>

3) Effects due to foreign exchange valuation reserve of KGI Life Insurance

Item	For the Six Months Ended June 30, 2026		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ 13,699,731	\$ 9,202,515	\$ (4,497,216)
Earnings per share (dollar)	2.63	1.76	(0.87)
Foreign exchange valuation reserve	-	48,993,847	48,993,847
Equity	372,595,869	348,748,523	(23,847,346)

Item	For the Six Months Ended June 30, 2025		
	Inapplicable Amount	Applicable Amount	Effects
Net income	\$ (57,291,506)	\$ (34,680,342)	\$ 22,611,164
Earnings per share (dollar)	(10.98)	(6.65)	4.33
Foreign exchange valuation reserve	-	2,441,255	2,441,255
Equity	224,819,835	238,214,563	13,394,728

Note: The weighted average number of common stocks outstanding has been retrospectively adjusted based on the capital increase from the earnings to issue new shares as resolved at the shareholders' meeting of KGI Life Insurance in 2025.

- b. Please refer to Note 10 for more information on the cumulative unamortized net unrealized exchange differences.

34. EQUITY

a. Capital

Common stock

	June 30, 2026	December 31, 2025	June 30, 2025
Number of shares authorized (in thousands) (Note)	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Shares authorized	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>	<u>\$ 250,000,000</u>
Number of shares issued and fully paid (in thousands) (Note)			
Common share	<u>16,974,847</u>	<u>16,974,847</u>	<u>16,807,932</u>
Preference share	<u>1,582,142</u>	<u>1,582,142</u>	<u>1,582,142</u>
Shares issued	<u>\$ 185,569,894</u>	<u>\$ 185,569,894</u>	<u>\$ 183,900,741</u>
Share capital awaiting retirement	<u>\$ 2,336</u>	<u>\$ -</u>	<u>\$ 8,331</u>

Note: Par value of NT\$10.

The Company's shareholders held a meeting on June 13, 2025 and resolved to increase its capital by using its earnings of \$1,680,729 thousand. As a result, the Company issued 168,073 thousand ordinary shares at a par value of NT\$10. The above transaction was approved by authorities and set September 6, 2025 as the record date.

Preferred shares

On October 1, 2021, the Company adopted a resolution of the extraordinary shareholders' meeting to take KGI Life Insurance as a 100%-owned subsidiary through share conversion. The Company issued 1,893,044 thousand preferred shares B, with a par value of NT\$10. The issue price is NT\$10 per share. According to the resolution of the board of directors on November 16, 2021, the date of the capital increase on December 30, 2021, and the preferred shares are classified under equity. The rights and obligations are as follows:

- 1) If the Company has a surplus after the year-end final accounts, it should first pay taxes and make up the losses accumulated from preceding years. After setting aside the legal reserve and setting aside or reversing the special reserve as required by law, if there is any remaining balance, it may first distribute the dividends for the year to which the preferred shares are entitled.
- 2) The dividend on the preferred shares is calculated at an annual rate of 3.55% (seven-year IRS 0.75% + 2.80%) based on the issue price per share. The seven-year IRS rate will reset on the business day following the seventh year from the issue date and every seven years thereafter. The interest rate reset record date is two Taiwan bank days prior to the interest rate reset date. The interest rate index seven-year IRS is the arithmetic average of Reuter's TAIFXIRS and COSMOS3 seven-year interest rate swap quotes priced at 11:00 a.m. on the interest rate reset record date. If such quotes are not available on the interest rate reset record date, The Company will decide in good faith and based on reasonable market conditions.

- 3) The dividend on the preferred shares is paid annually in cash after the board of directors set the record date for the distribution of the preceding year's dividend after the financial report is approved by the shareholders at the annual general meeting. The number of dividends paid in the year of issuance and the number of dividends received in the year of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
- 4) The Company has the discretion to distribute dividends on the preferred shares. If the Company has no or insufficient surplus to distribute dividends on the preferred shares in its annual accounts, or if the distribution of dividends on the preferred shares will cause the Company's capital adequacy ratio to fall below the minimum requirements set by law or by the competent authorities, or if there are other necessary considerations, the Company may resolve not to distribute dividends on the preferred shares and the preferred shareholders shall not dissent.
- 5) The preferred shares are noncumulative, and any undistributed or under-distributed dividends will not be accumulated and deferred in coming years.
- 6) The preferred shareholders shall not participate in the distribution of earnings and capital surplus in cash and capitalization of common shares, except for receiving the dividends set forth in (2).
- 7) The preferred shareholders shall have priority in the distribution of the residual property of the Company over the common shareholders, and the shareholders of each class of preferred shares shall be paid in the same order, provided that such distribution shall not exceed the original amount of issuance.
- 8) The preferred shareholders shall not have voting rights at general shareholders' meetings, but may be elected as directors, and shall have voting rights at shareholders' meetings of preferred shares and at shareholders' meetings concerning the rights and obligations of preferred shareholders.
- 9) Preferred shares shall not be converted into common shares.
- 10) The preferred shares issued by the Company have no expiration date and the preferred shareholders have no right to require the Company to buy back the preferred shares held thereby. On the day following the expiration of seven years from the date of issuance, the Company may redeem all or part of the preferred shares issued at the actual issue price, and the un-redeemed preferred shares shall continue to be subject to the rights and obligations of the aforementioned terms of issuance. If the Company decides to pay dividends in the current year, the dividends payable as of the date of recovery are calculated based on the actual number of days the preferred shares are outstanding in that year.
- 11) When the Company issues new shares for cash, the preferred shareholders have the same right of first refusal to purchase the new shares as the common shareholders.

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	\$ 18,488,215	\$ 18,488,215	\$ 18,488,215
Additional paid-in capital	13,440,427	13,314,268	13,314,268
Arising from treasury stock transactions	1,682,294	1,682,294	1,682,294
Others	<u>91,658</u>	<u>274,087</u>	<u>262,779</u>
	<u>\$ 33,702,594</u>	<u>\$ 33,758,864</u>	<u>\$ 33,747,556</u>

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Company's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by the FSC and Rule No. 10000002891 issued by the FSC, the trading loss reserve and the default reserve that had been set up until December 31, 2010 were reclassified to a special reserve. After such reclassification, the special reserve may be used only to offset the Company's deficit, or when the special reserve has reached 50% of the Company's paid-in capital, up to 50% thereof may be capitalized; otherwise, it shall not be used. In accordance with Rule No. 1090150022 issued by the FSC, the Company appropriates a special reserve from the net reduction in other equity interests. When such reduction in other equity interests is subsequently reversed, the special reserve may be reversed to the extent of the reversal for earnings distribution. Pursuant to Order No. 11102279031 issued by the FSC and other applicable rulings, when distributing distributable earnings, the Company shall appropriate a special reserve in an amount equal to the changes in the fair value of financial assets reclassified by its insurance subsidiaries. When such changes in the fair value of the reclassified financial assets held by the insurance subsidiaries are subsequently reversed, the special reserve may be reversed to the extent of the reversal for earnings distribution.

d. Appropriation of earnings

Considering the necessity of business development and earnings enhancement, as well as in compliance with the relevant laws and regulations, the Company adopts a residual dividends policy. Cash dividend may not be less than 10% of total dividend.

Where the Company made profit after annual final accounting, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside legal reserve as well as setting aside or reversing special reserve in accordance with the laws and regulations, and then the remaining of the profit together with the addition of adjusted undistributed retained earnings in the beginning of the period shall be used as the basis for the distribution of dividends and bonus to shareholders. After the distribution of preferred share dividends according to the Articles of Incorporation, the remaining is subject to the range from 30% to 100% of the basis for the distribution as dividend for common shareholders. The distribution plan shall be proposed by the board of directors and resolved in the annual general shareholders meeting.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The appropriation of earnings of 2025 and 2024 was approved in the shareholders' meeting on June 12, 2026 and June 13, 2025 as follows:

	Earnings Appropriation		Dividends Per Share (NT\$)	
	2025	2024	2025	2024
<u>Earnings appropriation</u>				
Legal reserve	\$ 3,024,943	\$ 3,495,753		
(Reversal) appropriation of special reserve	(1,652,653)	5,175,192		
Cash dividends	16,974,707	14,286,193	\$1.00	\$0.85
Stock dividend	-	1,680,729	-	0.10
Preference share dividend	561,661	561,661	0.355	0.355

Related information can be accessed at the Market Observation Post System website of the Taiwan Stock Exchange.

35. INTEREST PROFIT, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Interest revenue</u>				
Securities	\$ 20,029,488	\$ 17,103,272	\$ 39,555,781	\$ 35,505,492
Discounts and loans	4,932,576	4,604,882	9,656,335	9,033,474
Others	<u>3,547,139</u>	<u>2,384,359</u>	<u>6,326,543</u>	<u>4,960,343</u>
	<u>28,509,203</u>	<u>24,092,513</u>	<u>55,538,659</u>	<u>49,499,309</u>
<u>Interest expense</u>				
Deposits	2,619,121	2,939,239	5,206,272	6,055,308
Notes and bonds issued under repurchase agreements	1,646,571	1,424,608	2,900,012	3,147,361
Corporate bonds	571,963	401,656	1,062,647	804,693
Security lending guarantee deposit	341,215	225,794	597,700	490,329
Structured notes	258,537	293,953	509,725	625,081
Others	<u>1,320,659</u>	<u>802,259</u>	<u>2,411,504</u>	<u>1,689,845</u>
	<u>6,758,066</u>	<u>6,087,509</u>	<u>12,687,860</u>	<u>12,812,617</u>
Interest profit, net	<u>\$ 21,751,137</u>	<u>\$ 18,005,004</u>	<u>\$ 42,850,799</u>	<u>\$ 36,686,692</u>

36. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
<u>Service fee revenue and commission income</u>				
Brokerage	\$ 10,073,894	\$ 4,067,921	\$ 16,804,092	\$ 7,952,382
Security lending	1,129,492	503,629	1,814,650	1,126,206
Trust	548,441	281,925	996,020	631,804
Others	<u>1,874,405</u>	<u>1,251,830</u>	<u>3,541,763</u>	<u>2,539,799</u>
	<u>13,626,232</u>	<u>6,105,305</u>	<u>23,156,525</u>	<u>12,250,191</u>
<u>Service fee expense and commission expense</u>				
Brokerage	2,138,456	1,048,056	3,662,031	2,014,471
Clearing and settlement service fee	164,826	116,448	314,998	214,474
Others	<u>950,390</u>	<u>576,254</u>	<u>1,692,856</u>	<u>1,161,995</u>
	<u>3,253,672</u>	<u>1,740,758</u>	<u>5,669,885</u>	<u>3,390,940</u>
Service fee and commission, net	<u>\$ 10,372,560</u>	<u>\$ 4,364,547</u>	<u>\$ 17,486,640</u>	<u>\$ 8,859,251</u>

37. INSURANCE SERVICE RESULT

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Premium income	\$ 11,361,036	\$ 10,625,981	\$ 22,388,695	\$ 21,097,951
Insurance service expenses	(7,471,472)	(6,648,731)	(13,866,462)	(13,191,472)
Income or expenses from reinsurance contracts held	<u>(30,857)</u>	<u>(115,948)</u>	<u>(70,171)</u>	<u>(274,529)</u>
	<u>\$ 3,858,707</u>	<u>\$ 3,861,302</u>	<u>\$ 8,452,062</u>	<u>\$ 7,631,950</u>

38. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating securities	\$ 46,382,912	\$ (42,908)	\$ 54,490,887	\$ (1,668,332)
Derivatives	(32,371,667)	50,867,604	(49,558,033)	41,653,222
Stocks	2,275,940	10,035,068	4,938,382	(2,084,661)
Mutual funds	2,228,467	(15,218,917)	3,978,458	(11,992,249)
Bonds	1,057,880	1,541,600	853,109	2,572,058
Others	<u>(11,005,212)</u>	<u>2,427,317</u>	<u>(10,605,433)</u>	<u>3,193,697</u>
	<u>\$ 8,568,320</u>	<u>\$ 49,609,764</u>	<u>\$ 4,097,370</u>	<u>\$ 31,673,735</u>

For the three months ended June 30, 2026 and 2025, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$954,852 thousand and \$844,242 thousand, respectively, and dividend income of \$960,857 thousand and \$4,190,610 thousand, respectively, and for the six months ended June 30, 2026 and 2025, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of \$1,835,660 thousand and \$1,686,803 thousand, respectively, and dividend income of \$1,520,847 thousand and \$7,298,747 thousand, respectively.

39. REALIZED GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Dividend income	\$ 717,449	\$ 207,654	\$ 1,312,396	\$ 238,583
Gain on bond disposal	147,333	115,274	547,473	209,166
Others	<u>543</u>	<u>64</u>	<u>1,412</u>	<u>90</u>
	<u>\$ 865,325</u>	<u>\$ 322,992</u>	<u>\$ 1,861,281</u>	<u>\$ 447,839</u>

40. INSURANCE FINANCE INCOME OR EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Insurance finance income or expenses				
Fair value of underlying items measured under the variable fee approach	\$ (17,709,099)	\$ (528,762)	\$ (18,853,802)	\$ 1,618,953
Interest accretion	(13,268,276)	(12,209,762)	(26,420,371)	(24,745,072)
Effects of changes in interest rates and other financial assumptions	<u>8,943,132</u>	<u>(21,900,641)</u>	<u>42,682,329</u>	<u>(19,071,842)</u>
Subtotal of insurance finance income or expenses	<u>\$ (22,034,243)</u>	<u>\$ (34,639,165)</u>	<u>\$ (2,591,844)</u>	<u>\$ (42,197,961)</u>
Insurance finance income or expenses recognized in profit or loss	\$ (30,977,375)	\$ (12,770,296)	\$ (45,274,173)	\$ (23,365,344)
Insurance finance income or expenses recognized in other comprehensive income	<u>8,943,132</u>	<u>(21,868,869)</u>	<u>42,682,329</u>	<u>(18,832,617)</u>
Total insurance finance income or expenses	<u>\$ (22,034,243)</u>	<u>\$ (34,639,165)</u>	<u>\$ (2,591,844)</u>	<u>\$ (42,197,961)</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Finance income or expenses from reinsurance contracts held				
Interest accretion	\$ (58,743)	\$ (51,997)	\$ (117,788)	\$ (104,337)
Effects of changes in interest rates and other financial assumptions	<u>199,316</u>	<u>(450,551)</u>	<u>594,882</u>	<u>(353,035)</u>
Subtotal of reinsurance finance income or expenses	<u>\$ 140,573</u>	<u>\$ (502,548)</u>	<u>\$ 477,094</u>	<u>\$ (457,372)</u>
Finance income or expenses from reinsurance contracts held recognized in profit or loss	\$ (58,743)	\$ (51,997)	\$ (117,788)	\$ (104,337)
Finance income or expenses from reinsurance contracts held recognized in other comprehensive income	<u>199,316</u>	<u>(450,551)</u>	<u>594,882</u>	<u>(353,035)</u>
Total finance income or expenses from reinsurance contracts held	<u>\$ 140,573</u>	<u>\$ (502,548)</u>	<u>\$ 477,094</u>	<u>\$ (457,372)</u>
Net insurance finance income or expenses	<u>\$ (21,893,670)</u>	<u>\$ (35,141,713)</u>	<u>\$ (2,114,750)</u>	<u>\$ (42,655,333)</u> (Concluded)

41. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Employee benefit expense				
Salaries and wages	\$ 7,827,883	\$ 3,521,292	\$ 13,683,716	\$ 7,641,202
Employee insurance	271,268	243,397	574,826	512,974
Pension	150,403	131,304	289,175	268,402
Others	<u>810,351</u>	<u>12,317</u>	<u>1,409,610</u>	<u>573,254</u>
	<u>\$ 9,059,905</u>	<u>\$ 3,908,310</u>	<u>\$ 15,957,327</u>	<u>\$ 8,995,832</u>
Depreciation and amortization expenses	<u>\$ 755,673</u>	<u>\$ 774,298</u>	<u>\$ 1,507,496</u>	<u>\$ 1,585,801</u>

The Company's Articles of Incorporation stipulate to distribute employees' compensation and remuneration to directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors, and distribute non-executive employees' compensation at the rates from 0.01% to 0.05%. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

For the six months ended June 30, 2026 and 2025, the employees' compensation were \$301,000 thousand and \$65,000 thousand, respectively, and the remuneration of directors were \$297,000 thousand and \$64,000 thousand, respectively.

The amounts of employees' compensation were \$316,500 thousand and \$359,000 thousand for 2025 and 2024, respectively, and the differences between the amount of employees' compensation and the amount recognized in the financial statements were both \$0 thousand; the amounts of directors' compensation were \$312,000 thousand and \$350,000 thousand for 2025 and 2024, respectively; the differences between the amount of directors' compensation and the amount recognized in the financial statements were \$0 thousand and \$8,000 thousand, respectively, the aforementioned difference is due to changes in accounting estimates and is recognized in the profit or loss of the following year.

The information on the proposed and approved compensation to employees and directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

42. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Company adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

Pillar Two income tax legislation has been enacted in certain jurisdictions where some of the subsidiaries are registered and became effective on January 1, 2025. These jurisdictions include Hong Kong, Singapore, and Indonesia. The enacted Pillar Two income tax legislation has no material impact on the Group's current income tax. The subsidiaries will continue to monitor the impact of the Pillar Two income tax legislation on its future financial performance.

a. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current income tax				
Current period	\$ 1,485,575	\$ 1,972,667	\$ 3,660,198	\$ 2,580,663
Income tax on unappropriated earnings	576,634	520,500	576,634	520,500
Prior years	<u>(18,659)</u>	<u>(22,469)</u>	<u>(18,054)</u>	<u>(22,357)</u>
	2,043,550	2,470,698	4,218,778	3,078,806
Deferred income tax	<u>1,168,093</u>	<u>(7,043,570)</u>	<u>400,457</u>	<u>(5,307,659)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,211,643</u>	<u>\$ (4,572,872)</u>	<u>\$ 4,619,235</u>	<u>\$ (2,228,853)</u>

b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Deferred income tax				
(Gain) loss on debt instruments at fair value through other comprehensive income	\$ 707,371	\$ 42,908	\$ (1,175,938)	\$ 213,782
(Gain) loss on equity instruments at fair value through other comprehensive income	4,655,826	215,825	5,596,294	212,817
Insurance finance income or expenses	1,788,627	(4,373,773)	8,536,466	(3,766,523)
Finance income or expenses from reinsurance contracts held	<u>39,863</u>	<u>(90,110)</u>	<u>118,976</u>	<u>(70,607)</u>
Income tax (benefit) expense	<u>\$ 7,191,687</u>	<u>\$ (4,205,150)</u>	<u>\$ 13,075,798</u>	<u>\$ (3,410,531)</u>

c. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current income tax				
Disposal of equity instruments at fair value through other comprehensive income	\$ 3,383,928	\$ 1,431	\$ 5,324,135	\$ 1,431
Deferred income tax				
(Gain) loss on equity instruments at fair value through other comprehensive income	<u>(3,383,928)</u>	<u>(1,431)</u>	<u>(5,324,135)</u>	<u>(1,431)</u>
Income tax expense (benefit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

d. Income tax assessments

The Company's income tax returns through 2020 had been examined by the tax authorities.

The income tax returns of KGI bank through 2020 had been examined by the tax authorities.

The income tax returns of KGI Asset Management Co., Ltd. through 2020 had been examined by the tax authorities. The income tax returns of CDIB Management Consulting Corporation and KGI Finance & Leasing Corp. through 2024 had been examined by the tax authorities.

The income tax returns of KGI Securities through 2020 had been examined by the tax authorities. KGI Securities did not agree with the assessment of the taxes for the year 2015 through 2020, and was in the process of administrative remedy.

The income tax returns of KGI Insurance Brokers Co., Ltd., KGI Securities Investment Advisory Co., Ltd., KGI Venture Capital Co., Ltd. and KGI Futures Co., Ltd through 2024 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2020 had been examined by the tax authorities.

The income tax returns of CDIB Capital Management Corporation and CDIB Capital Innovation Advisors Corporation through 2024 have been examined by the tax authorities. The income tax returns of CDIB Venture Capital Corp. through 2023 have been examined by the tax authorities.

KGI Life Insurance's income tax returns through 2021 have been examined by the tax authorities.

KGI Securities Investment Trust Co., Ltd.'s income tax returns through 2023 have been examined by the tax authorities.

43. EARNINGS PER SHARE

	(New Taiwan Dollars)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net income (loss) attributable to owners of the Company	\$ 16,750,427	\$ (24,118,710)	\$ 28,440,126	\$ (30,355,037)
Less: Dividends on preference shares	<u>(561,661)</u>	<u>(561,661)</u>	<u>(561,661)</u>	<u>(561,661)</u>
Net income (loss) attributable to ordinary shareholders of the Company	<u>\$ 16,188,766</u>	<u>\$ (24,680,371)</u>	<u>\$ 27,878,465</u>	<u>\$ (30,916,698)</u>
Weighted-average number of ordinary shares outstanding (thousand shares)	16,956,000	16,936,624	16,955,897	16,936,521
Effect of dilutive potential ordinary shares:				
Restricted shares (in thousands) (Note 1)	18,755	-	18,904	-
Employee share option (in thousands)	<u>12,968</u>	<u>-</u>	<u>12,968</u>	<u>-</u>
Diluted weighted-average number of ordinary shares outstanding (thousand shares)	<u>16,987,723</u>	<u>16,936,624</u>	<u>16,987,769</u>	<u>16,936,521</u>
Basic EPS (\$)	<u>\$0.95</u>	<u>\$(1.46)</u>	<u>\$1.64</u>	<u>\$(1.83)</u>
Diluted EPS (\$)	<u>\$0.95</u>	<u>\$(1.46)</u>	<u>\$1.64</u>	<u>\$(1.83)</u>

Note 1: For the three months ended June 30, 2025 and for the six months ended June 30, 2025, the restricted shares were not included in the calculation of diluted shares due to their anti-dilutive effect.

Note 2: The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. Due to stock dividends distributed.

44. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

In July 2024, the Company granted share options to qualified employees in an aggregate unit of 100,000 thousand. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 5.5 years and exercisable at certain percentages from now in accordance with the contract.

For any subsequent changes in the Company's capital, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Six Months Ended June 30, 2026	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance on January 1	100,000	\$ 20
Options granted	<u>-</u>	-
Balance on June 30	<u>100,000</u>	20
Options exercisable, end of the period	-	-
Weighted-average fair value of options granted (\$)	<u>\$ 0.986</u>	
	For the Six Months Ended June 30, 2025	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance on January 1	100,000	\$ 20
Options granted	<u>-</u>	-
Balance on June 30	<u>100,000</u>	20
Options exercisable, end of the period	-	-
Weighted-average fair value of options granted (\$)	<u>\$ 0.986</u>	

Options granted on conversion date were priced using the binomial trees model, and the inputs to the model were as follows:

Share price at the grant date	\$14.90
Exercise price	\$20
Expected volatility	28.02%
Expected life	5.5 years
Expected dividend yield	0%
Risk free interest rate	1.6148%

For the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, the Company recognized compensation costs of \$8,144 thousand, \$8,144 thousand, \$16,288 thousand and \$16,288 thousand, respectively.

b. Employee restricted shares

On November 19, 2021, the board of directors of the Company has decided to issue restricted shares for \$1,099,910 thousand in total, and with a par value of \$10 per share, i.e., a total of 109,991 thousand shares at issue price of \$0. Further, the board of directors made December 1, 2021 as the record date for the issuance of shares. On May 20, 2022, the board of directors of the Company has decided to issue restricted shares for \$11,000 thousand in total, with a par value of \$10 per share, i.e., a total of 1,100 thousand shares at issue price of \$0. Further, the board of directors made June 20, 2022 the record date for the issuance of shares. The fair value of the stock on the grant date is measured by performance indicators.

The vesting portion of shares was measured according to the achievement of the performance indicators, and the vesting rate of the shares is 40%, 30% and 30% in installments. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Company to buy them back or in any other way dispose of these shares except in the case of inheritance. Besides, employees do not have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Company will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Company will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If the stocks are retrieved, they shall be cancelled in each year of the vesting period.

For the three months ended June 30, 2026 and 2025, the Company recognized \$13,387 thousand and \$28,487 thousand as compensation cost, and for the six months ended June 30, 2026 and 2025, the Company recognized \$30,671 thousand and \$69,433 thousand as compensation cost.

45. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Others	Other related parties

b. Significant transactions with related parties

- 1) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	Amount
June 30, 2026	\$ 1,164,468
December 31, 2025	673,368
June 30, 2025	-

- 2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2026	\$ -	\$ 32,435
For the six months ended June 30, 2025	92,291	161,943

- 3) Disposal of financial assets at fair value through profit or loss

	Underlying Assets	Proceeds	Gain on Disposal
<u>For the six months ended June 30, 2025</u>			
Other related parties	Securities	\$ 92,019	\$ 5,969

- 4) Revenue receivable (recognized as receivables, net)

	Amount
June 30, 2026	\$ 3,658,077
December 31, 2025	1,489,334
June 30, 2025	1,850,130

- 5) Receivable on margin loans (recognized as receivables, net)

	Amount
June 30, 2026	\$ 149,639
December 31, 2025	70,384
June 30, 2025	26,402

- 6) Credit card receivable (recognized as receivables, net)

	Amount
June 30, 2026	\$ 104,439
December 31, 2025	21,261
June 30, 2025	15,473

7) Other receivables (recognized as receivables, net)

	Amount
June 30, 2026	\$ 50,402
December 31, 2025	256,507
June 30, 2025	82,831

8) Discounts and loans, net

KGI Bank

	Amount	Interest Rate (%)
June 30, 2026	\$ 1,497,164	2.19-5.99
December 31, 2025	1,377,865	2.19-5.99
June 30, 2025	1,469,871	2.19-3.63

For the three months ended June 30, 2026 and 2025, the interest revenues from discounts and loans were \$11,689 thousand and \$9,362 thousand, respectively, and for the six months ended June 30, 2026 and 2025, the interest revenues from discounts and loans were \$20,640 thousand and \$17,921 thousand, respectively.

For the Six Months Ended June 30, 2026

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	22	\$ 25,300	\$ 19,322	\$ 19,322	\$ -	None	Yes
Residential mortgage loans	67	1,013,295	942,092	942,092	-	Real estate	Yes
Others	9	4,548,007	535,750	535,750	-	None/real estate/Listed shares and emerging market shares	Yes

For the Year Ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	20	\$ 23,882	\$ 16,581	\$ 16,581	\$ -	None	Yes
Residential mortgage loans	71	1,053,787	839,132	839,132	-	Real estate	Yes
Others	10	630,619	522,152	522,152	-	None/real estate	Yes

For the Six Months Ended June 30, 2025

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	17	\$ 21,082	\$ 18,580	\$ 18,580	\$ -	None	Yes
Residential mortgage loans	68	996,488	882,876	882,876	-	Real estate	Yes
Others	9	594,872	568,415	568,415	-	None/real estate	Yes

KGI Life

	Amount
June 30, 2026	\$ 6,387
December 31, 2025	6,464
June 30, 2025	12,256

9) Customer margin accounts (recognized as other financial assets)

	Amount
June 30, 2026	\$ 19,635
December 31, 2025	23,403
June 30, 2025	20,742

10) Bonds issued under repurchase agreements

	Notional Amount	Amount of Deposit Due
For the six months ended June 30, 2026	\$ 47,652	\$ 47,737
For the six months ended June 30, 2025	10,013	10,031

11) Other payables (recognized as payables)

	Amount
June 30, 2026	\$ 3,457,325
December 31, 2025	1,644,866
June 30, 2025	1,294,175

12) Deposits and remittances

	Amount	Interest Rate (%)
June 30, 2026	\$ 4,511,379	0-8.88
December 31, 2025	3,750,326	0-8.88
June 30, 2025	2,657,017	0-8.88

For the three months ended June 30, 2026 and 2025, the interest expenses from deposits and remittances were \$18,359 thousand and \$8,797 thousand, respectively, and for the six months ended June 30, 2026 and 2025, the interest expenses from deposits and remittances were \$37,596 thousand and \$18,394 thousand, respectively.

13) Unearned receipts (recognized as other liabilities)

	Amount
June 30, 2026	\$ 84,610
December 31, 2025	59,096
June 30, 2025	87,501

14) Brokerage handling fee revenue

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 6,988	\$ 10,723
2025	1,283	3,310

15) Brokerage handling fee expense

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 7,967	\$ 17,250
2025	3,588	5,369

16) Premium income (recognized as insurance operations, net)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 19,969	\$ 89,951
2025	11,768	32,278

17) Insurance claims and benefits amount

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 8,847	\$ 32,008
2025	755	2,414

18) Rental revenue (recognized as gain or loss on investment property)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 6,914	\$ 13,885
2025	6,883	13,647

19) Net gain on service fees revenue and commissions

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Other related parties	\$ 169,497	\$ 311,901
<u>2025</u>		
Other related parties	149,910	295,815

20) Donation (recognized as other general and administrative expense)

	For the Three Months Ended June 30	For the Six Months Ended June 30
2026	\$ 46,260	\$ 83,160
2025	66,300	88,300

21) Outstanding derivative financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
	Contract Amount	Contract Amount	Contract Amount
<u>Structured products liabilities</u>			
Other related parties	\$ 87,523	\$ 97,465	\$ 79,070

22) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Salary and short-term benefits	\$ 336,967	\$ 138,727	\$ 673,013	\$ 379,134
Share-based payment	9,304	11,937	18,756	24,091
Post-employment benefits	<u>490</u>	<u>378</u>	<u>936</u>	<u>769</u>
	<u>\$ 346,761</u>	<u>\$ 151,042</u>	<u>\$ 692,705</u>	<u>\$ 403,994</u>

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

- c. Related-party transactions were at costs or prices of at least NT\$100 million

The significant transactions and relationship of the Company's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

<u>Related Party</u>	<u>Relationship with the KGI Bank and Subsidiaries</u>
KGI Financial Holding Co., Ltd.	Parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Life Insurance	Subsidiary of the parent company
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

- 1) Futures contract (recognized as cash and cash equivalents)

	<u>June 30</u>	
	<u>2026</u>	<u>2025</u>
Subsidiary of the parent company	\$ 172,531	\$ 146,635

- 2) Commercial paper (recognized as financial assets at fair value through profit or loss)

	<u>December 31, 2025</u>
Subsidiary of the parent company	\$ 698,827

- 3) Discounts and loans, net

	<u>Amount</u>	<u>Interest Rate (%)</u>
<u>June 30, 2026</u>		
Other related parties	\$ 507,777	3.31
<u>December 31, 2025</u>		
Other related parties	488,557	3.31
<u>June 30, 2025</u>		
Other related parties	458,233	3.29-3.31

- 4) Placements with securities firms (included in other financial assets, net)

	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Subsidiary of the parent company	\$ 314,380	\$ 2,990,200

5) Lease agreement

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Lease liabilities</u>			
Subsidiary of the parent company	\$ 2,117,679	\$ 2,168,365	\$ 1,966,812

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly basis.

6) Payable on parent (recognized as current tax liabilities)

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 874,441	\$ 1,381,190	\$ 1,129,415

The payables resulted from the parent company and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns.

7) Deposits and remittances

	Amount	Interest Rate (%)
<u>June 30, 2026</u>		
Parent company	\$ 14,218,060	0-1.70
Subsidiary of the parent company	55,323,153	0-4.02
Other related parties	2,350,256	0.01-3.76
<u>December 31, 2025</u>		
Parent company	1,229,786	0-1.80
Subsidiary of the parent company	38,362,013	0-4.76
Other related parties	1,998,585	0-4.09
<u>June 30, 2025</u>		
Parent company	17,097,174	0-1.80
Subsidiary of the parent company	37,847,719	0-4.76
Other related parties	703,645	0.01-1.70

8) Temporary receipts (recognized as other liabilities)

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 508,126	\$ 509,395	\$ 578,260

The above account is temporary receipts of Automated Clearing House (ACH).

9) Service fee revenue

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 215,331	\$ 384,793
<u>2025</u>		
Subsidiary of the parent company	134,432	278,847

10) Outstanding derivative financial instrument

June 30, 2026

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	August 7, 2025 - November 18, 2026	\$ 17,828,720	\$ 234,986	Financial assets at FVTPL	\$ 503,878

December 31, 2025

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 6, 2025 - August 11, 2026	\$ 33,027,890	\$ 813,926	Financial assets at FVTPL	\$ 1,022,434
					Financial liabilities at FVTPL	208,508
	Cross-currency swap contracts	June 26, 2024 - May 26, 2026	214,879	5,263	Financial liabilities at FVTPL	8,807

June 30, 2025

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Currency swap contracts	February 4, 2025 - February 12, 2026	\$ 29,018,960	\$ (2,500,650)	Financial assets at FVTPL	\$ 4
					Financial liabilities at FVTPL	2,500,654
	Cross-currency swap contracts	June 26, 2024 - May 26, 2026	479,459	31,146	Financial assets at FVTPL	17,076

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
KGI Financial Holding Co., Ltd.	Parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Life Insurance	Subsidiary of the parent company
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 3,648,531	\$ 3,148,413	\$ 4,073,067

2) Financial assets at fair value through profit and loss - current

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Open ended fund, money market instruments and other securities</u>			
Other related parties	\$ 1,164,468	\$ 673,368	\$ -
<u>Operating securities</u>			
Subsidiary of the parent company	4,826,298	4,824,344	4,821,511

3) Guarantee deposits received in futures contracts

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 2,931,071	\$ 602,539	\$ 1,160,293

4) Accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 130,306	\$ -	\$ 442,323
Other related parties	3,165,847	1,428,853	1,718,972

5) Finance lease receivables

	June 30, 2026	December 31, 2025
Subsidiary of the parent company	\$ 568,467	\$ 556,764

6) Other current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 35,154,546	\$ 23,837,737	\$ 20,273,492

7) Short-term loans

	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 314,380	\$ 2,990,200

8) Commercial paper payable

	December 31, 2025
Subsidiary of the parent company	\$ 699,082

9) Customers' equity accounts - futures

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 174,419	\$ 109,273	\$ 157,309

10) Payables

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 268,307	\$ 206,871	\$ -
Other related parties	3,327,108	1,574,475	1,248,030

11) Current tax liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 2,333,460	\$ 3,120,794	\$ 2,407,204

12) Brokerage handling fee revenue

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 94,569	\$ 171,245

13) Other operating income

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 176,335	\$ 309,569
<u>2025</u>		
Subsidiary of the parent company	99,309	189,708

14) Other gains and losses

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 215,500	\$ 396,815
<u>2025</u>		
Subsidiary of the parent company	132,880	263,525

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
KGI Financial Holding Co., Ltd.	Parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
KGI Life Insurance	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 4,050,494	\$ 3,168,153	\$ 2,619,022

2) Revenue receivable (recognized as other receivables)

	June 30, 2026	June 30, 2025
Other related parties	\$ 375,840	\$ 469,800

3) Receivables from parent (recognized as current tax assets)

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 243,782	\$ 243,911	\$ 243,911

The receivables resulted from the parent company and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

4) Lease agreement

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Lease liabilities</u>			
Subsidiary of the parent company	\$ 813,789	\$ 815,370	\$ 587,683

Determination of rental price above is similar with market price, and payment of rental fee is on a monthly/quarterly basis.

5) Payables to parent (recognized as current tax liabilities)

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 609,108	\$ 601,010	\$ 591,017

The payables resulted from the parent company and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

6) Outstanding derivative financial instrument

December 31, 2025

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	June 26, 2024 - May 26, 2026	\$ 223,087	\$ (50,530)	Financial assets at FVTPL	\$ 8,470

June 30, 2025

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Cross-currency swap contracts	June 26, 2024 - May 26, 2026	\$ 466,811	\$ (77,948)	Financial liabilities at FVTPL	\$ 16,680

KGI Life Insurance

Related Party	Relationship with the KGI Life Insurance
KGI Financial Holding Co., Ltd.	Parent company
KGI Bank and subsidiaries	Subsidiary of the parent company
KGI Securities and subsidiaries	Subsidiary of the parent company
CDIB Capital Group and subsidiaries	Subsidiary of the parent company
KGI Securities Investment Trust Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 9,538,511	\$ 7,605,166	\$ 9,721,845

2) Receivables

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 873,325	\$ 1,052,124	\$ 804,164

3) Current tax assets

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 3,499,749	\$ 4,375,046	\$ 4,375,046

The above refers to the tax that the Company, the parent company and its eligible subsidiaries' adoption of the linked-tax system in filing of tax returns.

4) Payables

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 113,904	\$ 239,595	\$ 547,303

5) Current tax liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Parent company	\$ 5,121,747	\$ 3,218,968	\$ 279,838

The above refers to the tax that should be paid to the parent company, resulted from parent company and its eligible subsidiaries' adoption of the linked-tax system in filing of tax returns.

6) Bonds payable

	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiary of the parent company	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000

7) Commissions earned on insurance contracts

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 398,939	\$ 675,905
<u>2025</u>		
Subsidiary of the parent company	225,735	455,512

8) Service fee expenses

	For the Three Months Ended June 30	For the Six Months Ended June 30
<u>2026</u>		
Subsidiary of the parent company	\$ 95,108	\$ 172,962

9) Outstanding derivative financial instrument

June 30, 2026

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	August 7, 2025 - November 18, 2026	US\$ 560,000	Financial liabilities at FVTPL	\$ 503,876

December 31, 2025

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	February 6, 2025 - February 12, 2026	US\$ 420,000	Financial assets at FVTPL	\$ 208,391
Subsidiary of the parent company	Currency swap contracts	August 4, 2025 - August 11, 2026	US\$ 630,000	Financial liabilities at FVTPL	1,022,442

June 30, 2025

(In Thousands of New Taiwan Dollars/U.S. Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Balance Sheet	
				Account	Balance
Subsidiary of the parent company	Currency swap contracts	February 4, 2025 - February 12, 2026	US\$ 970,000	Financial assets at FVTPL	\$ 2,498,677

46. PLEDGED ASSETS

The following assets and partial guarantee recognized as other current assets have been pledged to various financial institutions as commercial paper payable, loans, overdrafts, intraday overdrafts, security deposits for court-ordered provisional attachment proceedings, operating guarantee, various reserves, and derivative financial instruments.

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at fair value through profit or loss	\$ 23,900,539	\$ 1,976,857	\$ 718,741
Debt investments measured at amortized cost -			
negotiable certificate of deposit	21,100,000	22,200,000	19,500,000
Property and equipment, net	4,121,689	4,144,749	4,159,895
Other financial assets - pledged deposits	2,992,800	2,992,800	3,411,600
Accounts receivable - installment accounts			
receivables and lease receivables	848,343	810,651	850,404
Investment property, net	510,770	506,069	508,569
Other assets	474,728	472,222	-
Financial assets at fair value through other			
comprehensive income	223,141	225,984	218,936
Debt investments measured at amortized cost	-	-	146,641

47. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

- a. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. On June 14, 2010, the plaintiffs sued KGI Securities, Taiwan Kolin Co., Ltd., the principal of formerly management team, Moore Stephens and the auditor with jointly liability amounted to \$133,308 thousand plus 5% interest. The Taipei District Court judged that KGI Securities won favorable decisions in the first instance on January 29, 2021. After an appeal by the Securities and Futures Investors Protection Center, the case is currently being heard by the Taiwan High Court.
- b. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK\$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK\$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.

- c. KGI Bank acted vigorously in regard to Prince Motors' overdue debt. In December 2012, a third party filed a lawsuit claiming that the KGI Bank fraudulently infringed upon the property rights of creditors on Dun Nan building. In February 2014, the Taipei District Court adjudicated that the mortgage was cancelled and the KGI Bank was required to return the amount of \$1,786,318 thousand. The KGI Bank appealed the judgment. The original adjudication in favor of the third party was revoked by the High Court in July 2017. The third party filed a new appeal, and the Supreme Court ordered the High court to conduct a new trial in October 2018. The High Court issued a judgment in August 2021, upholding the original Taipei District Court's decision to revoke part of the mortgage, and dismissed the third party's request for the KGI Bank to pay the received money. The KGI Bank and the third party each filed a third-instance appeal after partially losing the lawsuit. In May 2024, the Taiwan Supreme Court annulled the judgment of the Taiwan High Court and remanded the case to the Taiwan High Court for a new trial. In October 2025, the High Court rendered its judgment, setting aside the original decision and dismissing the claims of the third party, after which the third party lodged an appeal with the Supreme Court. In April 2026, the Supreme Court dismissed the appeal, and in May 2026, the KGI Bank received the certificate of final judgment issued by the court. The case was therefore concluded.

48. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF KGIF, KGI BANK, KGI SECURITIES AND KGI LIFE INSURANCE

Consolidated Profitability

(%)

Items		June 30, 2026	June 30, 2025
Return on total assets	Before income tax	1.53	(1.70)
	After income tax	1.32	(1.58)
Return on net worth	Before income tax	16.51	(17.55)
	After income tax	14.21	(16.35)
Profit margin		45.87	Note

Note: Not calculated due to the net loss for the current period.

Profitability of KGI Financial Holding

(%)

Items		June 30, 2026	June 30, 2025
Return on total assets	Before income tax	12.29	(13.07)
	After income tax	11.95	(13.49)
Return on net worth	Before income tax	14.58	(15.89)
	After income tax	14.21	(16.35)
Profit margin		92.59	Note

Note: Not calculated due to the net loss for the current period.

Profitability of KGI Bank

(%)

Items		June 30, 2026	June 30, 2025 (Restated)
Return on total assets	Before income tax	1.04	0.85
	After income tax	0.89	0.74
Return on net worth	Before income tax	13.01	10.56
	After income tax	11.12	9.19
Profit margin		42.77	39.65

Profitability of KGI Securities

(%)

Items		June 30, 2026	June 30, 2025
Return on total assets	Before income tax	7.18	2.35
	After income tax	6.43	2.00
Return on net worth	Before income tax	53.72	13.99
	After income tax	48.08	11.96
Profit margin		58.43	31.97

Profitability of KGI Life Insurance

(%)

Items		June 30, 2026	June 30, 2025
Return on total assets	Before income tax	0.84	(3.18)
	After income tax	0.76	(2.84)
Return on net worth	Before income tax	7.09	(29.57)
	After income tax	6.54	(26.31)
Profit margin		41.11	(164.38)

49. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

- 1) Level 1 fair values are quoted prices in active markets for financial instruments.
- 2) Level 2 fair values refer to directly or indirectly observable inputs other than Level 1 quoted prices, such as the quoted prices of similar financial instruments in active markets; in less active markets, fair values are quoted prices of the same or similar financial instruments or financial instruments that can be generated by using pricing models that use inputs such as interest rates old curves and volatility rates, which are derived from or can be corroborated with observable market data.
- 3) Level 3 refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

June 30, 2026

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 87,053,648	\$ -	\$ 15,166,527	\$ 102,220,175
Bond investments	28,237,522	97,235,675	1,510,325	126,983,522
Others	66,973,202	19,870,078	58,253,938	145,097,218
Financial assets designated as at FVTPL	-	-	9,250,546	9,250,546
Financial assets at FVTOCI				
Stock investments	320,397,390	-	14,653,659	335,051,049
Bond investments	520,924,710	206,973,191	-	727,897,901
Others	-	1,347,621	-	1,347,621
Other financial assets				
Purchased debt receivable	-	-	100,778	100,778
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	16,810,279	6,905,108	-	23,715,387
Financial liabilities at fair value through profit or loss arising from investment contracts	74,760,101	-	-	74,760,101
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	8,029,219	29,355,331	1,654,299	39,038,849
Financial assets for hedging	-	403,896	-	403,896
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	6,100,208	42,242,661	8,288,522	56,631,391
Financial liabilities designated as at FVTPL	-	8,814,831	-	8,814,831
Financial liabilities for hedging	-	729,983	-	729,983

December 31, 2025

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 267,114,707	\$ -	\$ 13,188,578	\$ 280,303,285
Bond investments	23,913,629	84,479,299	477,532	108,870,460
Others	185,435,480	21,492,510	53,547,959	260,475,949
Financial assets designated as at FVTPL	-	-	8,802,819	8,802,819
Financial assets at FVTOCI				
Stock investments	12,108,011	-	17,283,564	29,391,575
Bond investments	153,666,029	77,060,234	-	230,726,263
Others	-	2,496,685	-	2,496,685
Other financial assets				
Purchased debt receivable	-	-	107,818	107,818
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	6,849,734	4,325,088	-	11,174,822
Financial liabilities at fair value through profit or loss arising from investment contracts	60,918,918	-	-	60,918,918

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	\$ 4,940,119	\$ 29,205,689	\$ 1,483,620	\$ 35,629,428
Financial assets for hedging	-	198,294	-	198,294
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,410,265	61,836,158	8,273,391	72,519,814
Financial liabilities designated as at FVTPL	-	5,417,487	-	5,417,487
Financial liabilities for hedging	-	889,286	-	889,286
				(Concluded)

June 30, 2025

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stock investments	\$ 163,622,026	\$ 25,476	\$ 12,802,290	\$ 176,449,792
Bond investments	25,532,527	78,703,282	244,115	104,479,924
Others	183,238,497	14,698,097	48,314,619	246,251,213
Financial assets designated as at FVTPL	-	-	7,204,542	7,204,542
Financial assets at FVTOCI				
Stock investments	13,746,252	-	13,799,781	27,546,033
Bond investments	132,686,850	78,465,011	-	211,151,861
Others	-	1,697,583	-	1,697,583
Other financial assets				
Purchased debt receivable	-	-	121,982	121,982
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	23,836,356	4,410,651	1,042,979	29,289,986
Financial liabilities at fair value through profit or loss arising from investment contracts	54,803,182	-	-	54,803,182
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	2,496,335	66,158,602	1,399,963	70,054,900
Financial assets for hedging	-	253,245	-	253,245
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	813,205	41,550,579	7,344,047	49,707,831
Financial liabilities designated as at FVTPL	-	5,061,173	-	5,061,173
Financial liabilities for hedging	-	683,321	-	683,321

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-Scholes model) and numerical method model (for example Monte Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Company's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classified into Credit value adjustments and Debit value adjustments, and definitions are the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative financial instrument contracts to reflect within fair value the possibility that the counterparty may default and that the Company may not receive the full market value of the transactions.
- The debit valuation adjustment is an adjustment to the valuation of OTC derivative financial instrument contracts to reflect within fair value the possibility that the Group may default, and that the Group may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their international credit assessment and model and international accounting standard of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD). On the contrary, the Group calculates their credit valuation adjustment on the basis of the Group's PD, which is subject to standard supervisory parameters, take LGD into consideration and multiplied by their estimates of the Group's EAD.

The Group calculates the counterparty's EAD with OTC derivative financial instruments market to market value and the counterparty's LGD, which is 60 percent of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Company's credit quality.

4) Transfer between the Level 1 and Level 2

	For the Six Months Ended June 30			
	2026		2025	
	Level One Converted Into Level Two	Level Two Converted Into Level One	Level One Converted Into Level Two	Level Two Converted Into Level One
Financial assets at FVOCI - bond investments	\$ 7,849,014	\$ 3,025,691	\$ -	\$ -

Because of changes in market liquidity, evaluation sources applied by some bond investments will change. It makes the applicable level of bond's fair value change from Level one into Level two or Level two into Level one.

5) Reconciliation of Level 3 items of financial instruments

The movements of financial assets with Level 3 fair value were as follows:

For the Six Months Ended June 30, 2026

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3 (Note 1)	Sale, Disposal or Settlement	Transfer from Level 3 (Note 2)	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 68,169,939	\$ 4,587,789	\$ 7,115,638	\$ 198,483	\$ (2,724,892)	\$ (761,868)	\$ 76,585,089
Financial assets designated as at FVTPL	8,802,819	629,217	378,673	-	(560,163)	-	9,250,546
Financial assets at FVTOCI	17,811,314	(3,321,750)	164,095	-	-	-	14,653,659
Other financial assets							
Purchased debt receivable	107,818	13,294	-	-	(20,334)	-	100,778

For the Six Months Ended June 30, 2025

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3 (Note 1)	Sale, Disposal or Settlement	Transfer from Level 3 (Note 2)	
Financial assets at FVTPL							
Financial assets mandatorily classified as at FVTPL	\$ 61,744,806	\$ (3,561,398)	\$ 6,222,072	\$ 31,278	\$ (1,575,588)	\$ (100,183)	\$ 62,760,987
Financial assets designated as at FVTPL	7,805,502	(470,434)	113,548	-	(244,074)	-	7,204,542
Financial assets at FVTOCI	12,652,638	995,077	240,000	-	(87,934)	-	13,799,781
Other financial assets							
Purchased debt receivable	140,662	18,800	-	-	(37,480)	-	121,982

Note 1: For parts of stock investments, the Company's subsidiaries acquired their observable market information from available to unavailable, causing the applicable level of stock investments transfers to Level 3.

Note 2: For parts of stock investments, the Company's subsidiaries acquired their observable market material, causing the applicable level of stock investment transfer from Level 3.

The movements of financial liabilities with Level 3 fair value were as follows:

For the Six Months Ended June 30, 2026

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 8,273,391	\$ 279,944	\$ 894,773	\$ -	\$ (1,159,586)	\$ -	\$ 8,288,522

For the Six Months Ended June 30, 2025

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gain (Loss) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level 3	Sale, Disposal or Settlement	Transfer from Level 3	
Financial liabilities at FVTPL Financial liabilities held for trading	\$ 7,683,963	\$ (1,229,420)	\$ 2,377,002	\$ -	\$ (444,519)	\$ -	\$ 8,387,026

The total gains or losses for the six months ended June 30, 2026 and 2025 included a gain of \$4,853,279 thousand and \$1,961,268 thousand relating to assets and liabilities measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at June 30, 2026	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 213,257	Market approach	P/B, Discount for lack of liquidity	1.49 26%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
Financial assets at FVTOCI	1,090,384	Market approach	P/B, Discount for lack of liquidity	1.50 26%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
		Net asset method	Discount for lack of liquidity and control	10%-29%	Fair value is inversely proportional to discount for lack of liquidity and control
		Cash dividend discount method	Discount rate	5.29%	The lower the discount rate, the higher the fair value
			Dividend growth rate	2%	The higher the dividend growth rate, the higher the fair value
			Five-year average cash dividend	2.44	The higher the cash dividend, the higher the fair value
Other financial assets					
Purchased debt receivable	100,778	Discounted cash flow approach	Discount rate	5.79%-8.00%	The higher the discount rate, the lower the fair value of the asset may be.
Derivative financial instruments					
Financial assets at FVTPL	1,209,639	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	1,209,523	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

	Fair Value at December 31, 2025	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 584,640	Quoted price of counterparties Market approach	Liquidity discount ratios P/B Discount for lack of liquidity	Beyond estimation 1.00 26%	Fair value is inversely proportional to the liquidity discount rate. Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity.
Financial assets at FVTOCI	959,484	Market approach Net asset method	P/B Discount for lack of liquidity Discount for lack of liquidity and control	1.57 26% 10%-29%	Multiplier is proportional to fair value; fair value is inversely proportional to discount for lack of liquidity. Fair value is inversely proportional to discount for lack of liquidity and control.
Other financial assets					
Purchased debt receivable	107,818	Discounted cash flow approach	Discount rate	5.79%-8.00%	The higher the discount rate, the lower the fair value of the asset may be.
Derivative financial instruments					
Financial assets at FVTPL	929,680	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	929,692	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

	Fair Value at June 30, 2025	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial instruments					
Financial assets at FVTPL	\$ 531,710	Quoted price of counterparties Market approach	Liquidity discount ratios P/B, Discount for lack of liquidity	Beyond estimation 0.78 26%	Fair value is inversely proportional to the liquidity discount rate. Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity
Financial assets at FVTOCI	957,536	Market approach Net asset method	P/B, Discount for lack of liquidity Discount for lack of liquidity and control	1.56 27.20% 10%-29%	Multiplier is proportional to fair value, fair value is inversely proportional to discount for lack of liquidity Fair value is inversely proportional to discount for lack of liquidity and control
Other financial assets					
Purchased debt receivable	121,982	Discounted cash flow approach	Discount rate	5.79%-8.00%	The higher the discount rate, the lower the fair value of the asset may be.
Derivative financial instruments					
Financial assets at FVTPL	863,771	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios
Financial liabilities at FVTPL	863,878	Hull White Model, BS Model, discounted cash flow/ quoted price of counterparties	Mean Reversion, Sigma, Correlation, shift Parameter/ liquidity discount ratios	Adjusted daily based on market information/ beyond estimation	The used evaluation model parameters cannot be obtained directly from market information or inputs of parameters do not contain linear relation; thus, analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then the KGI Bank and its subsidiaries select the applicable one according to the analysis; fair value is inversely proportional to discount for liquidity discount ratios

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

	Fair Value at June 30, 2026	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative instruments					
Financial assets at FVTPL - equity and debt instruments	\$ 8,218,998	Recent strike price	Not applicable	Not applicable	Not applicable
		Market approach	Discount for liquidity	26%-29%	Assets at fair value is inversely proportional to discount for liquidity.
		Cash dividend discount method	Dividend growth rate	2%	The higher the dividend growth rate, the lower the fair value
			Discount rate	5.29%-7.38%	The higher the discount rate, the lower the fair value
			Five-year average cash dividend	2.44-4.03	The higher the cash dividend, the higher the fair value
		Black-Scholes Model	Risk-free rate	1.08%	The fair value of a put option is inversely proportional to the risk-free rate.
			Volatility	41.24%	The fair value of a put option is proportional to the volatility.
		Martingale Pricing Technique	History Volatility	31.00% - 326.94%	According to condition of contract, fair value of assets may be higher or lower.
Financial assets at FVTPL - other investments	792,978	Asset method	Not applicable	Not applicable	Not applicable
Derivative instruments					
Financial assets at FVTPL Credit derivatives - TRS	444,660	Martingale Pricing Technique	History Volatility	31.00% - 326.94%	According to condition of contract, fair value of assets may be higher or lower.
		Credit Product Pricing Technique	Default Probability	0.02%-2.23%	Assets at fair value is inversely proportional to the default probability
			Recovery Rate	67%	Assets at fair value is proportional to the recovery rate.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL Structured products - options	7,078,999	Martingale Pricing Technique	History Volatility	0.00%-85.71%	According to condition of contract, fair value of liabilities may be higher or lower.

	Fair Value at December 31, 2025	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative instruments					
Financial assets at FVTPL - equity instruments	\$ 4,529,369	Recent strike price Market approach	Not applicable	Not applicable	Not applicable
		Asset method	Discount for lack of liquidity	26%-29%	Assets at fair value is inversely proportional to discount for liquidity.
			Discount for liquidity and minor interests	11%	Assets at fair value is inversely proportional to discount for liquidity and minor interests.
		Black-Scholes Model	Risk-free rate	1.13%	The fair value of a put option is inversely proportional to the risk-free rate.
			Volatility	43.48%	The fair value of a put option is proportional to the volatility.
Financial assets at FVTPL - other investments	673,368	Asset method	Not applicable	Not applicable	Not applicable
Derivative instruments					
Financial assets at FVTPL	553,940	Credit Product	Default	0.02%-2.11%	Assets at fair value is inversely proportional to the default
Credit derivatives - TRS		Pricing Technique	Probability		probability
			Recovery Rate	68%	Assets at fair value is proportional to the recovery rate.
<u>Financial liabilities</u>					
Derivative instruments					
Financial liabilities at FVTPL	7,352,506	Martingale	History	0.00%-28.51%	According to condition of
Structured products - options		Pricing Technique	Volatility		contract, fair value of liabilities may be higher or lower.

	Fair Value June 30, 2025	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
<u>Financial assets</u>					
Non-derivative financial assets					
Financial assets at FVTOCI - equity instruments	\$ 4,057,605	Recent strike price Market approach	Not applicable	Not applicable	Not applicable
		Asset method	Discount for lack of liquidity	26%-29%	Assets at fair value is inversely proportional to discount for lack of liquidity.
			Discount for liquidity and minor interests	11%	Assets at fair value is inversely proportional to discount for liquidity and minor interests.
		Black-Scholes Model	Risk-free rate	1.26%	The fair value of a put option is inversely proportional to the risk-free rate.
			Volatility	41.09%	The fair value of a put option is proportional to the volatility.
Financial assets at FVTPL - other investments	1,044,921	Asset method	Not applicable	Not applicable	Not applicable
Derivative instruments					
Financial assets at FVTPL	536,588	Credit Product	Default	0.02%-2.35%	Assets at fair value is inversely proportional to the default
Credit derivatives - TRS		Pricing Technique	Probability		probability
			Recovery Rate	67%	Assets at fair value is proportional to the recovery rate.
<u>Financial liabilities</u>					
Non-derivative instruments					
Financial assets at FVTPL - other investments	1,042,979	Asset method	Not applicable	Not applicable	Not applicable
Derivative instruments					
Financial liabilities at FVTPL	6,463,489	Martingale	History	0.00%-35.59%	According to condition of
Structured products - options		Pricing Technique	Volatility		contract, fair value of liabilities may be higher or lower.

History volatility used by Martingale Pricing Technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days. In addition, the probability of default and recovery rates employed in the valuation methodology for the Company's credit products are derived from models developed by financial information providers.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss or other comprehensive income affected by changes in pricing parameters were as follows:

June 30, 2026

	Sensitivity Analysis of Relationship Between Inputs and Fair Value				Recognized to Comprehensive Profit or Loss	
	Inputs	Positive/ Negative Change	Recognized to Profit or Loss		Positive Impact	Negative Impact
			Positive Impact	Negative Impact	Positive Impact	Negative Impact
<u>Financial assets</u>						
Non-derivative instruments						
Financial assets at FVTPL						
Equity and debt instruments (recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for liquidity	-1%/+1%	\$ 937	\$ 936	\$ -	\$ -
Equity instruments (cash dividend discount method)	Dividend growth rate	+0.5%/-0.5%	816,855	628,438	-	-
	Discount rate	-0.5%/+0.5%	919,289	708,540	-	-
	Five-year average cash dividend	+0.25/-0.25	485,307	485,712	-	-
Debt instruments (martingale pricing technique)	Historical volatility	-25%/+25%	9,246	11,914	-	-
Derivative instruments						
Financial assets at FVTPL						
Structured products - options	Historical volatility	+25%/-25%	10,944	8,645	-	-
Credit derivatives - TRS	Default probability	-1%/+1%	867	1,369	-	-
	Recovery rate	+1%/-1%	72	72	-	-
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical volatility	-25%/+25%	970	601	-	-

December 31, 2025

	Sensitivity Analysis of Relationship Between Inputs and Fair Value				Recognized to Comprehensive Profit or Loss	
	Inputs	Positive/ Negative Change	Recognized to Profit or Loss		Positive Impact	Negative Impact
			Positive Impact	Negative Impact		
<u>Financial assets</u>						
Non-derivative instruments						
Financial assets at FVTPL						
Equity instruments (recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for liquidity	-1%/+1%	\$ 1,668	\$ 1,667	\$ -	\$ -
Equity instruments (assets approach)	Discount for liquidity and minor interests	-1%/+1%	4,265	4,831	-	-
Derivative instruments						
Financial assets at FVTPL						
Credit derivatives - TRS	Default probability	-1%/+1%	390	1,832	-	-
	Recovery rate	+1%/-1%	33	33	-	-
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical volatility	-25%/+25%	-	-	-	-

June 30, 2025

Sensitivity Analysis of Relationship Between Inputs and Fair Value						
Inputs	Positive/ Negative Change	Recognized to Profit or Loss		Recognized to Comprehensive Profit or Loss		
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
<u>Financial assets</u>						
Non-derivative instruments						
Financial assets at FVTPL						
Equity instruments (recent strike price)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Equity instruments (market approach)	Discount for liquidity	-1%/+1%	\$ 1,636	\$ 1,637	\$ -	\$ -
Equity instruments (assets approach)	Discount for liquidity and minor interests	-1%/+1%	4,782	4,433	-	-
Derivative instruments						
Financial assets at FVTPL						
Credit derivatives - TRS	Default probability	-1%/+1%	1,025	1,684	-	-
	Recovery rate	-1%/+1%	94	94	-	-
<u>Financial liabilities</u>						
Derivative instruments						
Financial liabilities at FVTPL						
Structured products - options	Historical volatility	-25%/+25%	1	-	-	-

CDIB Capital Group and subsidiaries

Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at June 30, 2026	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
<u>Repetitive basic to fair value measurement items</u>					
Non-derivative financial assets					
Financial assets at FVTPL	\$ 24,680,250	Market approach	P/E	10.03	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
		Discounted cash-flow method	Discount for lack of liquidity	26%	
			Discount for lack of liquidity	26%-29%	When the higher the discount for lack of liquidity, the lower of fair value; when the higher discount rate, the lower of fair value; when the higher growth rate, the higher of fair value.
			Discount rate	3.69%-9.93%	
			Growth rate	2.00%-6.00%	
		Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-
		Black-Scholes Model	Risk-free rate	1.08%-1.47%	The higher the risk-free rate, the lower the fair value of a put option; the higher the volatility, the higher the fair value of a put option.
			Volatility	41.24%-60.11%	
Financial assets at FVTOCI	246,188	Market approach	P/S	1.61	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
			Discount for lack of liquidity	29%	
		Net asset method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.

	Fair Value at December 31, 2025	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets	\$ 22,471,407	Market approach	P/S	1.76	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
Financial assets at FVTPL			Discount for lack of liquidity	26%	
		Discounted cash-flow method	Discount for lack of liquidity	26%-29%	
			Discount rate	4.41%-10.94%	
			Growth rate	1.96%-6.00%	
	246,572	Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	
		Black-Scholes Model	Risk-free rate	1.13%-1.20%	
			Volatility	40.32%-43.48%	
Financial assets at FVTOCI		Net asset method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.

	Fair Value at June 30, 2025	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets	\$ 20,187,377	Market approach	P/S	1.13	When the higher income multiplier, the higher of fair value; when the higher the discount for lack of liquidity, the lower of fair value.
Financial assets at FVTPL			Discount for lack of liquidity	26%	
		Discounted cash-flow method	Discount for lack of liquidity	26%-29%	
			Discount rate	4.37%-12.10%	
			Growth rate	2.00%-6.00%	
	250,800	Net asset adjustment method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	
		Black-Scholes Model	Risk-free rate	1.26%-1.29%	
			Volatility	34.53%-41.09%	
Financial assets at FVTOCI		Net asset method	Discount for lack of liquidity	29%	When the higher the discount for lack of liquidity, the lower of fair value.
		Recent strike price	-	-	-

KGI Life Insurance

Equity securities are classified into fair value Level 3 financial asset by KGI Life Insurance. Quantitative information about the significant unobservable input was set out below:

June 30, 2026				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0-10%	The higher the discount for liquidity and minor interests the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for lack of liquidity the lower the estimated fair value
		Control premium	10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	4.97%-5.77%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	20%-30%	The higher the discount for lack of liquidity the lower the estimated fair value
	Cash flow approach	Discount rate	6.63%	The higher the discount rate, the lower the fair value
	Black-Scholes Model	Risk-free rate	1.08%	The higher the risk-free rate, the lower the fair value of a put option
		Volatility	41.24%	The higher the volatility, the higher the fair value of a put option
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests the lower the estimated fair value
December 31, 2025				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0-10%	The higher the discount for liquidity and minor interests the lower the estimated fair value
		Income approach	Cost of capital rate	4.58%
			Discount for liquidity	30%
	Cash flow approach	Discount rate	6.94%	The higher the discount rate, the lower the fair value
		Risk-free rate	1.13%	The higher the risk-free rate, the lower the fair value of a put option
	Black-Scholes Model	Volatility	43.48%	The higher the volatility, the higher the fair value of a put option
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for lack of liquidity the lower the estimated fair value
		Control premium	10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	4.85%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	20%-30%	The higher the discount for lack of liquidity the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0-30%	The higher the discount for liquidity and minor interests the lower the estimated fair value

June 30, 2025				
	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	Relationship Between Inputs and Fair Value
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0%-10%	The higher the discount for liquidity and minor interests the lower the estimated fair value
	Income approach	Cost of capital rate	3.73%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	30%	The higher the discount for liquidity the lower the estimated fair value
	Cash flow approach	Discount rate	6.65%	The higher the discount rate, the lower the fair value
	Black-Scholes Model	Risk-free rate	1.26%	The higher the risk-free rate, the lower the fair value of a put option
		Volatility	41.09%	The higher the volatility, the higher the fair value of a put option
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10%-30%	The higher the discount for lack of liquidity the lower the estimated fair value
		Control premium	10%	The higher the control premium the higher the estimated fair value
	Income approach	Cost of capital rate	3.48%	The higher the cost of capital rate the lower the estimated fair value
		Discount for liquidity	20%-30%	The higher the discount for liquidity the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0%-30%	The higher the discount for liquidity and minor interests the lower the estimated fair value

The fair value measurements of financial instruments are considered reasonable. For Level 3 financial instruments that are not independently assessed by KGI Life Insurance, sensitivity analyses of possible alternative assumptions are not required, as it is not practicable to adequately determine the relationship between significant unobservable inputs and fair value. For the remaining Level 3 financial instruments that are independently assessed by KGI Life Insurance, the amounts of increase (decrease) in fair value resulting from a hypothetical 10% change in the valuation parameters are as follows:

June 30, 2026

	Parameters Go Up 10%	Parameters Go Down 10%
Financial assets at FVTPL	\$ (13,072)	\$ 13,072
Financial assets at FVTOCI	(95,051)	98,147

December 31, 2025

	Parameters Go Up 10%	Parameters Go Down 10%
Financial assets at FVTPL	\$ (59,362)	\$ 63,107
Financial assets at FVTOCI	(75,745)	73,778

June 30, 2025

	Parameters Go Up 10%	Parameters Go Down 10%
Financial assets at FVTPL	\$ (56,784)	\$ 60,091
Financial assets at FVTOCI	(64,837)	63,351

7) Pricing process of Level 3 fair value

KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level 3 fair value. The pricing models and conditions assumed conform to market practice; the basis of the theory is commonly recognized by the industry as a basis for valuation in conducting measurements of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflect the prices in normal circumstances examines and adjusts fair value periodically to ensure the results of the valuation are reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized as derivative financial assets with no active market, the reasonability of the fair value of those financial assets is assessed by the related department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by accounting department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable.

KGI Life Insurance

KGI Life Insurance is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. KGI Life Insurance analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to KGI Life Insurance's accounting policies at each reporting date.

c. Fair value of financial instruments not carried at fair value

1) Fair value information

Assets and liabilities measured at cost, excluding debt investments measured at amortized cost and refundable deposits, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

2) The fair value hierarchy of financial instruments were as follows:

June 30, 2026

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 380,438,934	\$ 582,729,590	\$ -	\$ 963,168,524
<u>Non-financial assets</u>				
Refundable deposits - bonds	5,022,603	-	-	5,022,603

December 31, 2025

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 606,818,352	\$ 711,483,565	\$ -	\$ 1,318,301,917
<u>Non-financial assets</u>				
Refundable deposits - bonds	16,733,178	6,780,008	-	23,513,186

June 30, 2025

	(In Thousands of New Taiwan Dollars)			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Debt instruments measured at amortized cost	\$ 553,805,185	\$ 676,907,394	\$ -	\$ 1,230,712,579
<u>Non-financial assets</u>				
Refundable deposits - bonds	164,725	6,470,247	-	6,634,972

3) Measurement technique

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to financial instruments, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, due to the Central Bank and financial instruments, securities sold under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits received and remittances approximate their fair values because of the short maturities of these instruments.
- b) The base rate (floating rate) is usually adopted as the loan rate because it can reflect the market rate. Thus, using the carrying amount for considering the probability of repossession and estimating the fair value is reasonable.
- c) The fair value of debt investments measured at amortized cost is estimated by
 - i. Referring to the quoted price from electronic bond trading system of Taipei Exchange and Bloomberg.
 - ii. Referring to the discounted expected cash flow, of which the discount rate is referenced to interest rates with similar maturity date.

50. INFORMATION OF INSURANCE CONTRACTS

a. Objectives, policies, procedures and methods of insurance contracts risk management

1) Framework of risk management, organization structure and responsibilities:

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating KGI Life Insurance's overall risk appetite and risk tolerance, review and approve KGI Life Insurance's risk management objectives and strategies. "Risk Management Committee" is set under the board of directors. Various risk management report and related issues are first report to risk management committee and made the final approval by the board of directors. Besides the risk management committee, KGI Life Insurance set up an assets and liabilities risk management team to strengthen the risk management organization and structure.

In addition, KGI Life Insurance establishes the risk management department independent to the business units, which is responsible for the implementation of various risk management measures and the fulfillment of each risk management system, including monitoring the daily risks, measuring and evaluating related issues, assisting the board to develop Company's risk appetite, executing the risk management policies approved by the board of directors. Moreover, the business units should be responsible for the risks identification, report the risk exposure, measure the impact of risks, review the various risks and limits regularly, and make sure that the internal control procedures of each unit are implemented effectively in accordance with related regulations and KGI Life Insurance's risk management policy.

2) Risk management policies, procedures and methods:

According to risk management policies, KGI Life Insurance sets an effective mechanism to proceed identification, measurement, monitoring, reporting and response to risk, establishes clear objectives for risk management, controls approaches and attribution of responsibility to make sure that each operational risk is controlled under the tolerable range, making the largest surplus and profits for shareholders. KGI Life Insurance follows the principle of centralized management and specialization, and assigns responsible risk management department to manage various risks. In addition, KGI Life Insurance develops management guidelines for various types of risk, standardizes measurement and evaluation methods, and regularly issues risk reports to monitor the various risks.

3) Risk management policies, procedures and methods related to reserves:

Reserve-related risks refer to risks that various reserves are unable to deal with future obligations due to understatement of liability for premium business. KGI Life Insurance sets and implements the appropriate risk management system for the insurance business reserves and related risks.

4) Risk management policies, procedures and methods related to matching assets and liabilities:

Risks related to matching assets and liabilities indicate risks arising from inconsistent movement of assets and liabilities. KGI Life Insurance sets appropriate asset-liability management system based on the attributes and complexity of insurance liability risks. The system allows KGI Life Insurance to form, implement, monitor and correct related strategies within the tolerable range and achieves KGI Life Insurance's predetermined financial goals. The contents include the following items:

- a) Risk identification related to matching of assets and liabilities.
- b) Risk measurement related to matching of assets and liabilities.
- c) Risk responses related to matching of assets and liabilities.

b. Information of insurance risks

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

For the insurance contracts and financial instruments with discretionary participation features underwritten by KGI Life Insurance, the main risks include mortality, morbidity, surrender and expenses rate. When doing the sensitivity analysis, various actuarial assumptions and changes in assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, for the purpose of assessing the impact on KGI Life Insurance overall profit or loss and equity.

As of June 30, 2026, for all insurance contracts and financial instruments with discretionary participation features, no significant changes in mortality, morbidity, surrender and expense assumptions were noted, and no material impact on KGI Life Insurance's overall profit or loss and equity would result therefrom.

2) Interpretation for concentration of insurance risks:

- a) KGI Life Insurance's insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. KGI Life Insurance had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance.
- b) Furthermore, according to "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises", the annual increased special capital reserve, excluding taxes, for major incidents and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

3) Claim development trend:

a) Direct business loss development trend

Accident Year	Development Year					Liabilities for Incurred Claims
	1	2	3	4	5	
2022	\$ 11,370,370	\$ 14,401,326	\$ 14,763,938	\$ 14,830,960	\$ 14,854,038	
2023	11,325,329	14,583,342	14,959,358	15,020,122	-	
2024	12,467,195	16,114,207	16,417,468	-	-	
2025	13,383,263	16,450,087	-	-	-	
June 30, 2026	5,395,462	-	-	-	-	\$ 5,431,655

Other liabilities for incurred claims 1,321,579

Total liabilities for incurred claims from direct business \$ 6,753,234

Accident Year	Development Year					Liabilities for Incurred Claims
	1	2	3	4	5	
2021	\$ 5,729,794	\$ 7,330,220	\$ 7,532,048	\$ 7,564,144	\$ 7,568,892	
2022	8,258,280	10,368,910	10,611,981	10,632,806	-	
2023	7,970,387	10,226,388	10,374,554	-	-	
2024	8,870,315	11,026,919	-	-	-	
June 30, 2025	3,695,708	-	-	-	-	\$ 3,206,190

Other liabilities for incurred claims 1,074,536

Total liabilities for incurred claims from direct business \$ 4,280,726

b) Retained business loss development trend

Accident Year	Development Year					Liabilities for Incurred Claims
	1	2	3	4	5	
2022	\$ 10,938,294	\$ 13,859,858	\$ 14,204,195	\$ 14,266,492	\$ 14,287,259	
2023	10,817,407	13,950,862	14,304,005	14,362,526	-	
2024	11,875,036	15,342,016	15,630,158	-	-	
2025	12,709,165	15,627,796	-	-	-	
June 30, 2026	5,115,148	-	-	-	-	\$ 5,202,534
Other liabilities for incurred claims						(262,219)
Total liabilities for incurred claims from retained business						<u>\$ 4,940,315</u>

Accident Year	Development Year					Liabilities for Incurred Claims
	1	2	3	4	5	
2021	\$ 5,640,880	\$ 7,192,041	\$ 7,393,867	\$ 7,425,964	\$ 7,430,711	
2022	8,190,602	10,249,283	10,487,130	10,507,955	-	
2023	7,845,303	10,052,478	10,200,642	-	-	
2024	8,774,022	10,883,961	-	-	-	
June 30, 2025	3,671,121	-	-	-	-	\$ 3,179,873
Other liabilities for incurred claims						(243,947)
Total liabilities for incurred claims from retained business						<u>\$ 2,935,926</u>

KGI Life Insurance recognizes claim reserve for reported claims (reported but not paid) and unreported claims (incurred but not reported). Due to uncertainty, estimation, and judgment involved in recognition, there is a high degree of complexity in claim reserves. Any changes of the estimation or judgment are treated as the changes of the accounting estimates and can be recognized as profit and loss in current year. KGI Life Insurance was not notified of some claims in time. Also, the expected payment for unreported claims involves major subjective judgment and estimation on the past experience. Thus, it is uncertain that the estimated claim reserve on the balance sheet date will be equal to the final settled amount of claim payments. The claim reserve recorded on the book is estimated based on the current available information. However, the final amount probably will differ from the original estimates because of the follow-up development of the claim events.

The charts above show the development trend of claim payments (not including cases whose payment and time will be confirmed within a year). The accident year is the actual year for the occurrence of the insurance claim events; the x-axis is the year of the development for the settlement cases. Each slash represents the cumulative amount of compensation for each accident event at the end of the year. The occurred claims include decided and undecided claims which represent the accumulated estimated dollar amounts need to be paid for each accident year as time passes. It is possible that the circumstances and trends affecting dollar amount of recognition for claim reserve in the current year will be different from those in the future. Thus, the expected future payment amount for the settlement cases cannot be determined by the charts above.

KGI Life Insurance's maximum exposure to risk arising from reinsurance contracts is represented by the carrying amount of reinsurance assets. To manage the aforementioned risk and avoid credit losses, KGI Life Insurance conducts business with reinsurers of sound credit standing and has established relevant selection criteria and guidelines. KGI Life Insurance also periodically evaluates the financial and operating conditions of reinsurers and monitors their credit status or ratings. Where necessary, the scope and scale of business dealings are adjusted accordingly in order to prevent an excessive concentration of credit risk.

4) Insurance contracts credit risk and liquidity risk:

a) Credit risk

In accordance with paragraph 131 of International Financial Reporting Standard 17, the credit risk arising from contracts within the scope of IFRS 17 is as follows:

- i. As of June 30, 2026, December 31, 2025 and June 30, 2025, the maximum exposure to credit risk arising from insurance contracts issued amounted to \$8,820 thousand, \$136,259 thousand and \$35,372 thousand, respectively.
- ii. As of June 30, 2026, December 31, 2025 and June 30, 2025, the maximum exposure to credit risk arising from reinsurance contracts held amounted to \$166,279 thousand, \$175,395 thousand and \$159,930 thousand, respectively.

iii. Information about the credit quality of reinsurance contracts held that are assets is as follows:

	June 30, 2026			
	AAA	AA	A	Total
Portfolios of reinsurance contracts held that are assets	\$ 243	\$ 8,104	\$ 157,932	\$ 166,279
	December 31, 2025			
	AAA	AA	A	Total
Portfolios of reinsurance contracts held that are assets	\$ 2,648	\$ 6,884	\$ 165,863	\$ 175,395
	June 30, 2025			
	AAA	AA	A	Total
Portfolios of reinsurance contracts held that are assets	\$ 2,072	\$ 8,666	\$ 149,192	\$ 159,930

KGI Life Insurance's credit risk primarily arises from the potential failure of reinsurers to fulfill their obligations under reinsurance contracts, which may result in financial losses to KGI Life Insurance. The remaining credit risk arises from insurance contracts for which services have been provided but premiums have not yet been collected.

Credit risk grades

In order to minimize credit risk arising from reinsurance contracts, KGI Life Insurance has established and maintained a credit risk grading framework to classify exposures based on the degree of default risk. KGI Life Insurance's credit risk grading structure comprises ten categories. Credit rating information is based on a range of data that is predictive of default risk and incorporates experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors indicative of default risk.

The design and calibration of the credit risk grades reflect the risk of default as credit risk deteriorates. As credit risk increases, the difference in default risk between grades also changes accordingly. Upon initial recognition, each exposure is assigned to a credit risk grade based on available information regarding the counterparty. All exposures are subject to ongoing monitoring, and the credit risk grades are updated to reflect current information. The monitoring procedures applied are consistent across both broad and specific exposure types.

b) Liquidity risk

KGI Life Insurance's liquidity risk arising from insurance and reinsurance contracts refers to the risk of being unable to pay cash or other financial assets at the times specified in the contractual terms. The table below presents exposure to liquidity risk based on the earliest expected timing of cash outflows arising from insurance and reinsurance contracts.

The following table presents the maturity analysis of insurance contracts that are liabilities and groups of reinsurance contracts held, prepared based on estimated future cash flows. It excludes amounts related to the remaining coverage liabilities of insurance contracts and related reinsurance contracts held measured under the premium allocation approach.

June 30, 2026

	Subsequent Years After the Balance Sheet Date						
	1 Year	2 Years	3 Years	4 Years	5 Years	Over 6 Years	Total
Portfolios of reinsurance contracts held that are liabilities	\$ 598,692	\$ 574,583	\$ 561,898	\$ 560,966	\$ 565,529	\$ 49,445,117	\$ 52,306,785
Portfolios of insurance contracts issued that are liabilities	44,196,575	30,861,497	46,473,465	58,560,473	62,682,843	4,701,663,826	4,944,438,679

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

	June 30, 2026	
	Amounts Payable on Demand	Carrying Amount
Portfolios of reinsurance contracts held that are liabilities	\$ -	\$ 12,692,174
Portfolios of insurance contracts issued that are liabilities	1,800,154,740	1,995,160,867

December 31, 2025

	Subsequent Years After the Balance Sheet Date						
	1 Year	2 Years	3 Years	4 Years	5 Years	Over 6 Years	Total
Portfolios of reinsurance contracts held that are liabilities	\$ 574,393	\$ 562,198	\$ 549,494	\$ 549,248	\$ 556,807	\$ 48,065,007	\$ 50,857,147
Portfolios of insurance contracts issued that are liabilities	59,124,377	44,890,441	39,747,104	55,875,695	61,561,180	4,621,171,429	4,882,370,226

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

	December 31, 2025	
	Amounts Payable on Demand	Carrying Amount
Portfolios of reinsurance contracts held that are liabilities	\$ -	\$ 13,512,613
Portfolios of insurance contracts issued that are liabilities	1,760,122,204	2,003,450,479

June 30, 2025

	Subsequent Years After the Balance Sheet Date						
	1 Year	2 Years	3 Years	4 Years	5 Years	Over 6 Years	Total
Portfolios of reinsurance contracts held that are liabilities	\$ 607,411	\$ 586,811	\$ 569,785	\$ 568,073	\$ 575,166	\$ 48,665,010	\$ 51,572,256
Portfolios of insurance contracts issued that are liabilities	76,760,882	32,735,174	35,741,613	54,237,748	63,481,878	4,511,799,359	4,774,756,654

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

	June 30, 2025	
	Amounts Payable on Demand	Carrying Amount
Portfolios of reinsurance contracts held that are liabilities	\$ -	\$ 13,025,058
Portfolios of insurance contracts issued that are liabilities	1,707,480,077	1,921,003,762

Amounts payable on demand represent the surrender value of insurance contracts that are liabilities and investment contracts with discretionary participation features.

51. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Company

The Company has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including business, operational and liquidity risks.

The Company has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Company also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Bank and subsidiaries

KGI Bank has planned a proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to the senior management, and the committee or the board of directors with risk management function; KGI Bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank's risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank's risk management divisions are as follows:

1) Board of directors

The KGI Bank's board of director supervise the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to the senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

KGI Securities and subsidiaries

1) Financial risk management objectives

To effectively manage the risks related to the operation of KGI Securities and strengthen KGI Securities Competitive advantage, according to the laws by authorities, risk management policy by parent company, and business development strategy by KGI Securities, which set risk management policy as compliance basis for risk management.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes the board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organization's functions and responsibilities are as follows:

The board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMC executes risk management decisions made by the board of directors, which include reviewing KGI Securities' every department's, risk appetite, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and consistent long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, trusted investment and management of new business and financial instruments.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors and making risk management rules, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing comprehensive management of KGI Securities company law, legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are regularly review the execution of relevant regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk, legal risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following established guidelines and related standards of parent company.

4) Risk management mechanism

The process of various risk managements of KGI Securities include risk identification, risk measurement, risk monitoring and management and risk reports. The evaluation and management of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity, interest rate, commodity and exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce and manage market risk capital allocation.

To establish efficacy of estimation at risk (VaR) model, risk management department conducts Back Testing periodically to examine the validity of the model. Additionally, it builds various scenarios for Stress Testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

KGI Securities takes into account the credit rating of issuers or counterparties, the features of transactions, and the characters of instruments, etc. to adopt appropriate ways of measurement, and considers KGI Securities' net value, risk measurement and concentration of risk to set proper credit limits. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to management as well as related departments.

KGI Securities use the external part of credit rating by rating comparison table to evaluate the credit risk of the counterparties or transaction subjects. Among them, the external part of credit rating refers to the TCRI of Taiwan Economic Journal, Taiwan Ratings, S&P, Moody's, and Fitch. Not only update the credit rating information of the external rating agency on the counterparties or transaction subjects, but also appropriately adjust the credit risk limits when the credit rating changes.

The risk management department applies for credit risk capital toward the board of directors annually. Establish proper credit risk expected loss limitation amount relating to the firms. Also, set different Pre-Settlement Risk (PSR) limitation amount base on countries, same groups, high-risk industries, high-risk groups, etc. Also, routinely examine KGI Securities' credit risk exposure, credit risk change of counterparties or transaction subjects, and the use of various credit risk limitation amount to enforce management of credit risk.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of control and segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

Each business unit is responsible for examining and controlling its own operation risk. In addition to the compliance of law and regulation, the internal audit department would implement examination by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

When abnormal events occur, all business units should comply with "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. According to the nature of the abnormal event, the internal audit unit conducts investigations and follows up on corrective actions based on the investigation results. The assets and liabilities risk management team collects and reports operational risk loss events and regularly reports them to the Risk Management Committee. When KGI Securities discover material risk events during the execution of their business, they should comply with "Method for Notification of Material Risk Events and Significant Unforeseen Events" by parent company and "Announcement of Abnormal Events and Handling Procedures" by KGI Securities. In addition, risk management unit should review whether material risk events are notified in time.

KGI Securities have obtained the related qualification for the option under the sensitivity analysis (Delta-Plus) method to use the advanced calculation method of Securities firm's capital adequacy ratio. In order to calculate the capital adequacy ratio and other statutory ratios required for financial product evaluation models, model management operations have been used.

KGI Securities regularly detects business risks. The detections include financial institutions' capital adequacy, asset quality, management capabilities, profitability, liquidity, sources of profit, foreign exposure, investment positions, off-balance sheet, and material customer complaints. Measurement unit inspects frequency and measures detection indicators and alert values and sends the measurement results and their increase or decrease data to the risk management unit for monitoring and storage.

5) Risk hedge and mitigation strategy

KGI Securities have set “Financial Commodity Transaction Processing Procedures” and “Operation Guidelines for Derivative Financial Commodity Transactions in Business Locations” to standardize relevant policies for hedging and mitigating risks:

- a) All business departments engaged in derivative transactions should confirm their transaction objectives and hedging nature in advance. After the transaction, the transaction objective cannot be changed at will.
- b) The transaction nature means buying and selling derivatives based on price expectations to take risks and earn the spread. Hedging means to reduce the market risk of existing assets or liabilities and prospective transactions through the trading derivatives.
- c) For positions held for hedging, the hedging and hedged positions should be regarded as one entity and notice to the relation between the changes in profit and loss of the hedging and the hedged positions.

CDIB Capital Group and subsidiaries

CDIB Capital Group has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies.

CDIB Capital Group has established the risk management committee, which belongs to the board of directors and is responsible for supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has established a business risk committee and a risk management department, which belongs to administration department, to plan and manage the risk management system and provide related information to the senior management and the board of directors.

KGI Life Insurance

KGI Life Insurance's financial risk management objectives are primarily managing risks arising from holding financial assets. According to KGI Life Insurance's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. KGI Life Insurance has established guidelines related to the management for the aforementioned financial risk, regulating the measurement and evaluation methods.

b. Credit risk

KGI Bank and subsidiaries

1) Definition and source of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor, debtor or counterparty fails to meet its contractual obligations or has negative changes in its credit quality. Credit risk management covers all operating activities that involve credit risk, including credit business, call loans to banks, banking book securities investment, financial derivatives, repurchase agreement transactions and other operating activities.

2) Credit risk management policy

KGI Bank has standard control procedures for credit risk identification, measurement, and generation of disclosures and reports to be used for a rational identification, measurement, effective control and reporting of credit risk. These procedures include applying standard screening criteria for target clients, credit investigations for credit approval or rejection, careful deliberation of applications for certain exceptions, credit review, management of non-performing loans and requests, and control over all related documents and information. KGI Bank also adjusts the credit risk structure accordingly so that credit portfolios are within KGI Bank's risk appetite. Further, KGI Bank assesses the changes in the economy to adjust risk structure and develops strategies in response to these changes to raise shareholders' value and ensure the risk is bearable.

Based on the risk management policies, the management process is carried out as follows:

a) Credit investigation

In screening target clients, KGI Bank asks for all the necessary documents from the clients in order to get an accurate understanding of their backgrounds and control credit portfolios within the acceptable range.

b) Credit approval

Cases that have passed the credit investigation are reviewed by the credit authority of each level.

The credit authorities approve credits in accordance with KGI Bank's credit limit structure and authorization policies.

KGI Bank's credit approval structure and policies are based not only on the Banking Act and other government rules for credit extended to the same person or affiliated enterprises/groups, industry, real estate loans, investment securities and country, but also on the professionalism of KGI Bank's credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities occasionally.

c) Post-lending loan review

The corporate banking segment of KGI Bank tracks the borrowers' financial and business conditions, generates risk assessment reports on credit asset portfolios regularly, operates a risk warning system and adjusts business development strategies as needed to cope with economic conditions and changes in asset quality through the use of an account management scheme and a regular-reassessment system. For consumer banking business, they track and control the changes in asset quality through the use of regular-assessment system, and handle the changes in borrowers' credit quality instantly through the use of regular-reassessment system. For delinquent loans, KGI Bank uses the concentration management method, together with information systems and analysis models, to enhance and expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to risk management committee and board of directors.

3) Credit risk hedge or mitigation policies

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to maximize the collateral. For determining the value of foreclosed collateral, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal institution for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral in mitigating KGI Bank's credit risk. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure to credit risk

The maximum exposure to credit risk from on-balance sheet financial assets was equal to their carrying values; without taking into collateral or other credit enhancements and unused revolving credit without credit card and cash card, the maximum exposure of credit risk from irrevocable off-balance sheet financial instruments was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Irrevocable loan commitments, guarantees and letters of credit	\$ 59,003,761	\$ 60,762,953	\$ 60,635,166

KGI Bank believes that stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure from their off-balance sheet items.

KGI Bank and subsidiaries' book values of maximum exposure credit risk for major credit assets were as follows:

Discounts and Loans					
June 30, 2026					
	Stage 3			The Adjustment under the Recognition/ Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	
Short-term loans	\$ 77,144,824	\$ 511,872	\$ 777,846	\$ -	\$ 78,434,542
Short-term secured loans	21,066,512	-	-	-	21,066,512
Medium-term loans	188,902,098	719,155	144,609	-	189,765,862
Medium-term secured loans	73,291,803	314,087	17,758	-	73,623,648
Long-term loans	42,126,938	609,237	1,359,398	-	44,095,573
Long-term secured loans	135,367,067	249,790	103,690	-	135,720,547
Loans reclassified to nonperforming loans	-	-	708,466	-	708,466
Export negotiations	4,673	-	-	-	4,673
Total book values	537,903,915	2,404,141	3,111,767	-	543,419,823
Impairment allowance	(1,064,520)	(313,319)	(666,580)	-	(2,044,419)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans				\$ (4,733,032)	(4,733,032)
Adjusting for discounts and loans premium				(102,151)	(102,151)
	<u>\$ 536,839,395</u>	<u>\$ 2,090,822</u>	<u>\$ 2,445,187</u>	<u>\$ (4,835,183)</u>	<u>\$ 536,540,221</u>

Receivables					
June 30, 2026					
	Stage 3			The Adjustment under the Recognition/ Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	
Credit card business	\$ 4,712,776	\$ 188,762	\$ 171,593	\$ -	\$ 5,073,131
Accounts receivable - forfaiting	399,032	-	-	-	399,032
Accounts receivable factoring without recourse	16,573,759	-	14	-	16,573,773
Acceptances	17,768	-	-	-	17,768
Installment accounts and lease receivables	4,581,658	161,564	52,909	-	4,796,131
Total book value	26,284,993	350,326	224,516	-	26,859,835
Impairment allowance	(43,909)	(27,195)	(60,818)	-	(131,922)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans				\$ (230,936)	(230,936)
	<u>\$ 26,241,084</u>	<u>\$ 323,131</u>	<u>\$ 163,698</u>	<u>\$ (230,936)</u>	<u>\$ 26,496,977</u>

Discounts and Loans					
December 31, 2025					
	Stage 3			The Adjustment under the Recognition/ Discount	Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset	
Short-term loans	\$ 64,553,846	\$ 532,671	\$ 744,210	\$ -	\$ 65,830,727
Short-term secured loans	26,943,539	614	-	-	26,944,153
Medium-term loans	195,440,008	697,221	198,747	-	196,335,976
Medium-term secured loans	76,383,903	372,540	37,767	-	76,794,210
Long-term loans	33,739,205	591,184	1,279,487	-	35,609,876
Long-term secured loans	129,527,408	190,277	83,608	-	129,801,293
Loans reclassified to nonperforming loans	-	-	758,109	-	758,109
Export negotiations	-	-	-	-	-
Total book values	526,587,909	2,384,507	3,101,928	-	532,074,344
Impairment allowance	(1,078,189)	(597,813)	(604,821)	-	(2,280,823)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans				\$ (4,428,980)	(4,428,980)
Adjusting for discounts and loans premium				(107,286)	(107,286)
	<u>\$ 525,509,720</u>	<u>\$ 1,786,694</u>	<u>\$ 2,497,107</u>	<u>\$ (4,536,266)</u>	<u>\$ 525,257,255</u>

Receivables						
December 31, 2025						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Regulation	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Credit card business	\$ 4,253,392	\$ 186,726	\$ 167,308	\$ -		\$ 4,607,426
Accounts receivable - forfeiting	228,780	-	-	-		228,780
Accounts receivable factoring without recourse	9,289,487	-	16	-		9,289,503
Acceptances	368,067	-	-	-		368,067
Installment accounts and lease receivables	<u>5,004,091</u>	<u>77,138</u>	<u>69,207</u>	<u>-</u>		<u>5,150,436</u>
Total book value	19,143,817	263,864	236,531	-		19,644,212
Impairment allowance	(44,982)	(23,605)	(70,805)	-		(139,392)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (160,864)	(160,864)
	<u>\$ 19,098,835</u>	<u>\$ 240,259</u>	<u>\$ 165,726</u>	<u>\$ -</u>	<u>\$ (160,864)</u>	<u>\$ 19,343,956</u>

Discounts and Loans						
June 30, 2025						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Recognition/ Discount	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Short-term loans	\$ 65,877,336	\$ 549,613	\$ 729,127	\$ -		\$ 67,156,076
Short-term secured loans	25,040,321	-	-	-		25,040,321
Medium-term loans	184,366,460	288,217	196,695	-		184,851,372
Medium-term secured loans	79,526,098	363,866	51,156	-		79,941,120
Long-term loans	23,416,297	540,469	1,234,300	-		25,191,066
Long-term secured loans	125,933,752	208,212	89,398	-		126,231,362
Loans reclassified to nonperforming loans	-	-	718,215	-		718,215
Export negotiations	<u>21,245</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>21,245</u>
Total book values	504,181,509	1,950,377	3,018,891	-		509,150,777
Impairment allowance	(1,082,268)	(296,581)	(593,378)	-		(1,972,227)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (4,485,670)	(4,485,670)
Adjusting for discounts and loans premium					(90,296)	(90,296)
	<u>\$ 503,099,241</u>	<u>\$ 1,653,796</u>	<u>\$ 2,425,513</u>	<u>\$ -</u>	<u>\$ (4,575,966)</u>	<u>\$ 502,602,584</u>

Receivables						
June 30, 2025						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		The Adjustment under the Recognition/ Discount	Total
			Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Asset		
Credit card business	\$ 3,649,939	\$ 184,740	\$ 161,534	\$ -		\$ 3,996,213
Accounts receivable - forfeiting	-	-	-	-		-
Accounts receivable factoring without recourse	9,269,659	1	17	-		9,269,677
Acceptances	358,844	-	-	-		358,844
Installment accounts and lease receivables	<u>4,804,865</u>	<u>111,858</u>	<u>57,623</u>	<u>-</u>		<u>4,974,346</u>
Total book value	18,083,307	296,599	219,174	-		18,599,080
Impairment allowance	(39,238)	(25,960)	(64,221)	-		(129,419)
Impairment recognized in accordance with Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans					\$ (163,790)	(163,790)
	<u>\$ 18,044,069</u>	<u>\$ 270,639</u>	<u>\$ 154,953</u>	<u>\$ -</u>	<u>\$ (163,790)</u>	<u>\$ 18,305,871</u>

Maximum exposures to credit risk of financial instrument not applicable to impairment were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at FVTPL			
Debt instruments	\$ 19,107,223	\$ 22,237,792	\$ 14,713,765
Derivatives instruments	20,791,473	22,433,089	31,144,014

5) Collaterals and credit enhancement

KGI Bank and subsidiaries' pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

KGI Bank and subsidiaries observe collateral's value of financial instrument closely and consider recognizing impairment for financial assets with credit impairment. KGI Bank and subsidiaries' financial assets with impairment, and collateral's values for mitigation of potential losses were as follows:

June 30, 2026

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Receivables	\$ 224,516	\$ 60,818	\$ 163,698	\$ -
Discounts and loans	<u>3,111,767</u>	<u>666,580</u>	<u>2,445,187</u>	<u>505,246</u>
Total amount of impaired asset	<u>\$ 3,336,283</u>	<u>\$ 727,398</u>	<u>\$ 2,608,885</u>	<u>\$ 505,246</u>

December 31, 2025

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Receivables	\$ 236,531	\$ 70,805	\$ 165,726	\$ -
Discounts and loans	<u>3,101,928</u>	<u>604,821</u>	<u>2,497,107</u>	<u>537,295</u>
Total amount of impaired asset	<u>\$ 3,338,459</u>	<u>\$ 675,626</u>	<u>\$ 2,662,833</u>	<u>\$ 537,295</u>

June 30, 2025

	Total Book Value	Credit Impairment	Amount of Risk Exposure (Amortized Cost)	Collaterals Value
Impaired asset:				
Receivables	\$ 219,174	\$ 64,221	\$ 154,953	\$ -
Discounts and loans	<u>3,018,891</u>	<u>593,378</u>	<u>2,425,513</u>	<u>534,263</u>
Total amount of impaired asset	<u>\$ 3,238,065</u>	<u>\$ 657,599</u>	<u>\$ 2,580,466</u>	<u>\$ 534,263</u>

The amount of the KGI Bank and subsidiaries' financial assets which has been written off and still has recourse activities of outstanding contract amount is \$506,965 thousand and \$551,756 thousand for the six months ended June 30, 2026 and 2025.

6) Concentrations of credit risk

Concentrations of credit risk arise when there is only one counterparty, or when there is a number of more than one counterparty but they are engaged in similar business activities and have similar economic characteristics, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise from a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, due from and call loans to banks, investments, receivables and derivatives, etc. KGI Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to the same customers or the same counterparty; total transaction of the same customers or the same counterparty in discounts and loans are not material. To manage credit risk concentration, KGI Bank maintains a diversified portfolio and monitors its exposure continually. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	\$ 313,246,107	57.64	\$ 310,570,858	58.37	\$ 291,801,693	57.31
Natural person	230,173,716	42.36	221,503,486	41.63	217,149,084	42.65
Non-profit organization	-	-	-	-	200,000	0.04
Total	\$ 543,419,823	100.00	\$ 532,074,344	100.00	\$ 509,150,777	100.00

b) By region

Region	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 431,156,206	79.34	\$ 428,938,144	80.62	\$ 415,430,824	81.59
Overseas	112,263,617	20.66	103,136,200	19.38	93,719,953	18.41
Total	\$ 543,419,823	100.00	\$ 532,074,344	100.00	\$ 509,150,777	100.00

c) By collateral

Collateral	June 30, 2026		December 31, 2025		June 30, 2025	
	Amount	%	Amount	%	Amount	%
Non-collateral	\$ 297,544,501	54.75	\$ 289,572,944	54.42	\$ 277,555,569	54.51
Collateral						
Property	211,293,986	38.88	212,459,528	39.93	210,980,272	41.44
Guarantee	3,192,327	0.59	3,206,650	0.60	2,873,276	0.56
Financial collateral	27,633,686	5.09	20,892,122	3.93	11,233,125	2.21
Others	3,755,323	0.69	5,943,100	1.12	6,508,535	1.28
Total	\$ 543,419,823	100.00	\$ 532,074,344	100.00	\$ 509,150,777	100.00

7) Management of foreclosed collateral

Foreclosed collaterals are recorded at cost, using lower-at-cost or market approach as of the balance sheet date. For those foreclosed collaterals which were not disposed of within the statutory period, except for applying for an extension of the disposal period, if the competent authority ask for the increase of its provision for possible losses, KGI bank should execute as required.

	June 30, 2026	December 31, 2025	June 30, 2025
Foreclosed collateral	\$ 588,985	\$ 588,985	\$ 588,985
Accumulated impairment	<u>(588,985)</u>	<u>(588,985)</u>	<u>(588,985)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Foreclosed collateral will be sold when it is actually available for sale. The foreclosed collateral is classified as other assets in balance sheet. The difference amount between the disposition price and the book value is recognized as net other noninterest profit and gain.

8) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits of KGI Bank

Item			June 30, 2026				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 327,894	\$ 88,648,525	0.37%	\$ 1,189,841	362.87%
	Unsecured		52,086	238,330,490	0.02%	2,630,317	5,049.91%
Consumer loan	Mortgage (Note 4)		27,007	109,787,159	0.02%	1,649,298	6,107.00%
	Cash card		83,241	9,318,201	0.89%	135,106	162.31%
	Micro credit (Note 5)		347,587	65,000,759	0.53%	832,188	239.42%
	Other (Note 6)	Secured	7,908	32,327,067	0.02%	340,624	4,307.16%
		Unsecured	-	7,622	0.00%	77	-
Total			845,723	543,419,823	0.16%	6,777,451	801.38%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 32,498	\$ 5,073,131	0.64%	\$ 91,372	281.16%
Account receivable - factored without recourse (Note 7)			10	16,573,773	0.00%	199,019	1,918,436.64%

Item			June 30, 2025				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 367,402	\$ 97,290,733	0.38%	\$ 1,254,090	341.34%
	Unsecured		67,096	209,543,870	0.03%	2,449,838	3,651.26%
Consumer loan	Mortgage (Note 4)		24,101	102,550,618	0.02%	1,538,823	6,384.97%
	Cash card		102,336	9,872,134	1.04%	146,741	143.39%
	Micro credit (Note 5)		319,641	58,126,841	0.55%	731,874	228.97%
	Other (Note 6)	Secured	6,324	31,753,857	0.02%	335,548	5,306.31%
		Unsecured	862	12,724	6.78%	983	114.00%
Total			887,762	509,150,777	0.17%	6,457,897	727.44%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			\$ 37,937	\$ 3,996,213	0.95%	\$ 84,560	222.89%
Account receivable - factored without recourse (Note 7)			11	9,269,677	0.00%	121,832	1,072,657.78%

Note 1: Non-performing loans are reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by Ministry of Finance. Overdue credit card receivables are regulated by Order No. 0944000378 announced by the FSC on July 6, 2005.

Note 2: $\text{NPL ratio} = \text{NPL} / \text{Total loans}$. For credit card business: $\text{Delinquency ratio} = \text{Overdue credit card receivables} / \text{Credit card receivables balance}$.

Note 3: $\text{Coverage ratio} = \text{LLR} / \text{NPL}$. Coverage ratio of credit receivables: $\text{Allowance for credit losses} / \text{Overdue credit card receivables}$.

Note 4: Household mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower's spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Order No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and it does not include credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Order No. 0945000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable - factoring without recourse.

b) Exemption of KGI Bank's nonperforming loans and overdue receivables

Items	June 30, 2026		June 30, 2025	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
Amounts of executed contracts on negotiated debts not reported (Note 1)	\$ 553	\$ 32	\$ 992	\$ 40
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	98,004	8,603	83,036	8,252
Total	\$ 98,557	\$ 8,635	\$ 84,028	\$ 8,292

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Order No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letters dated September 15, 2008 (Order No. 09700318940) and dated September 20, 2016 (Order No. 10500134790).

c) Concentration of KGI Bank's credit risk

June 30, 2026

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Advertising industry	\$ 9,528,852	12.65
2	B Group - Real estate development activities	6,374,960	8.46
3	C Group - Securities industry	5,400,000	7.17
4	D Group - Real estate activities for sale and rental	5,330,550	7.07
5	E Group - Wholesale of electronic and communication equipment and parts	5,256,957	6.98
6	F Group - Manufacture of panel and components	5,053,815	6.71
7	G Group - Manufacture of panel and components	4,994,190	6.63
8	H Group - Securities industry	4,280,427	5.68
9	I Group - Real estate development activities	4,264,599	5.66
10	J Group - Hazardous waste treatment and disposal	4,216,938	5.60

June 30, 2025

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - Advertising industry	\$ 8,482,165	11.60
2	K Group - Maritime transport industry	6,672,678	9.13
3	F Group - Manufacture of panel and components	5,627,273	7.70
4	D Group - Real estate activities for sale and rental	5,558,047	7.60
5	L Group - Real estate development activities	5,540,000	7.58
6	I Group - Real estate development activities	5,473,819	7.49
7	M Group - Real estate development activities	5,438,391	7.44
8	N Group - Installation services of mechanical, electrical, telecommunication, and circuit equipment	5,299,374	7.25
9	G Group - Manufacture of panel and components	4,529,696	6.20
10	B Group - Real estate development activities	4,247,222	5.81

Note 1: The ranking of industries, excluding all government entities and state-owned enterprises, is in descending order of their respective outstanding loan balances. If the borrower is a member company of a group, the disclosed amount is the total granted loan amount of that entire group.

Note 2: Article 6 of the "Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings" states that "group" refers to the entity that has control over, or subordinate to, the counterparty that obtained loans from the bank.

Note 3: Credit balance means is the sum of all the loans (including import bills negotiated,; discounted export bills negotiated, overdrafts, short-term, medium-term, and long-term secured and unsecured loans, marginal receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and overdue receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

9) Assessment of a significant increase in credit risk since initial recognition

Credit business

KGI Bank assesses changes in credit quality during the expected lifetime of various types of credit assets on each reporting date to determine if there has been a significant increase in credit risk since the initial recognition, primarily consideration of indicators and supporting information (including prospective information) were as the follows:

a) Quantitative index

When the contractual payments are overdue for more than 30 days, the credit risk of the credit assets are considered to be significantly increased since the initial recognition.

b) Qualitative index

- i. Changes in the current or predicted operating, financial, or economic conditions that are expected to cause a significant change in the ability of the borrower to perform its obligations.
- ii. Actual or expected significant changes in borrower's operating results.
- iii. The credit risk of other credit contracts of the same borrower has increased significantly.
- iv. Individual credit assets, if the client did not suffer from financial difficulties at the time of the agreement can be included after assessment.

For the various types of credit assets of KGI Bank which are not be regarded as low credit risk, it can be assumed that the credit risk of such assets has not increased significantly since the initial recognition.

10) Definition of default and impaired credit of financial assets

The definition of default of the financial assets of the KGI Bank is the same as that of the impaired credit assets. If one or more of the following conditions are met, KGI Bank determines that the credit asset has defaulted and the credit is impaired:

a) Quantitative index

- i. When the borrower's overdue payment of the contract is more than 90 days.
- ii. Changes in external rating of guarantor or issuer of the notes or bonds.

b) Qualitative index

If there is evidence that the borrower will be unable to settle the loan, or has significant financial difficulties, such as:

- i. Borrower has been bankrupted or may file a petition for bankruptcy or financial restructuring.
- ii. Borrower's loan contract has been reclassified to nonperforming loans or has been written off as bad debts by the KGI Bank.
- iii. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower concessions that would not have been considered or agreed (agreements).
- iv. For cases involving the sale of non-performing loans and suits.
- v. Payment by the bank to fulfill off-balance sheet financial contracts (e.g., guarantee advances).

The aforementioned definition of default and credit impairment applied to the credit assets held by KGI Bank is consistent with the definition of credit assets used for internal credit risk management purposes, and the relevant impairment assessment model is used.

The credit asset will be restored to the state of compliance and is not considered a credit impaired credit asset in default if it no longer meets the definition of default and credit impairment.

A debt instrument investor may also be deemed to have a credit impairment on the financial asset if the rating of the bond guarantor or issuer's rating deteriorates significantly, for example, from an investment grade to a junk bond rating, or if one or more of the following conditions are met:

- i. The guarantor or issuer cannot repay the principal or interest on the maturity date of the note or bond.
- ii. Before the maturity of the note or bond, it can be objectively determined that the bond guarantor or issuer of note or bond may not be able to repay the principal and interest of the note or bond on time.
- iii. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond is in bankruptcy or in reorganization or taken over due to financial difficulties.
- iv. Before the maturity of the note or bond, the bond guarantor or issuer of note or bond closes down or is in the process of performing other financial restructuring.

11) Write-off policy

The KGI Bank shall write off bad debts for non-performing loans and overdue receivables that meet one of the following requirements:

- a) When reaching the criteria of write-off of the regulation.
- b) There is a need to expedite the reduction of non-performing loans or for certain businesses that need to comply with the requirements of the governing authorities.

- c) Written off by the governing authorities or the financial inspection authorities.
- d) Although the collateral has been collected, if it is difficult to dispose of the collateral or it may take a long time to recover the loan, the creditor's balance shall be written of within the period which specified in a).
- e) Obtaining the documentary evidence or supporting documents with the assessments that it is not possible to recover the loan.

12) Amendment of contract cash flows of financial assets

KGI Bank may amend the contract cash flows of credit assets as a result of financial difficulties of borrowers or improvement of problematic debtors' recovery rate. The contract amendments include the extension of the contract period, interest payment time modification, contract interest rate modification or exemption of part of the debts.

13) Measurement of expected credit losses

For the purpose of measuring expected credit losses, KGI Bank divides credit assets into the following groups: For corporate banking, they are grouped according to scale, while for consumer banking, they are grouped according to product characteristics:

Business	Combination	Definition
Corporate banking	Large enterprises + Stage 1	Credit risk has not increased significantly.
	Small and medium enterprises + Stage 1	
	Large enterprises + Stage 2	Credit risk has increased significantly.
	Small and medium enterprises + Stage 2	
	Large enterprises + Stage 3	Credit impaired.
	Small and medium enterprises + Stage 3	
Consumer banking	Product + Stage 1	Credit risk has not increased significantly.
	Product + Stage 2	Credit risk has increased significantly.
	Product + Stage 3	Credit impaired.

KGI Bank measures the allowance loss for financial instruments that did not have a significant increase in credit risk since initial recognition based on the 12-month expected credit loss. For financial instruments that had a significant increase in credit risk or are credit impaired since initial recognition, the allowance loss is measured by lifetime expected credit losses.

To measure the expected credit losses, KGI Bank takes into account the borrower's probability of default ("PD") for the next 12 months and the period of existence, and include the loss given default ("LGD"). Multiply by the Exposure at default ("EAD") and taking into account the impact of the time value of money, the expected credit losses for 12 months and duration are calculated.

Probability of default is the probability of default of the borrower (or the counterparty) over a period of time; the loss given default refers to the probability of loss of the borrower (or the counterparty) due to inability to recover the debt at the end of the reminder procedures. The probability of default and loss given default are used in the impairment assessment of KGI Bank credit business are based on internal historical information (such as credit loss experience, etc.) of each group, and adjust the history data based on the current observable data and forward-looking general economic information (such as GDP and employment rate, etc.) which are used to calculate the probability of default on expected losses.

The exposure at default mean that KGI Bank can claim compensation for the book value held by borrowers (or the counterparty) after borrowers have defaulted. KGI Bank's exposure at default amount has taken into account the amount of credits that have been used and the amounts that may be used in the future for the exposure at default amount. The amount of credits is used as an assessment of exposure at default of on balance sheet credits or part of credits that were already used; off-balance sheet or committed credits that are not yet used are based on the corresponding Credit Conversion Factor (CCF) which considered the credits that are expected to be used within 12 months after the reporting date or expected lifetime to calculate exposure at default of expected credit loss.

14) Considerations of forward-looking information

KGI Bank incorporates forward-looking information when measuring expected credit losses on loans and receivables. Based on the business characteristics, KGI Bank selected the appropriate overall indicators as an adjustment parameter for default probability of lending. Based on the type of business, KGI Bank used different overall indicator. The Corporate banking business takes the Economic Growth Rate (GDP) as an adjustment parameter; the consumer banking business takes employment rate variation as adjustment parameter. KGI Bank will make reference to external information (predicted value of domestically renowned economic forecasting institutions) or group expert assessments to provide forecasting information on economic factors quarterly. For example, the changes of leading index and changes of market capital index; it contains the best estimate of the economic situation in the next five years.

The measurement of expected credit loss of the KGI Bank's debt instruments is based on an external credit migration matrix method to calculate the Probability of default (PD), which is incorporated in the information of forward-looking factors.

15) Changes of provisions for off-balance-sheet guarantees and commitments

For the Six Months Ended June 30, 2026

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2026	\$ 99,940	\$ 21	\$ -	\$ 12	\$ -	\$ 99,973	\$ 155,017	\$ 254,990
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	-	-	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	10	(4)	-	(6)	-	-		-
Derecognizing financial assets during the current period	(4,262)	(10)	-	(2)	-	(4,274)		(4,274)
Purchased or originated new financial assets	5,860	-	-	4	-	5,864		5,864
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							13,816	13,816
Effect of exchange rate changes and others	(6,226)	49	-	11	-	(6,166)		(6,166)
Balance on June 30, 2026	<u>\$ 95,322</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 95,397</u>	<u>\$ 168,833</u>	<u>\$ 264,230</u>

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees, and expected credit loss during the duration of the financing commitment for the six months ended June 30, 2026. The aforementioned provision on June 30, 2025 increased by \$9,240 thousand from the beginning of the year, due to increases in and guarantees issued.

For the Six Months Ended June 30, 2025

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2025	\$ 90,731	\$ 64	\$ -	\$ 13	\$ -	\$ 90,808	\$ 156,164	\$ 246,972
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	-	-	-	-	-	-		-
From conversion to credit-impaired financial assets	-	-	-	-	-	-		-
To 12-month ECL	219	(214)	-	(5)	-	-		-
Derecognizing financial assets during the current period	(10,815)	(174)	-	(9)	-	(10,998)		(10,998)
Purchased or originated new financial assets	10,137	44	-	-	-	10,181		10,181
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							(24,710)	(24,710)
Effect of exchange rate changes and others	10,767	323	-	19	-	11,109		11,109
Balance on June 30, 2025	\$ 101,039	\$ 43	\$ -	\$ 18	\$ -	\$ 101,100	\$ 131,454	\$ 232,554

KGI Bank and subsidiaries had no significant change in off-balance-sheet guarantees and expected credit loss during the duration of the financing commitment for the six months ended June 30, 2025. The aforementioned provision on June 30, 2025 decreased by \$14,418 thousand from the beginning of the year.

16) Loss allowance for financial assets measured at FVTOCI

For the six months ended June 30, 2026 and 2025, there was no significant increase in the credit risk of debt instruments measured at FVTOCI of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of June 30, 2026, December 31, 2025 and June 30, 2025, loss allowance for debt instruments measured at FVTOCI due to the adjustment of the portfolio were \$37,076 thousand, \$35,787 thousand and \$37,012 thousand, respectively.

17) Loss allowance for financial assets measured at amortized cost

For the six months ended June 30, 2026 and 2025, there was no significant increase in the credit risk of debt investments measured at amortized cost of KGI Bank and subsidiaries; therefore, the loss allowance was assessed based on 12 months expected credit losses. As of June 30, 2026, December 31, 2025 and June 30, 2025, the recognition of loss allowance were \$5,868 thousand, \$5,506 thousand and \$5,114 thousand, respectively.

18) Loss allowance for receivables

The reconciliation statement of loss allowance for receivables for the six months ended June 30, 2026 and 2025 of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2026

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2026	\$ 46,997	\$ 27,813	\$ -	\$ 1,214,961	\$ -	\$ 1,289,771	\$ 166,777	\$ 1,456,548
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(1,031)	7,823	-	(6,792)	-	-	-	-
From conversion to credit-impaired financial assets	(206)	(2,567)	-	2,773	-	-	-	-
To 12-month ECL	688	(645)	-	(43)	-	-	-	-
Derecognizing financial assets during the current period	(55,369)	(3,478)	-	(2,871)	-	(61,718)		(61,718)
Purchased or originated new financial assets	59,546	1,663	-	1,262	-	62,471		62,471
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							85,713	85,713
Write-off	-	-	-	(8,339)	-	(8,339)		(8,339)
Recovery of written-off	-	-	-	4,982	-	4,982		4,982
Effect of exchange rate changes and others	(4,807)	(307)	-	12,252	-	7,138		7,138
Balance on June 30, 2026	\$ 45,818	\$ 30,302	\$ -	\$ 1,218,185	\$ -	\$ 1,294,305	\$ 252,490	\$ 1,546,795

For the Six Months Ended June 30, 2025

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2025	\$ 40,389	\$ 38,520	\$ -	\$ 1,188,569	\$ -	\$ 1,267,478	\$ 186,001	\$ 1,453,479
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(460)	1,606	-	(1,146)	-	-		-
From conversion to credit-impaired financial assets	(209)	(5,423)	-	5,632	-	-		-
To 12-month ECL	755	(635)	-	(120)	-	-		-
Derecognizing financial assets during the current period	(35,701)	(7,555)	-	(8,593)	-	(51,849)		(51,849)
Purchased or originated new financial assets	47,351	656	-	1,080	-	49,087		49,087
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/ nonaccrual loans							(15,698)	(15,698)
Write-off	-	-	-	(15,120)	-	(15,120)		(15,120)
Recovery of written-off	-	-	-	2,524	-	2,524		2,524
Effect of exchange rate changes and others	(10,957)	1,714	-	(10,952)	-	(20,195)		(20,195)
Balance on June 30, 2025	\$ 41,168	\$ 28,883	\$ -	\$ 1,161,874	\$ -	\$ 1,231,925	\$ 170,303	\$ 1,402,228

Changes in total book values of receivables for the six months ended June 30, 2026 and 2025 of KGI Bank and subsidiaries:

For the Six Months Ended June 30, 2026

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance on January 1, 2026	\$ 26,561,236	\$ 279,373	\$ -	\$ 1,655,904	\$ -	\$ 28,496,513
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(161,903)	127,700	-	34,203	-	-
Purchased or originated new receivables	22,800,689	12,535	-	4,968	-	22,818,192
Write-off	-	-	-	(8,339)	-	(8,339)
Derecognition	(14,691,138)	(48,421)	-	(41,484)	-	(14,781,043)
Effect of exchange rate changes and others	84,109	3	-	12,067	-	96,179
Balance on June 30, 2026	\$ 34,592,993	\$ 371,190	\$ -	\$ 1,657,319	\$ -	\$ 36,621,502

For the Six Months Ended June 30, 2025

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance on January 1, 2025	\$ 28,503,249	\$ 352,422	\$ -	\$ 1,672,368	\$ -	\$ 30,528,039
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Receivables based on collective assessment	(132,469)	61,219	-	71,250	-	-
Purchased or originated new receivables	14,558,855	6,503	-	5,040	-	14,570,398
Write-off	-	-	-	(15,120)	-	(15,120)
Derecognition	(16,829,020)	(106,734)	-	(51,399)	-	(16,987,153)
Effect of exchange rate changes and others	(465,874)	(749)	-	(82,974)	-	(549,597)
Balance on June 30, 2025	\$ 25,634,741	\$ 312,661	\$ -	\$ 1,599,165	\$ -	\$ 27,546,567

19) Loss allowance for discounts and loans

The reconciliation statement of allowance for bad debts of discounts and loans for the six months ended June 30, 2026 and 2025 of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2026

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2026	\$ 1,078,189	\$ 597,813	\$ -	\$ 604,821	\$ -	\$ 2,280,823	\$ 4,428,980	\$ 6,709,803
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,064)	9,704	-	(6,640)	-	-		-
From conversion to credit-impaired financial assets	(6,554)	(29,546)	-	36,100	-	-		-
To 12-month ECL	12,277	(9,619)	-	(2,658)	-	-		-
Derecognizing financial assets during the current period	(222,768)	(13,613)	-	(22,200)	-	(258,581)		(258,581)
Purchased or originated new financial assets	384,092	-	-	34	-	384,126		384,126
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							304,052	304,052
Write-off	-	-	-	(449,046)	-	(449,046)		(449,046)
Recovery of written-off	-	-	-	447,446	-	447,446		447,446
Effect of exchange rate changes and others	(177,652)	(241,420)	-	58,723	-	(360,349)		(360,349)
Balance on June 30, 2026	\$ 1,064,520	\$ 313,319	\$ -	\$ 666,580	\$ -	\$ 2,044,419	\$ 4,733,032	\$ 6,777,451

For the Six Months Ended June 30, 2025

	Stage 1	Stage 2		Stage 3		Impairment in Accordance with IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
	12 Months ECL	Lifetime ECL		Lifetime ECL				
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
Balance on January 1, 2025	\$ 892,185	\$ 309,852	\$ -	\$ 604,318	\$ -	\$ 1,806,355	\$ 4,312,952	\$ 6,119,307
Changes due to financial instruments that have been identified at the beginning of the period:								
To lifetime ECL	(3,063)	11,161	-	(8,098)	-	-	-	-
From conversion to credit-impaired financial assets	(5,851)	(34,502)	-	40,353	-	-	-	-
To 12-month ECL	29,736	(27,738)	-	(1,998)	-	-	-	-
Derecognizing financial assets during the current period	(573,260)	(15,656)	-	(15,261)	-	(604,177)		(604,177)
Purchased or originated new financial assets	566,559	32,345	-	72	-	598,976		598,976
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with nonperforming/nonaccrual loans							172,718	172,718
Write-off	-	-	-	(480,803)	-	(480,803)		(480,803)
Recovery of written-off	-	-	-	514,086	-	514,086		514,086
Effect of exchange rate changes and others	175,962	21,119	-	(59,291)	-	137,790		137,790
Balance on June 30, 2025	\$ 1,082,268	\$ 296,581	\$ -	\$ 593,378	\$ -	\$ 1,972,227	\$ 4,485,670	\$ 6,457,897

Changes in total book values of discounts and loans for the six months ended June 30, 2026 and 2025 of the KGI Bank and subsidiaries were as follows:

For the Six Months Ended June 30, 2026

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance on January 1, 2026	\$ 526,587,909	\$ 2,384,507	\$ -	\$ 3,101,928	\$ -	\$ 532,074,344
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(735,705)	150,567	-	585,138	-	-
Purchased or originated new discounts and loans	319,595,892	-	-	185	-	319,596,077
Write-off	-	-	-	(449,046)	-	(449,046)
Derecognition	(309,087,403)	(129,232)	-	(124,373)	-	(309,341,008)
Effect of exchange rate changes and others	<u>1,543,222</u>	<u>(1,701)</u>	<u>-</u>	<u>(2,065)</u>	<u>-</u>	<u>1,539,456</u>
Balance on June 30, 2026	<u>\$ 537,903,915</u>	<u>\$ 2,404,141</u>	<u>\$ -</u>	<u>\$ 3,111,767</u>	<u>\$ -</u>	<u>\$ 543,419,823</u>

For the Six Months Ended June 30, 2025

	Stage 1	Stage 2		Stage 3		Total
	12 Months ECL	Lifetime ECL		Lifetime ECL		
		Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Non-purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
Balance on January 1, 2025	\$ 474,277,080	\$ 2,012,763	\$ -	\$ 2,895,019	\$ -	\$ 479,184,862
Conversion from individual financial instruments to lifetime ECL	-	-	-	-	-	-
Conversion from individual financial instruments to credit-impaired financial assets	-	-	-	-	-	-
Roll-out individual financial instruments from credit-impaired financial assets	-	-	-	-	-	-
Discounts and loans based on collective assessment	(703,926)	19,172	-	684,754	-	-
Purchased or originated new discounts and loans	321,747,765	63,147	-	539	-	321,811,451
Write-off	-	-	-	(480,803)	-	(480,803)
Derecognition	(284,084,078)	(102,316)	-	(75,353)	-	(284,261,747)
Effect of exchange rate changes and others	(7,055,332)	(42,389)	-	(5,265)	-	(7,102,986)
Balance on June 30, 2025	\$ 504,181,509	\$ 1,950,377	\$ -	\$ 3,018,891	\$ -	\$ 509,150,777

KGI Securities and subsidiaries

Credit risk analysis

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries are exposed to during financial transactions include issuer's credit risk, and counterparty credit risk, etc.

- a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).
- b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Credit risk management

The investment, acquisition of fixed-income securities, other financial assets, and credit risk management of current counterparties are handled in accordance with KGI Securities and subsidiaries' internal control procedures and related regulations, and most of them have reached an external credit rating investment grade or above, so credit risk is very low.

3) Default and credit derogation definition of financial assets

- a) The definition of the credit assets default of the KGI Securities and subsidiaries are the same as that of the impaired credit assets. If there is evidence that the issuer or counterparty will be unable to pay, or has significant financial difficulties, such as:
 - i. The issuer or counterparty has been bankrupt or may file a petition for bankruptcy or financial restructuring.
 - ii. The contract of the other financial instrument of the issuer or counterparty has been breached.
 - iii. The active market for the financial asset disappeared due to the financial difficulties of the issuer or counterparty.
 - iv. Purchase or initiate financial assets at a substantial discount that reflects credit losses that have occurred.
- b) The aforementioned definition of default and credit impairment applies to all financial assets held by KGI Securities and subsidiaries are consistent with the definition of financial assets used for internal credit risk management purposes, and is used in the relevant impairment assessment.
- c) If a credit asset is assessed to no longer meet the definition of default and credit impairment, it should return to the state of compliance, and is no longer considered a credit asset for default and credit impairment.
- d) KGI securities and subsidiaries' financial assets are written-off if they are unable to reasonably expect that financial assets will be recovered (e.g., significant financial difficulties for the issuer or the debtor, or bankrupt).

4) Credit risk statement for financial assets

a) Cash and cash equivalents

KGI Securities and subsidiaries mainly deposit cash such as cash in bank in creditworthy financial institutions and deposit a certain amount of securities in a specific accounts appointed by the futures companies when engaging in future trading. KGI Securities and subsidiaries regularly evaluate the financial, operating and credit risk status of financial institutions and futures companies, and control the credit risk with the results. The evaluated credit risk is under KGI Securities and subsidiaries' control.

b) Financial assets measured at fair value through profit or loss - current

KGI Securities holds the unsecured corporate bonds, convertible (exchangeable) corporate bonds and part of the CB Asset Swap. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank. In most other holdings, KGI Securities conducts CB asset swap and issues Credit Linked Note to transfer credit risk and lower the credit risk exposure of the issuer. Therefore, the credit risk of the issuer has been effective control.

c) Financial assets measured at fair value through other comprehensive income (excluding equity instrument investments) and financial assets measured at amortized cost

KGI Securities and subsidiaries holds mainly the medium and long-term bond investment position. KGI Securities and subsidiaries pays attention to the credit rating of each investment and the financial status of the issuer (or guarantee institution) in order to minimize credit risk.

d) Bonds purchased under resell agreements

The counterparties with bonds purchased under resell agreements are mainly creditworthy financial institutions and companies. Because KGI Securities and subsidiaries holds bonds purchased under resell agreements as collateral, it can effectively reduce underlying exposure the counterparty's credit risk.

e) Receivables

Receivables mainly include margin loans receivable, trading securities receivable and accounts receivable, etc. The main credit risk is receivable on margin loans and trading securities receivable of credit trading customers. KGI Securities and subsidiaries closely monitor market fluctuations and counterparties credit history, and enforce related control measures to minimize the credit risk.

f) Customer margin accounts

The exclusive account for depositing customer margin accounts is mainly opened in creditworthy banks, financial institutions and companies with investment grades, so there is no significant credit risk.

g) Stock borrowing collateral price and guarantee deposits - borrowed securities

When KGI Securities borrows securities from outside, they must deposit the guaranty fund into the financial institution designated by the other parties. Because KGI Securities holds the foregoing borrowed securities simultaneously, it can effectively reduce the risk of the counterparty's credit risk.

h) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, clearing and settlement funds and guarantee deposits-out. KGI Securities and subsidiaries carefully evaluates the counterparty in accordance with the amount of deposit. The counterparties are a large number and the amount of each deposit is not high. The credit risk has been effectively dispersed, so the credit risk is very low.

5) Assessment of expected credit losses

a) Consideration of forward-looking information

KGI Securities and subsidiaries take forward-looking information into consideration when assessing whether there has been a significant increase in financial assets' credit risk after initial recognition and when measuring of expected credit losses.

Probability of default of debt instrument investment (except for at fair value through profit or loss) used by KGI Securities and subsidiaries is based on the probability of default contained forward-looking general economic information and regularly announced by international credit rating agencies.

Except for debt instrument investments, financial assets of KGI Securities and subsidiaries are analyzed using historical data to determine the economic factors that affect the expected credit losses of each asset portfolios, and supplemented by the best expectation announced by the government-affiliated institutions and academic research units. The best estimate of expected credit losses are reevaluate and revised on each financial reporting date.

b) Receivables and other financial assets

KGI Securities and domestic subsidiaries

KGI Securities and domestic subsidiaries use simplified approach of IFRS 9 to measure the allowance losses by lifetime expected credit losses. The lifetime expected credit losses are based on historical records, current information, and relevant forward-looking information calculated by a regression model. For the fact that KGI Securities and domestic subsidiaries' historical records of credit losses indicate that there is no significant difference in the loss patterns of different customer groups, it is not measured in groups.

Overseas subsidiaries

The financial assets of overseas subsidiaries whose credit risk do not increase significantly after initial recognition are measured as 12-month expected credit losses. For financial assets whose credit risk has increased significantly after initial recognition, they are measured as lifetime expected credit losses. Customers' past default records, counterparty credit ratings, current information and relevant forward-looking information are take into consideration when assessing expected credit losses. For the fact that there is no significant difference in the loss patterns of different customer groups of overseas subsidiaries, it is not measured in groups.

c) Debt instrument investment (except at fair value through profit or loss)

The original purchase is based on the premise that the credit risk is low, it is assessed whether the credit risk is significantly increased and whether the credit risk is impaired after the initial recognition on each balance sheet date. The three stages are no significant increase in credit risk (Stage 1), low credit risk (Stage 2) and credit impairment (Stage 3). For the determination of significant increase in credit risk since initial recognition, the main indicators to be considered include the external credit rating and its change in grade (from investment grade to non-investment grade or credit rating dropping by more than a certain level compared to the original recognition date), and other market information related to the issuer indicating that its credit risk has increased significantly, etc. For the determination of credit impairment, it refers to default, significant financial difficulties, bankruptcy or financial reorganization of the issuer, or a combination of certain events that may have caused the financial assets to become credit-impaired. If the credit risk of a financial asset at the balance sheet date is determined to be low, the allowance for loss is measured at the expected credit loss over 12 months, assuming that the credit risk of the financial asset has not increased significantly since initial recognition, and for financial assets that have increased significantly since initial recognition or are impaired, the allowance for loss is measured at the expected credit loss over the remaining period.

In order to measure expected credit losses, KGI Securities and subsidiaries consider the probability of default (PD) of financial assets or the issuer or counterparty for the next 12 months, which collectively consider the loss given default (LGD) and is multiplied by exposure at default (EAD). KGI Securities and subsidiaries assess financial assets measured at amortized cost with exposure at default and consider the impact of time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and loss rate given default is the rate of loss caused by default by the issuer or counterparty. The probability of default and loss given default used by KGI Securities in related assessment of impairment are mainly relied on the probability of default and loss given default that are regularly announced by international credit rating agencies.

- 6) The estimation techniques or material assumptions used by KGI Securities and subsidiaries to assess expected credit losses did not change significantly for the six months ended June 30, 2026 and 2025.

Disclosure of total book value and allowance loss for financial assets' expected credit loss

- 1) Summary of KGI Securities and subsidiaries' total book value and allowance loss as of June 30, 2026, December 31, 2025 and June 30, 2025 are listed as follows:

Financial assets at fair value through other comprehensive income

Total book value for financial assets at debt instruments at fair value through other comprehensive income as of June 30, 2026, December 31, 2025 and June 30, 2025 were \$55,514,234 thousand, \$53,022,902 thousand and \$50,392,782 thousand, respectively, and allowance loss were \$21,880 thousand, \$21,477 thousand and \$20,556 thousand, respectively.

Accounts receivable and others

June 30, 2026

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 52,716,125	\$ (3,536)	\$ 52,712,589
Bonds purchased under resell agreement	34,563,881	(592)	34,563,289
Margin loans receivables	87,583,007	(15,198)	87,567,809
Trading securities receivables	35,123,906	(5,480)	35,118,426
Customer's margin accounts	149,224,367	(20)	149,224,347
Deposits required for securities borrowing	54,607,614	(39)	54,607,575
Accounts receivable	169,428,355	(26,472)	169,401,883
Other current assets	79,153,876	(127,425)	79,026,451
Other non-current assets	<u>6,943,497</u>	<u>(830,626)</u>	<u>6,112,871</u>
	<u>\$ 669,344,628</u>	<u>\$ (1,009,388)</u>	<u>\$ 668,335,240</u>

December 31, 2025

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 30,371,296	\$ (82)	\$ 30,371,214
Bonds purchased under resell agreement	21,086,610	(18)	21,086,592
Margin loans receivables	48,665,723	(18,337)	48,647,386
Trading securities receivables	32,095,648	(5,008)	32,090,640
Customer's margin accounts	89,758,835	(38)	89,758,797
Deposits required for securities borrowing	49,940,418	(14)	49,940,404
Accounts receivable	77,696,542	(8,530)	77,688,012
Other current assets	56,504,822	(115,759)	56,389,063
Other non-current assets	<u>6,224,878</u>	<u>(829,710)</u>	<u>5,395,168</u>
	<u>\$ 412,344,772</u>	<u>\$ (977,496)</u>	<u>\$ 411,367,276</u>

June 30, 2025

	Total Book Value	Less: Allowance Loss	Total
Cash and cash equivalents	\$ 33,463,811	\$ (1,065)	\$ 33,462,746
Bonds purchased under resell agreement	20,982,270	(12)	20,982,258
Margin loans receivables	31,787,245	(7,332)	31,779,913
Trading securities receivables	27,692,377	(6,468)	27,685,909
Customer's margin accounts	66,560,611	(41)	66,560,570
Deposits required for securities borrowing	46,771,791	(1)	46,771,790
Accounts receivable	72,834,845	(8,507)	72,826,338
Other current assets	51,309,570	(122,905)	51,186,665
Other non-current assets	<u>4,993,664</u>	<u>(896,830)</u>	<u>4,096,834</u>
	<u>\$ 356,396,184</u>	<u>\$ (1,043,161)</u>	<u>\$ 355,353,023</u>

2) Changes in allowance losses of KGI Securities and subsidiaries for the six months ended June 30, 2026 and 2025 are as follows:

a) Financial assets at fair value through other comprehensive income

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Total
January 1, 2026	\$ 21,279	\$ 198	\$ 21,477
Addition (reversal)	517	(190)	327
Change in exchange rate and others	<u>74</u>	<u>2</u>	<u>76</u>
June 30, 2026	<u>\$ 21,870</u>	<u>\$ 10</u>	<u>\$ 21,880</u>
January 1, 2025	\$ 19,810	\$ 623	\$ 20,433
Addition (reversal)	1,067	(188)	879
Change in exchange rate and others	<u>(713)</u>	<u>(43)</u>	<u>(756)</u>
June 30, 2025	<u>\$ 20,164</u>	<u>\$ 392</u>	<u>\$ 20,556</u>

The loss allowance of financial assets measured at fair value through other comprehensive income-debt instrument investments for the six months ended June 30, 2026 and 2025, were influenced by the derecognition and purchase.

b) Receivables and others

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Collective)	Credit Impaired Financial Assets (Lifetime Expected Credit Loss)	Lifetime Expected Credit Loss (Simplify)	Total
January 1, 2026	\$ 9,003	\$ 1,052	\$ 949,257	\$ 18,184	\$ 977,496
Addition (reversal)	1,477	(985)	1,041	23,561	25,094
Derecognizing financial assets during the current period	-	-	(620)	-	(620)
Doubtful debts written off	-	-	(1)	-	(1)
Changes in exchange rate and others	<u>96</u>	<u>7</u>	<u>7,313</u>	<u>3</u>	<u>7,419</u>
June 30, 2026	<u>\$ 10,576</u>	<u>\$ 74</u>	<u>\$ 956,990</u>	<u>\$ 41,748</u>	<u>\$ 1,009,388</u>
January 1, 2025	\$ 10,847	\$ 1,056	\$ 1,079,397	\$ 22,031	\$ 1,113,331
Addition (reversal)	(908)	(1,011)	(53,441)	(1,661)	(57,021)
Derecognizing financial assets during the current period	-	-	(1,398)	-	(1,398)
Doubtful debts written off	-	-	(26)	-	(26)
Changes in exchange rate and others	<u>(704)</u>	<u>(30)</u>	<u>(10,983)</u>	<u>(8)</u>	<u>(11,725)</u>
June 30, 2025	<u>\$ 9,235</u>	<u>\$ 15</u>	<u>\$ 1,013,549</u>	<u>\$ 20,362</u>	<u>\$ 1,043,161</u>

The aforementioned total book value of receivables and other were influenced by securities market transactions.

CDIB Capital Group and subsidiaries

CDIB Capital Group and subsidiaries are exposed to credit risk due to default on contracts by counterparties. As of the balance sheet date, CDIB Capital Group and subsidiaries' maximum exposure to credit risk due to the counterparties' default on obligations is equal to the book value.

CDIB Capital Group and subsidiaries have all kinds of financial instruments of which the maximum exposure to the credit risk is equal to the book value.

KGI Life Insurance

- Credit risk analysis

- 1) Credit risk refers to the counterparties fail to fulfill obligations of contract, resulting in the risk of loss of value. Credit risks of KGI Life Insurance result from operating and financing activities, which mainly include lending, investing in financial instruments and receivables.

The departments of KGI Life Insurance follow credit risk policies, procedures and controls to manage credit risks. The credit risk assessment of all issuers or counterparties is based on comprehensive consideration of their financial status, credit ratings, historical transaction records, current economic environment, KGI Life Insurance's internal rating indicators, and etc. Also, KGI Life Insurance uses certain credit enhancement tools in due course to reduce the credit risk of a particular issuer or counterparty.

For investments of financial instruments, its original purchase is based on the premise that the credit risk is low, and on each balance sheet date, it is assessed whether the conditions of low credit risk are still met to determine the method of measuring the allowance. Also, KGI Life Insurance dispose those investments to reduce credit losses in appropriate time, such as there is a significant increase in credit risk. In addition, KGI Life Insurance has established credit VaR model to assess the maximum loss of the credit positions due to changes of credit rating or default. Besides, KGI Life Insurance also evaluates credit risk and concentration risk based on issuer's region, industry and credit rating within portfolios.

Lending of KGI Life Insurance is determined by the factors that affect the risk based on the 5P principle which gives different weights according to the impact of the risk so as to calculate the credit score of each borrower. The credit score comprehensively measures the rationality of the purpose of the loan, the collateral area, value and number, the customer's credit report, historical interest payment record, financial status, debt repayment ability, and etc. Once a delay occurs, it is promptly collected in accordance with the procedures to avoid financial losses.

KGI Life Insurance assesses expected credit losses in accordance with IFRS 9, except for some of receivables, which allowance are measured by lifetime expected credit losses. The original purchase of the rest, which do not belong to debt instruments measured at fair value through profit or loss, is based on the premise of low credit risk and uses credit risk as the basis of the differentiation group. On each balance sheet date, assessing whether the credit risk is significantly increased after the initial recognition to determine the method of measuring the allowance loss and its loss rate. The main considerations for determining whether the credit risk has increased significantly include objective evidence such as the external credit rating and its degree of change, other market information related to the issuer which shows that its credit risk has increased significantly, etc. For the judgment of credit impairment, it refers to the default of contract, the overdue payment of interest or principal for holding debt instruments for more than 90 days, the happening of major financial difficulties, bankruptcy or financial reorganization of the issuer. If the credit risk of a financial asset at the balance sheet date is low, it is assumed that the credit risk of the financial asset has not increased significantly since the initial recognition. For financial assets whose credit risk has not increased significantly since initial recognition, KGI Life Insurance measures the allowance loss by the 12-month expected credit loss amount;

For financial assets with a significant increase in credit risk or credit impairment since initial recognition, and the allowance loss is measured at the amount of expected credit loss during the lifetime.

Expected credit losses will be measured by the probability of default (PD) of the issuer or the counterparty over the next 12 months and the lifetime, multiplied by the loss given default (LGD) and the exposure at default (EAD), and is considered by the impact of the time value of money. The expected credit losses for 12 months and duration is calculated, respectively.

Probability of default is the probability that the issuer or the counterparty will default, and the loss given default is the rate of loss caused by default by the issuer or counterparty. KGI Life Insurance employs information on the default probability and default loss rate published by external credit rating agencies and adjusts it based on forward-looking general economic information or market conditions.

KGI Life Insurance employs amortized cost of financial assets plus accrued interest and receivables as a measure of exposure at default, while loans are calculated as the sum of the principal balance of the debtor at the time of calculation, interest, and payable as a measure of exposure at default.

Some of the allowance losses of part of receivables are measured by its expected credit losses for its lifetime. The expected credit losses during the existence period is considered by the past default records and current information, and the expected credit loss rate is set based on the overdue days of receivables.

2) Financial assets credit risk concentration analysis

- a) The largest credit risk exposure of the financial debt instrument investments held by KGI Life Insurance or deposit in the bank is listed in accordance with the regional distribution as follows:

June 30, 2026

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 37,987,300	\$ 2,446,036	\$ 1,116,311	\$ -	\$ -	\$ 41,549,647
Financial assets at fair value through profit or loss	27,008,818	3,140,605	9,203,897	2,648,597	-	42,001,917
Financial assets at fair value through other comprehensive income	223,092,865	70,424,343	104,741,493	136,912,462	-	535,171,163
Financial assets at amortized cost	16,277,812	375,899,928	268,965,382	572,594,963	4,945,101	1,238,683,186
Refundable deposits - bonds	6,581,236	-	-	8,329,491	-	14,910,727
	<u>\$ 310,948,031</u>	<u>\$ 451,910,912</u>	<u>\$ 384,027,083</u>	<u>\$ 720,485,513</u>	<u>\$ 4,945,101</u>	<u>\$ 1,872,316,640</u>
Proportion	<u>16.61%</u>	<u>24.14%</u>	<u>20.51%</u>	<u>38.48%</u>	<u>0.26%</u>	<u>100.00%</u>

December 31, 2025

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 41,029,910	\$ 4,080,303	\$ 415,671	\$ -	\$ -	\$ 45,525,884
Financial assets at fair value through profit or loss	26,688,051	5,652,692	9,115,453	2,619,849	-	44,076,045
Financial assets at fair value through other comprehensive income	978,750	4,615,558	11,488,325	45,419,128	-	62,501,761
Financial assets at amortized cost	119,469,004	444,495,832	370,453,457	644,652,486	4,790,537	1,583,861,316
Refundable deposits - bonds	7,787,359	-	-	26,770,980	-	34,558,339
	<u>\$ 195,953,074</u>	<u>\$ 458,844,385</u>	<u>\$ 391,472,906</u>	<u>\$ 719,462,443</u>	<u>\$ 4,790,537</u>	<u>\$ 1,770,523,345</u>
Proportion	<u>11.07%</u>	<u>25.92%</u>	<u>22.11%</u>	<u>40.63%</u>	<u>0.27%</u>	<u>100.00%</u>

June 30, 2025

Financial Assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	\$ 55,939,218	\$ 2,166,251	\$ 11,239,109	\$ -	\$ -	\$ 69,344,578
Financial assets at fair value through profit or loss	25,158,880	7,687,350	8,470,315	2,472,040	-	43,788,585
Financial assets at fair value through other comprehensive income	962,829	3,689,665	5,823,087	27,834,410	-	38,309,991
Financial assets at amortized cost	117,518,580	419,271,469	348,880,643	636,451,461	4,469,361	1,526,591,514
Refundable deposits - bonds	<u>7,562,889</u>	<u>-</u>	<u>-</u>	<u>270,621</u>	<u>-</u>	<u>7,833,510</u>
	<u>\$ 207,142,396</u>	<u>\$ 432,814,735</u>	<u>\$ 374,413,154</u>	<u>\$ 667,028,532</u>	<u>\$ 4,469,361</u>	<u>\$ 1,685,868,178</u>
Proportion	<u>12.29%</u>	<u>25.67%</u>	<u>22.21%</u>	<u>39.57%</u>	<u>0.26%</u>	<u>100.00%</u>

- b) KGI Life Insurance's regional distribution of credit risk exposure for loans (excluding policy loans and automatic premium loans) is as follows:

June 30, 2026

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 33,979	\$ 11,291	\$ 10,580	\$ 55,850
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 33,979</u>	<u>\$ 11,291</u>	<u>\$ 10,580</u>	<u>\$ 55,850</u>
Proportion	<u>60.84%</u>	<u>20.22%</u>	<u>18.94%</u>	<u>100.00%</u>

December 31, 2025

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 42,736	\$ 13,864	\$ 14,605	\$ 71,205
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,736</u>	<u>\$ 13,864</u>	<u>\$ 14,605</u>	<u>\$ 71,205</u>
Proportion	<u>60.02%</u>	<u>19.47%</u>	<u>20.51%</u>	<u>100.00%</u>

June 30, 2025

Location	Northern Areas: Taipei and Eastern Counties	Central Area: Taichung to Changhua and Nantou	Southern Area: Counties Below Tainan	Total
Secured loans	\$ 50,369	\$ 17,951	\$ 19,928	\$ 88,248
Overdue receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 50,369</u>	<u>\$ 17,951</u>	<u>\$ 19,928</u>	<u>\$ 88,248</u>
Proportion	<u>57.08%</u>	<u>20.34%</u>	<u>22.58%</u>	<u>100.00%</u>

3) Disclosure of total book value and allowance loss for financial assets' expected credit loss

The reconciliation statement of loss allowance for financial assets measured at FVTOCI for the six months ended June 30, 2026 and 2025 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2026	\$ 4,428	\$ -	\$ -	\$ 4,428
Effect of reclassification	<u>74,660</u>	<u>-</u>	<u>-</u>	<u>74,660</u>
Balance as of January 1, 2026, as adjusted	79,088	-	-	79,088
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(1,532)	-	-	(1,532)
Addition	674	-	-	674
Change in model/risk parameters	7,707	-	-	7,707
Change in exchange rate and others	<u>491</u>	<u>-</u>	<u>-</u>	<u>491</u>
June 30, 2026	<u>\$ 86,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,428</u>
January 1, 2025	\$ 1,717	\$ -	\$ -	\$ 1,717
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(96)	-	-	(96)
Addition	108	-	-	108
Change in model/risk parameters	202	-	-	202
Change in exchange rate and others	<u>(160)</u>	<u>-</u>	<u>-</u>	<u>(160)</u>
June 30, 2025	<u>\$ 1,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,771</u>

The reconciliation statement of loss allowance for financial assets measured at amortized cost for the six months ended June 30, 2026 and 2025 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2026	\$ 238,495	\$ -	\$ 1,299,861	\$ 1,538,356
Effect of reclassification	<u>(47,205)</u>	<u>-</u>	<u>-</u>	<u>(47,205)</u>
Balance as of January 1, 2026, as adjusted	191,290	-	1,299,861	1,491,151
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(458)	-	(3,143)	(3,601)
Addition	821	-	20	841
Change in model/risk parameters	20,579	-	30,842	51,421
Change in exchange rate and others	<u>2,761</u>	<u>-</u>	<u>16,849</u>	<u>19,610</u>
June 30, 2026	<u>\$ 214,993</u>	<u>\$ -</u>	<u>\$ 1,344,429</u>	<u>\$ 1,559,422</u>
January 1, 2025	\$ 183,566	\$ -	\$ 1,303,644	\$ 1,487,210
Change due to financial assets recognized at the beginning of the period				
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(5,433)	-	(3,030)	(8,463)
Addition	4,694	-	17	4,711
Change in model/risk parameters	14,193	-	30,794	44,987
Change in exchange rate and others	<u>(15,412)</u>	<u>-</u>	<u>(116,931)</u>	<u>(132,343)</u>
June 30, 2025	<u>\$ 181,608</u>	<u>\$ -</u>	<u>\$ 1,214,494</u>	<u>\$ 1,396,102</u>

The reconciliation statement of other receivables related to financial asset measured at FVTCOI and financial assets measured at amortized cost for the six months ended June 30, 2026 and 2025 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Impairment Recognized in Accordance with IFRS 9
January 1, 2026	\$ 2,455	\$ -	\$ 2,950,363	\$ 2,952,818
Effect of reclassification	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of January 1, 2026, as adjusted	2,455	-	2,950,363	2,952,818
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(166)	-	-	(166)
Addition	146	-	380,218	380,364
Change in model/risk parameters	219	-	-	219
Change in exchange rate and others	<u>31</u>	<u>-</u>	<u>37,445</u>	<u>37,476</u>
June 30, 2026	<u>\$ 2,685</u>	<u>\$ -</u>	<u>\$ 3,368,026</u>	<u>\$ 3,370,711</u>
January 1, 2025	\$ 2,003	\$ -	\$ 2,289,041	\$ 2,291,044
Change due to financial assets recognized at the beginning of the period				
Change to 12 months expected credit loss	-	-	-	-
Change to duration expected credit loss	-	-	-	-
Change to credit impairment of financial assets	-	-	-	-
Disposal	(137)	-	-	(137)
Addition	107	-	357,109	357,216
Change in model/risk parameters	99	-	-	99
Change in exchange rate and others	<u>(166)</u>	<u>-</u>	<u>(201,036)</u>	<u>(201,202)</u>
June 30, 2025	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 2,445,114</u>	<u>\$ 2,447,020</u>

For the six months ended June 30, 2026 and 2025, the changes in debt investments allowance loss measured at amortized cost and at fair value through other comprehensive income result from the variation of allowance loss parameter which is affected by recent financial environment, and forward - looking factors, follow as disposals and new additions.

The expected credit loss rate measuring the amount of allowance loss of the investment in debt instruments of financial assets and other related receivables are as follows:

June 30, 2026

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.28%	-	-
Measured at amortized cost	0.00%-0.15%	-	6.39%-10.01%
Other receivables	0.00%-0.28%	-	100%

December 31, 2025

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.02%	-	-
Measured at amortized cost	0.00%-0.24%	-	6.21%-9.79%
Other receivables	0.00%-0.24%	-	100%

June 30, 2025

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)
Measured fair value through other comprehensive income	0.00%-0.02%	-	-
Measured at amortized cost	0.00%-0.18%	-	6.06%-9.60%
Other receivables	0.00%-0.18%	-	100%

KGI Life Insurance has considered the impact of the war between Russia and Ukraine and has made appropriate provision for impairment. KGI Life Insurance will continue to the follow-up on the development of the conflict and take the impact of this incident into consideration when evaluating the expected credit losses of relevant financial assets.

Changes in allowance losses of guarantee loans for the six months ended June 30, 2026 and 2025 were as follows:

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss - Collective	Lifetime Expected Credit Loss - Individual	Impairment Recognized in Accordance with IFRS 9	Difference of Impairment Recognized in Accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts By Insurance Enterprises	Total
January 1, 2026	\$ 2	\$ 36	\$ 34	\$ 72	\$ 1,050	\$ 1,122
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(229)	(229)
Change in exchange rate and others	-	(5)	(5)	(10)	-	(10)
June 30, 2026	<u>\$ 2</u>	<u>\$ 31</u>	<u>\$ 29</u>	<u>\$ 62</u>	<u>\$ 821</u>	<u>\$ 883</u>
January 1, 2025	\$ 2	\$ 93	\$ 43	\$ 138	\$ 1,661	\$ 1,799
Change due to financial assets recognized at the beginning of the period						
Change to duration expected credit loss	-	-	-	-	-	-
Change to 12 months expected credit loss	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Impairment recognized in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises	-	-	-	-	(356)	(356)
Change in exchange rate and others	-	(41)	(5)	(46)	-	(46)
June 30, 2025	<u>\$ 2</u>	<u>\$ 52</u>	<u>\$ 38</u>	<u>\$ 92</u>	<u>\$ 1,305</u>	<u>\$ 1,397</u>

The allowance loss of KGI Life Insurance's accounts receivables arising from other transactions are measured by lifetime expected credit loss. Changes in allowance losses of receivables for the six months ended June 30, 2026 and 2025 are as follows:

	Receivables For the Six Months Ended June 30	
	2026	2025
Beginning balance	\$ 868	\$ 7,432
Addition (reversal)	<u>(137)</u>	<u>223</u>
Ending balance	<u>\$ 731</u>	<u>\$ 7,655</u>

4) The information on the total book value and credit risk ratings of financial assets

- a) Financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and related other receivables

June 30, 2026

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 541,553,907	\$ -	\$ -	\$ 541,553,907
Financial assets measured at amortized cost	1,225,249,771	-	-	1,225,249,771
Other receivables	12,728,231	-	-	12,728,231
<u>Non-investment grade</u>				
Financial assets at fair value through other comprehensive income	198,492	-	-	198,492
Financial assets measured at amortized cost	6,907,915	-	16,414,413	23,322,328
Other receivables	145,806	-	3,368,026	3,513,832

December 31, 2025

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 62,501,761	\$ -	\$ -	\$ 62,501,761
Financial assets measured at amortized cost	1,596,686,745	-	-	1,596,686,745
Other receivables	13,381,579	-	-	13,381,579
<u>Non-investment grade</u>				
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	7,023,581	-	16,247,685	23,271,266
Other receivables	141,360	-	2,950,363	3,091,723

June 30, 2025

	12 Months Expected Credit Loss	Lifetime Expected Credit Loss (Credit Risk Significantly Increase)	Lifetime Expected Credit Loss (Credit Risk Has Been Impaired)	Total
<u>Investment grade</u>				
Financial assets at fair value through other comprehensive income	\$ 38,309,991	\$ -	\$ -	\$ 38,309,991
Financial assets measured at amortized cost	1,513,638,126	-	-	1,513,638,126
Other receivables	11,680,941	-	-	11,680,941

Non-investment grade

Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets measured at amortized cost	6,692,319	-	15,490,681	22,183,000
Other receivables	137,212	-	2,445,115	2,582,327

Note 1: Financial assets at amortized cost and financial assets at fair value through other comprehensive income. Including securities serving as collateral deposits.

Note 2: KGI Life Insurance's investment grade based on rating of the credit rating agencies: Investment grade means credit rating reaches at least BBB-granted by a credit rating agency; non-investment grade means no credit rating or credit rating lower than BBB-granted by a credit rating agency.

b) Guarantee loans and related other receivables

June 30, 2026

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 56,272	\$ 69
Credit risk significantly increase	Lifetime expected credit loss	-	-
Impairment	Lifetime expected credit loss	<u>461</u>	<u>-</u>
Total book value		<u>\$ 56,733</u>	<u>\$ 69</u>

December 31, 2025

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 71,794	\$ 93
Credit risk significantly increase	Lifetime expected credit loss	-	-
Impairment	Lifetime expected credit loss	<u>533</u>	<u>-</u>
Total book value		<u>\$ 72,327</u>	<u>\$ 93</u>

June 30, 2025

Credit Risk Ratings	Measurement of Expected Credit Loss	Guarantee Loans	Other Receivables
Low credit risk	12 months expected credit loss	\$ 89,042	\$ 110
Credit risk significantly increase	Lifetime expected credit loss	-	-
Impairment	Lifetime expected credit loss	<u>603</u>	<u>-</u>
Total book value		<u>\$ 89,645</u>	<u>\$ 110</u>

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of KGI Bank refers to the risks of bearing profit or capital loss because of the inability to obtain funds with reasonable price to meet the financial obligation with a reasonable time, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

KGI Bank's liquidity risk management uses gap limit management strategy, which is the net cumulative mismatch of inflows and outflows, and calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each currency as a basis for controlling the liquidity risk. For Liquidity gap management, KGI Bank also actively deconcentrates funding sources, distributes the fund maturity date based on the gap report, disperses the call loans (lending) from counterparties and increases the renewal rate of enterprises' deposits to enhance the stability of the resources of funds.

3) Maturity analysis of financial assets and non-derivative financial liabilities held for liquidity risk management

a) Financial assets held for liquidity management

The KGI Bank holds cash and highly liquid and high-grade profit-generating assets to pay off obligations and meet any potential emergency funding needs in the market environment. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, securities purchased under resell agreement, accounts receivable, and discounts and loans, etc.

b) Maturity analysis of non-derivative financial liabilities

The following tables show the cash outflows on the KGI Bank's non-derivative financial liabilities based on the remaining period from the balance sheet date to the maturity date of the contract. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

Maturity analysis of KGI Bank's non-derivative financial liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ -	\$ 2,000,000	\$ 157,260	\$ 23,296	\$ -	\$ 2,180,556
Notes and bonds issued under repurchase agreement	20,157,414	1,000,000	-	-	-	21,157,414
Deposits and remittances	92,032,366	107,804,997	88,565,533	162,065,997	74,732,022	525,200,915
Loans payable	-	172,001	213,333	3,213,500	37,026,822	40,625,656
Other capital outflow on maturity	1,877,000	531,561	768,000	3,489,536	2,780,107	9,446,204
Total	\$ 114,066,780	\$ 111,508,559	\$ 89,704,126	\$ 168,792,329	\$ 114,538,951	\$ 598,610,745

(In Thousands of New Taiwan Dollars)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 23,296	\$ -	\$ -	\$ 157,260	\$ -	\$ 180,556
Notes and bonds issued under repurchase agreement	9,020,941	-	-	-	-	9,020,941
Deposits and remittances	76,098,848	130,650,697	93,092,056	138,095,375	62,973,980	500,910,956
Loans payable	-	133,334	45,713	496,000	36,732,045	37,407,092
Other capital outflow on maturity	4,516,305	678,976	581,981	2,333,648	2,800,673	10,911,583
Total	\$ 89,659,390	\$ 131,463,007	\$ 93,719,750	\$ 141,082,283	\$ 102,506,698	\$ 558,431,128

(In Thousands of New Taiwan Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 10,800,000	\$ -	\$ 157,260	\$ 23,296	\$ -	\$ 10,980,556
Notes and bonds issued under repurchase agreement	3,117,797	2,054,539	-	-	-	5,172,336
Deposits and remittances	76,234,666	131,189,482	84,865,326	132,676,477	66,022,229	490,988,180
Loans payable	60,001	-	125,000	824,761	31,489,132	32,498,894
Other capital outflow on maturity	2,176,139	1,267,722	1,603,426	3,164,135	3,033,207	11,244,629
Total	\$ 92,388,603	\$ 134,511,743	\$ 86,751,012	\$ 136,688,669	\$ 100,544,568	\$ 550,884,595

Maturity analysis of KGI Bank's non-derivative financial liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 30,000	\$ 180,000	\$ -	\$ -	\$ -	\$ 210,000
Notes and bonds issued under repurchase agreement	-	-	1,105,549	-	-	1,105,549
Deposits and remittances	1,875,656	1,499,291	611,367	1,615,633	408	5,602,355
Other capital outflow on maturity	26,764	71,840	30,963	873	42,636	173,076
Total	\$ 1,932,420	\$ 1,751,131	\$ 1,747,879	\$ 1,616,506	\$ 43,044	\$ 7,090,980

(In Thousands of U.S. Dollars)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 132,000	\$ 110,000	\$ -	\$ -	\$ -	\$ 242,000
Notes and bonds issued under repurchase agreement	341,936	804,649	-	-	-	1,146,585
Deposits and remittances	1,514,976	1,505,228	477,560	1,638,890	333	5,136,987
Other capital outflow on maturity	70,988	25,170	7,897	921	18,228	123,204
Total	\$ 2,059,900	\$ 2,445,047	\$ 485,457	\$ 1,639,811	\$ 18,561	\$ 6,648,776

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 155,000	\$ -	\$ -	\$ -	\$ -	\$ 155,000
Notes and bonds issued under repurchase agreement	173,992	-	648,858	-	-	822,850
Deposits and remittances	1,650,657	1,269,876	449,901	1,683,567	1,151	5,055,152
Other capital outflow on maturity	23,732	24,119	14,814	1,223	125,213	189,101
Total	\$ 2,003,381	\$ 1,293,995	\$ 1,113,573	\$ 1,684,790	\$ 126,364	\$ 6,222,103

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet.

Maturity analysis of KGI Bank's derivative financial instruments in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (139,807,778)	\$ (134,394,513)	\$ (123,482,705)	\$ (42,770,523)	\$ (17,288,300)	\$ (457,743,819)
Cash inflow	139,766,596	148,925,248	147,316,258	44,908,180	17,331,200	498,247,482
Interest rate derivatives instruments						
Cash outflow	(557,131)	(922,089)	(190,002)	-	(21,598,584)	(23,267,806)
Cash inflow	598,996	892,561	171,205	-	-	1,662,762
Financial instruments for hedging instruments						
Cash outflow	-	(64,422)	-	-	-	(64,422)
Cash inflow	-	39,806	-	81,382	-	121,188
Cash outflow subtotal	(140,364,909)	(135,381,024)	(123,672,707)	(42,770,523)	(38,886,884)	(481,076,047)
Cash inflow subtotal	140,365,592	149,857,615	147,487,463	44,989,562	17,331,200	500,031,432
Net cash flow	\$ 683	\$ 14,476,591	\$ 23,814,756	\$ 2,219,039	\$ (21,555,684)	\$ 18,955,385

(In Thousands of New Taiwan Dollars)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (128,690,815)	\$ (125,712,543)	\$ (109,091,655)	\$ (143,608,817)	\$ (21,299,450)	\$ (528,403,280)
Cash inflow	119,631,972	133,080,396	109,806,459	134,160,264	21,413,450	518,092,541
Interest rate derivatives instruments						
Cash outflow	(469,153)	(912,655)	-	(5,639)	(21,602,569)	(22,990,016)
Cash inflow	434,588	864,866	-	-	-	1,299,454
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	63,755)	-	-	-	(63,755)
Cash inflow	-	80,765	-	39,805	-	120,570
Cash outflow subtotal	(129,159,968)	(126,688,953)	(109,091,655)	(143,614,456)	(42,902,019)	(551,457,051)
Cash inflow subtotal	120,066,560	134,026,027	109,806,459	134,200,069	21,413,450	519,512,565
Net cash flow	\$ (9,093,408)	\$ 7,337,074	\$ 714,804	\$ (9,414,387)	\$ (21,488,569)	\$ (31,944,486)

(In Thousands of New Taiwan Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (121,879,052)	\$ (201,693,167)	\$ (152,810,409)	\$ (84,687,688)	\$ (8,615,100)	\$ (569,685,416)
Cash inflow	124,545,474	197,731,930	142,626,392	81,806,481	8,698,800	555,409,077
Interest rate derivatives instruments						
Cash outflow	(686,041)	(608,924)	(135,567)	(323)	(21,276,706)	(22,707,561)
Cash inflow	348,578	562,789	121,323	335	-	1,033,025
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(63,690)	-	-	-	(63,690)
Cash inflow	-	39,805	-	80,765	-	120,570
Cash outflow subtotal	(122,565,093)	(202,365,781)	(152,945,976)	(84,688,011)	(29,891,806)	(592,456,667)
Cash inflow subtotal	124,894,052	198,334,524	142,747,715	81,887,581	8,698,800	556,562,672
Net cash flow	\$ 2,328,959	\$ (4,031,257)	\$ (10,198,261)	\$ (2,800,430)	\$ (21,193,006)	\$ (35,893,995)

Maturity analysis of KGI Bank's derivative financial instruments in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (5,495,988)	\$ (5,539,312)	\$ (4,899,647)	\$ (1,626,244)	\$ (669,663)	\$ (18,230,854)
Cash inflow	6,193,267	5,473,576	4,168,353	1,574,264	669,663	18,079,123
Interest rate derivatives instruments						
Cash outflow	(12,878)	(24,404)	(108,569)	(68,507)	(297,615)	(511,973)
Cash inflow	3,006	10,747	3,829	1,530	-	19,112
Others						
Cash outflow	(2,244)	-	-	-	-	(2,244)
Cash inflow	2,406	-	-	-	-	2,406
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	-	(825)	(1,905)	(10,513)	-	(13,243)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(5,511,110)	(5,564,541)	(5,010,121)	(1,705,264)	(967,278)	(18,758,314)
Cash inflow subtotal	6,198,679	5,484,323	4,172,182	1,575,794	669,663	18,100,641
Net cash flow	\$ 687,569	\$ (80,218)	\$ (837,939)	\$ (129,470)	\$ (297,615)	\$ (657,673)

(In Thousands of U.S. Dollars)

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (4,481,669)	\$ (4,516,723)	\$ (3,751,888)	\$ (4,550,682)	\$ (809,663)	\$ (18,110,625)
Cash inflow	5,439,325	4,433,660	3,698,240	4,812,464	809,663	19,193,352
Interest rate derivatives instruments						
Cash outflow	(14,751)	(21,270)	(3,463)	(107,440)	(300,186)	(447,110)
Cash inflow	1,586	12,136	126	3,315	535	17,698
Others						
Cash outflow	(871)	-	-	-	-	(871)
Cash inflow	1,253	-	-	-	-	1,253
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(677)	(3,805)	(6,021)	(4,402)	-	(14,905)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(4,497,968)	(4,541,798)	(3,761,372)	(4,662,524)	(1,109,849)	(18,573,511)
Cash inflow subtotal	5,442,164	4,445,796	3,698,366	4,815,779	810,198	19,212,303
Net cash flow	\$ 944,196	\$ (96,002)	\$ (63,006)	\$ 153,255	\$ (299,651)	\$ 638,792

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	\$ (5,512,560)	\$ (6,824,182)	\$ (4,765,444)	\$ (2,806,627)	\$ (340,000)	\$ (20,248,813)
Cash inflow	5,556,899	7,293,515	5,268,830	2,820,244	340,000	21,279,488
Interest rate derivatives instruments						
Cash outflow	(10,184)	(20,389)	(7,125)	(6,114)	(506,443)	(550,255)
Cash inflow	2,488	11,839	3,872	1,771	821	20,791
Others						
Cash outflow	(996)	-	-	-	-	(996)
Cash inflow	927	-	-	-	-	927
Financial instruments for hedging						
Interest rate derivatives instruments						
Cash outflow	(555)	(1,935)	(2,397)	(11,319)	-	(16,206)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(5,524,295)	(6,846,506)	(4,774,966)	(2,824,060)	(846,443)	(20,816,270)
Cash inflow subtotal	5,560,314	7,305,354	5,272,702	2,822,015	340,821	21,301,206
Net cash flow	\$ 36,019	\$ 458,848	\$ 497,736	\$ (2,045)	\$ (505,622)	\$ 484,936

5) Maturity analysis of off-balance sheet items

The table below shows KGI Bank's maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period.

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 5,550,184	\$ 6,413,611	\$ 5,848,850	\$ 8,093,148	\$ 33,097,968	\$ 59,003,761

December 31, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 5,692,802	\$ 4,749,776	\$ 4,848,856	\$ 10,174,300	\$ 35,297,219	\$ 60,762,953

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	\$ 5,340,856	\$ 6,536,932	\$ 5,049,960	\$ 8,502,562	\$ 35,204,856	\$ 60,635,166

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of KGI Bank's assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

June 30, 2026	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 165,041,353	\$ 101,530,015	\$ 213,430,723	\$ 199,331,828	\$ 125,972,413	\$ 336,511,168	\$ 1,141,817,500
Main capital outflow on maturity	114,822,068	160,058,177	283,219,836	268,093,421	283,732,689	403,477,078	1,513,403,269
Gap	50,219,285	(58,528,162)	(69,789,113)	(68,761,593)	(157,760,276)	(66,965,910)	(371,585,769)

(In Thousands of New Taiwan Dollars)

June 30, 2025	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 138,931,342	\$ 132,991,762	\$ 263,957,014	\$ 196,943,283	\$ 170,377,875	\$ 303,397,097	\$ 1,206,598,373
Main capital outflow on maturity	93,437,666	142,587,969	374,979,051	296,781,229	298,037,579	397,583,935	1,603,407,429
Gap	45,493,676	(9,596,207)	(111,022,037)	(99,837,946)	(127,659,704)	(94,186,838)	(396,809,056)

b) Maturity analysis of KGI Bank's assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2026	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 8,706,962	\$ 6,298,992	\$ 4,423,067	\$ 2,044,974	\$ 4,293,968	\$ 25,767,963
Main capital outflow on maturity	7,671,458	7,771,528	7,441,782	4,975,220	4,488,898	32,348,886
Gap	1,035,504	(1,472,536)	(3,018,715)	(2,930,246)	(194,930)	(6,580,923)

(In Thousands of U.S. Dollars)

June 30, 2025	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Main capital inflow on maturity	\$ 6,863,374	\$ 7,856,134	\$ 5,560,704	\$ 3,180,912	\$ 3,654,827	\$ 27,115,951
Main capital outflow on maturity	7,755,545	8,596,238	6,572,145	6,043,182	4,565,084	33,532,194
Gap	(892,171)	(740,104)	(1,011,441)	(2,862,270)	(910,257)	(6,416,243)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2026	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 32,193,830	\$ 17,878,164	\$ 2,640,595	\$ -	\$ -	\$ 52,712,589
Financial assets measured at FVTPL - current	207,449,830	4,628,757	3,689,818	4,619,459	367,387	220,755,251
Financial assets measured at FVTOCI - current	37,765,230	1,967,819	1,118,771	1,416,891	-	42,268,711
Financial assets for hedging - current	-	10,617	26,239	156,787	(30,624)	163,019
Securities purchased under resell agreement	-	31,833,828	-	2,790,766	-	34,624,594
Receivables	162,184,618	27,000,534	102,904,378	-	-	292,089,530
Customer margin accounts	119,125,033	30,099,314	-	-	-	149,224,347
Stock borrowing collateral price and security lending deposits	1,435,558	45,253,529	8,359,195	-	-	55,048,282
Other current assets	75,308,551	2,937,365	797,210	912	-	79,044,038
Financial assets measured at FVTPL - non-current	-	-	-	895,603	6,812,753	7,708,356
Financial assets measured at FVTOCI - non-current	-	-	-	8,724,414	4,458,999	13,183,413
Other non-current assets	-	-	-	374,574	5,619,254	5,993,828
Total	\$ 635,462,650	\$ 161,609,927	\$ 119,536,206	\$ 18,979,406	\$ 17,227,769	\$ 952,815,958
Percentage	66.69%	16.96%	12.55%	1.99%	1.81%	100%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2026	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 29,306,716	\$ -	\$ -	\$ -	\$ 29,306,716
Commercial paper payable	-	97,759,524	35,751,092	-	-	133,510,616
Financial liabilities measured at FVTPL - current	23,086,767	4,395,567	11,210,123	18,381,112	6,234,747	63,308,316
Financial liabilities for hedging - current	-	(7,901)	16,819	8,343	1,155	18,416
Bonds issued under repurchase agreements	-	135,349,212	9,216,283	508,451	-	145,073,946
Payables	179,851,430	20,075,948	2,798,744	-	-	202,726,122
Guarantee deposits received from security lending	-	9,391,278	63,413,382	-	-	72,804,660
Futures customers' equity	118,528,280	27,523,697	-	-	-	146,051,977
Specialized, sub-account customers' equity	30,489,079	-	-	-	-	30,489,079
Amounts collected for others/other payables/other current liabilities	2,437,674	3,091,569	8,212,766	-	-	13,742,009
Other financial liabilities - current	-	19,893,859	5,570,151	3,581	3,381	25,470,972
Lease liabilities - current	-	151,958	435,967	-	-	587,925
Current portion of long-term liabilities	-	-	3,600,000	-	-	3,600,000
Bonds payable	-	-	-	6,400,000	12,100,000	18,500,000
Lease liabilities - non-current	-	-	-	1,696,333	602,621	2,298,954
Other non-current liabilities	-	-	-	369,092	80,235	449,327
Total	\$ 354,393,230	\$ 346,931,427	\$ 140,225,327	\$ 27,366,912	\$ 19,022,139	\$ 887,939,035
Percentage	39.91%	39.07%	15.79%	3.08%	2.15%	100%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2026	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 635,462,650	\$ 161,609,927	\$ 119,536,206	\$ 18,979,406	\$ 17,227,769	\$ 952,815,958
Cash outflow	354,393,230	346,931,427	140,225,327	27,366,912	19,022,139	887,939,035
Amount of cash flow gap	\$ 281,069,420	\$ (185,321,500)	\$ (20,689,121)	\$ (8,387,506)	\$ (1,794,370)	\$ 64,876,923

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2025	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 14,229,407	\$ 15,328,407	\$ 813,400	\$ -	\$ -	\$ 30,371,214
Financial assets measured at FVTPL - current	138,221,379	1,998,288	2,159,553	2,772,183	335,987	145,487,390
Financial assets measured at FVTOCI - current	36,212,270	3,780,549	2,049,578	477,211	-	42,519,608
Financial assets for hedging - current	-	-	-	49,577	45,623	95,200
Securities purchased under resell agreements	-	21,149,992	-	-	-	21,149,992
Receivables	76,344,265	17,150,183	64,940,911	-	-	158,435,359
Customer margin accounts	65,094,342	24,664,455	-	-	-	89,758,797
Stock borrowing collateral price and security lending deposits	101,542	39,696,340	10,171,889	-	-	49,969,771
Other current assets	52,858,830	2,779,590	761,700	7,268	-	56,407,388
Financial assets measured at FVTPL - non-current	-	-	-	887,324	3,997,546	4,884,870
Financial assets measured at FVTOCI - non-current	-	-	-	7,253,069	3,193,437	10,446,506
Other non-current assets	-	371	-	372,313	4,962,946	5,335,630
Total	\$ 383,062,035	\$ 126,548,175	\$ 80,897,031	\$ 11,818,945	\$ 12,535,539	\$ 614,861,725
Percentage	62.30%	20.58%	13.16%	1.92%	2.04%	100%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2025	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 22,198,154	\$ -	\$ -	\$ -	\$ 22,198,154
Commercial paper payable	-	68,321,011	16,369,454	-	-	84,690,465
Financial liabilities measured at FVTPL - current	10,871,871	5,479,832	4,873,097	12,194,949	5,009,817	38,429,566
Financial liabilities for hedging - current	-	(12,889)	28,072	51,874	2,095	69,152
Bonds issued under repurchase agreements	-	114,701,634	2,102,584	-	-	116,804,218
Payables	89,165,166	9,326,547	3,442,643	-	-	101,934,356
Guarantee deposits received from security lending	-	10,705,719	51,983,674	-	-	62,689,393
Futures customers' equity	64,710,188	22,909,358	-	-	-	87,619,546
Specialized, sub-account customers' equity	20,425,068	-	-	-	-	20,425,068
Amounts collected for others/other payables/other current liabilities	1,761,033	1,509,207	6,406,739	-	-	9,676,979
Other financial liabilities - current	-	4,357,527	1,225,550	3,913	3,386	5,590,376
Lease liabilities - current	-	116,229	390,556	-	-	506,785
Current portion of long-term liabilities	-	-	3,600,000	-	-	3,600,000
Bonds payable	-	-	-	2,700,000	3,000,000	5,700,000
Lease liabilities - non-current	-	-	-	1,634,392	511,366	2,145,758
Other non-current liabilities	-	-	39	378,801	80,929	459,769
Total	\$ 186,933,326	\$ 259,612,329	\$ 90,422,408	\$ 16,963,929	\$ 8,607,593	\$ 562,539,585
Percentage	33.23%	46.15%	16.07%	3.02%	1.53%	100%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2025	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 383,062,035	\$ 126,548,175	\$ 80,897,031	\$ 11,818,945	\$ 12,535,539	\$ 614,861,725
Cash outflow	186,933,326	259,612,329	90,422,408	16,963,929	8,607,593	562,539,585
Amount of cash flow gap	\$ 196,128,709	\$ (133,064,154)	\$ (9,525,377)	\$ (5,144,984)	\$ 3,927,946	\$ 52,322,140

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2025	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	\$ 17,638,210	\$ 14,487,236	\$ 1,337,300	\$ -	\$ -	\$ 33,462,746
Financial assets measured at FVTPL - current	88,339,735	1,968,636	995,133	2,667,365	210,131	94,181,000
Financial assets measured at FVTOCI - current	35,592,538	615,889	4,278,248	151,263	-	40,637,938
Financial assets for hedging - current	-	-	-	-	100,040	100,040
Securities purchased under resell agreement	-	20,963,045	83,154	-	-	21,046,199
Receivables	67,085,134	17,119,839	48,050,198	41,143	-	132,296,314
Customer margin accounts	45,972,575	20,587,995	-	-	-	66,560,570
Stock borrowing collateral price and security lending deposits	4,702,911	16,316,101	25,806,549	-	-	46,825,561
Other current assets	47,196,433	3,029,679	954,759	5,794	-	51,186,665
Financial assets measured at FVTPL - non-current	-	-	-	713,020	3,771,403	4,484,423
Financial assets measured at FVTOCI - non-current	-	-	-	6,632,197	2,776,042	9,408,239
Amortized cost financial assets - non-current	-	-	-	149,510	-	149,510
Other non-current assets	-	-	6,753	37,007	3,949,769	3,993,529
Total	\$ 306,527,536	\$ 95,088,420	\$ 81,512,094	\$ 10,397,299	\$ 10,807,385	\$ 504,332,734
Percentage	60.78%	18.86%	16.16%	2.06%	2.14%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2025	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	\$ -	\$ 17,173,429	\$ -	\$ -	\$ -	\$ 17,173,429
Commercial paper payable	-	24,890,364	-	-	-	24,890,364
Financial liabilities measured at FVTPL - current	26,561,070	6,031,251	1,951,296	10,832,782	4,448,609	49,825,008
Financial liabilities for hedging - current	-	(15,395)	16,181	65,788	7,508	74,082
Bonds issued under repurchase agreements	-	117,374,908	297,330	-	-	117,672,238
Payables	77,108,139	11,053,801	3,519,646	-	-	91,681,586
Guarantee deposits received from security lending	-	13,977,178	36,319,850	-	-	50,297,028
Futures customers' equity	45,577,100	19,388,864	-	-	-	64,965,964
Specialized, sub-account customers' equity	17,286,869	-	-	-	-	17,286,869
Amounts collected for others/other payables/other current liabilities	1,229,055	932,551	4,519,713	-	735	6,682,054
Other financial liabilities - current	-	8,185,358	58,625	3,480	3,152	8,250,615
Lease liabilities - current	-	118,728	340,846	-	-	459,574
Bonds payable	-	-	-	6,300,000	3,000,000	9,300,000
Lease liabilities - non-current	-	-	-	1,176,943	35,534	1,212,477
Other non-current liabilities	-	-	-	394,446	78,503	472,949
Total	\$ 167,762,233	\$ 219,111,037	\$ 47,023,487	\$ 18,773,439	\$ 7,574,041	\$ 460,244,237
Percentage	36.45%	47.61%	10.22%	4.08%	1.64%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2025	Collection and Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	\$ 306,527,536	\$ 95,088,420	\$ 81,512,094	\$ 10,397,299	\$ 10,807,385	\$ 504,332,734
Cash outflow	167,762,233	219,111,037	47,023,487	18,773,439	7,574,041	460,244,237
Amount of cash flow gap	\$ 138,765,303	\$ (124,022,617)	\$ 34,488,607	\$ (8,376,140)	\$ 3,233,344	\$ 44,088,497

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from June 30, 2026, December 31, 2025 and June 30, 2025, show that the sums from deducting cash outflow from cash inflow are \$64,876,923 thousand, \$52,322,140 thousand and \$44,088,497 thousand, respectively, all indicating sufficient fund liquidity.

Although an analysis of funds gap shows that the cash outflow during partial periods. Net cash inflow calculated from net spot financial assets are sufficient to cover the net cash outflows generated from subsequent periods, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures.

KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

- a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

- b) Fund-dispatching department shall immediately convene the relevant departments to formulate appropriate contingency measures, including the disposal of unnecessary or low-yield assets, entering into expanded repurchase agreements with the Central Bank of Taiwan, obtaining refinancing from securities finance corporations, exploring appropriate fund-raising methods, or taking other measures to increase the funds available for use by the Company.

CDIB Capital Group and subsidiaries

Management of liquidity risk is aimed to deal with financing CDIB Capital Group's operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents. Management of CDIB Capital Group and subsidiaries supervise the use of bank financing lines and ensure compliance with the terms of the loan contracts.

Bank borrowings is an important source of liquidity for CDIB Capital and subsidiaries. For the unused financing amount of CDIB Capital and subsidiaries, please refer to the table below:

Bank Financing	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank overdraft facilities, reviewed			
Used amounts	\$ 8,646,051	\$ 7,753,530	\$ 7,829,646
Unused amounts	<u>13,843,794</u>	<u>14,662,500</u>	<u>13,802,224</u>
	<u>\$ 22,489,845</u>	<u>\$ 22,416,030</u>	<u>\$ 21,631,870</u>

CDIB Capital Group and subsidiaries' Management policies of liquidity risk are as follows:

- 1) Disposal of capital surplus should consider possible future capital requirements, diversification of capital sources and reasonable liquidity of liability structure.
- 2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of June 30, 2026, December 31, 2025 and June 30, 2025, CDIB Capital Group and subsidiaries will be paid by financial assets and the rest of non-derivative financial liabilities are \$11,521,721 thousand, \$10,833,815 thousand and \$10,240,081 thousand, respectively, and are mainly all current liabilities.

KGI Life Insurance

- 1) Liquidity risks are classified to "funding liquidity risk" and "market liquidity risk." "Funding liquidity risk" represents that KGI Life Insurance is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. "Market liquidity risk" represents the risk that KGI Life Insurance sells at loss to meet the demand for cash.

To ensure adequate liquidity, KGI Life Insurance diversifies its investments when undertaking investment activities and maintains a diversified investment portfolio across asset classes, geographic regions, and currencies. KGI Life Insurance has also established funding strategies for stressed and emergency situations in order to maintain normal operations and meet urgent and material funding requirements in the event of a liquidity crisis.

In addition, analyses of KGI Life Insurance's asset and liability cash flows and the results of liquidity risk monitoring are reported to the KGI Life Insurance's Risk Management Committee and Board of Directors at least quarterly to facilitate timely responses to potential liquidity risks.

2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held for managing liquidity risk

KGI Life Insurance holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash on hand, demand deposits, highly liquid time deposits with insignificant risk of changes in value or highly liquid securities, etc.

b) Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to KGI Life Insurance is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	June 30, 2026			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 10,704,398	\$ 6,874	\$ -	\$ 10,711,272
Bonds payable	-	-	50,000,000	50,000,000
Lease liabilities	130,329	397,701	3,638,567	4,166,597

	December 31, 2025			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 10,063,499	\$ 7,390	\$ -	\$ 10,070,889
Bonds payable	-	-	30,000,000	30,000,000
Lease liabilities	127,986	403,697	3,570,589	4,102,272

	June 30, 2025			
	In 1 Year	1-5 Years	Over 5 Years	Total
Payables	\$ 8,315,029	\$ 6,898	\$ -	\$ 8,321,927
Bonds payable	-	-	30,000,000	30,000,000
Lease liabilities	129,975	387,713	3,613,030	4,130,718

c) Maturity analysis of derivative financial liabilities

KGI Life Insurance operates derivatives including foreign exchange derivative instruments (such as currency forward contracts, foreign exchange forward).

KGI Life Insurance has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. KGI Life Insurance enters into forward contracts and cross currency swaps derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and cross currency swaps will be operated continually and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

KGI Life Insurance's maturity structure of derivative financial liabilities is as follows:

	June 30, 2026				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,085,227	\$ 1,025,722	\$ 362,764	\$ -	\$ 8,473,713
	December 31, 2025				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 17,661,552	\$ 9,554,695	\$ 3,554,316	\$ -	\$ 30,770,563
	June 30, 2025				
	In 90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 3,874,185	\$ 227,388	\$ 68,700	\$ -	\$ 4,170,273

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on balance sheet and off-balance sheet items.

2) Risk management policies

In order to have a common language of market risk management, definition, communication and measurement, then comply with the requirements of the governing authorities, KGI Bank has developed "Market Risk Management Standard" based on Regulations Governing the Capital Adequacy Ratio of Banks (the CAR Regulations) related market risk calculation tables announced by the FSC, international standards, and KGIF's market risk management policy framework.

The "Market Risk Policy" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables-section 5 market risk and the KGI Bank's book management approach to financial instrument handling.

Following the "Market Risk Policy", the KGI Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's risk factor limits include sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and Risk Management Committee of parent company, KGIF. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk, and monitoring strategy and procedure

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions to conduct value assessment of products. Market Risk Limits are reviewed and controlled based on the revaluation results of risk value, position sensitivity and profit and loss figure on the daily basis.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30, 2026			For the Year Ended December 31, 2025			For the Six Months Ended June 30, 2025		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	\$ 7,702	\$ 14,160	\$ 4,297	\$ 9,511	\$ 23,466	\$ 4,643	\$ 10,849	\$ 22,850	\$ 5,544
Equity risk	-	-	-	28	1,884	-	56	1,884	-
Exchange rate risk	7,371	29,607	921	6,253	14,221	3,024	6,788	13,282	3,024

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2026		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,686,053	31.84	\$ 244,700,870
AUD	1,521,255	21.90	33,315,488
HKD	3,542,513	4.06	14,382,603
CNY	1,841,891	4.69	8,636,997
EUR	178,507	36.29	6,478,001
ZAR	3,334,035	1.94	6,468,027
JPY	16,670,151	0.20	3,270,684
CHF	61,970	39.34	2,437,903
SGD	67,276	24.60	1,654,986
GBP	26,870	42.14	1,132,318
NZD	32,512	18.00	585,207
Investments accounted for using the equity method			
CNY	2,318,586	4.69	10,872,315
<u>Financial liabilities</u>			
Monetary items			
USD	7,656,503	31.84	243,760,071
AUD	436,649	21.90	9,562,623
CNY	1,972,359	4.69	9,248,788
EUR	176,378	36.29	6,400,766
ZAR	1,883,425	1.94	3,653,844
HKD	870,574	4.06	3,534,530
JPY	17,972,571	0.20	3,526,218
NZD	37,843	18.00	681,172
GBP	7,727	42.14	325,609
CAD	10,482	22.37	234,479
SGD	7,725	24.60	190,028

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2025		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,100,123	31.44	\$ 191,775,670
AUD	964,920	21.03	20,292,268
HKD	3,589,977	4.04	14,499,918
CNY	1,828,364	4.50	8,222,884
ZAR	4,227,578	1.90	8,011,261
EUR	91,924	36.90	3,391,989
CHF	49,069	39.64	1,945,085
SGD	67,244	24.45	1,644,115
JPY	7,753,321	0.20	1,556,867
GBP	33,215	42.31	1,405,345
Investments accounted for using the equity method			
CNY	2,259,415	4.50	10,161,491
<u>Financial liabilities</u>			
Monetary items			
USD	7,139,046	31.44	224,437,340
CNY	3,077,840	4.50	13,842,280
AUD	366,000	21.03	7,696,974
JPY	19,627,203	0.20	3,941,142
ZAR	2,073,240	1.90	3,928,789
EUR	93,808	36.90	3,461,509
HKD	633,208	4.04	2,557,528
GBP	7,189	42.31	304,150
SGD	9,650	24.45	235,933
CAD	8,939	22.94	205,054
NZD	8,211	18.15	149,027

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2025		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,824,003	29.90	\$ 174,149,342
AUD	982,171	19.54	19,191,624
HKD	3,373,454	3.81	12,849,486
ZAR	4,124,225	1.68	6,932,822
CNY	1,347,597	4.17	5,625,948
EUR	139,185	35.05	4,878,425
GBP	62,391	40.97	2,556,178
JPY	7,517,362	0.21	1,559,853
SGD	26,002	23.47	610,270
CHF	2,688	37.42	100,567
Investments accounted for using the equity method			
CNY	2,134,947	4.17	8,912,978
<u>Financial liabilities</u>			
Monetary items			
USD	6,827,952	29.90	204,169,419
CNY	2,823,137	4.17	11,786,031
AUD	437,911	19.54	8,556,778
JPY	24,999,350	0.21	5,187,365
EUR	135,296	35.05	4,742,137
ZAR	2,069,865	1.68	3,479,444
HKD	188,621	3.81	718,456
GBP	9,344	40.97	382,833
CAD	9,166	21.87	200,466
SGD	7,773	23.47	182,422
NZD	8,179	18.14	148,366

9) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (New Taiwan dollars)

June 30, 2026

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 464,902,274	\$ 51,352,327	\$ 25,459,681	\$ 68,025,522	\$ 609,739,804
Interest rate-sensitive liabilities	223,763,491	283,696,460	58,926,023	40,444,636	606,830,610
Interest rate sensitivity gap	241,138,783	(232,344,133)	(33,466,342)	27,580,886	2,909,194
Net worth					74,590,363
Ratio of interest rate-sensitive assets to liabilities (%)					100.48
Ratio of interest rate-sensitive gap to net worth (%)					3.90

June 30, 2025

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 488,738,569	\$ 34,521,139	\$ 31,683,945	\$ 59,791,510	\$ 614,735,163
Interest rate-sensitive liabilities	236,248,483	251,470,037	34,160,778	35,073,396	556,952,694
Interest rate sensitivity gap	252,490,086	(216,948,898)	(2,476,833)	24,718,114	57,782,469
Net worth					72,872,603
Ratio of interest rate-sensitive assets to liabilities (%)					110.37
Ratio of interest rate-sensitive gap to net worth (%)					79.29

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in New Taiwan dollars).

b) Analysis of KGI Bank's interest rate-sensitive assets and liabilities (U.S. dollars)

June 30, 2026

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 4,656,030	\$ 311,053	\$ 195,171	\$ 1,897,881	\$ 7,060,135
Interest rate-sensitive liabilities	5,652,824	1,455,182	269,117	408	7,377,531
Interest rate sensitivity gap	(996,794)	(1,144,129)	(73,946)	1,897,473	(317,396)
Net worth					23,285
Ratio of interest rate-sensitive assets to liabilities (%)					95.70
Ratio of interest rate-sensitive gap to net worth (%)					(1,363.09)

June 30, 2025

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 3,131,979	\$ 265,013	\$ 231,852	\$ 1,869,744	\$ 5,498,588
Interest rate-sensitive liabilities	5,262,498	935,788	341,407	1,151	6,540,844
Interest rate sensitivity gap	(2,130,519)	(670,775)	(109,555)	1,868,593	(1,042,256)
Net worth					7,805
Ratio of interest rate-sensitive assets to liabilities (%)					84.07
Ratio of interest rate-sensitive gap to net worth (%)					(13,353.70)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (interest rate-sensitive assets and interest rate-sensitive liabilities in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities and subsidiaries utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities and subsidiaries also holds regular stress test to help management understand the estimated influence on the income of investment portfolio under potential extreme events or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities and subsidiaries, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

- a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.
- b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%), which could divided into two types by distribution of financial instrument:
 - i. Equity delta: Measured by the change of present value of stock with the price of the underlying assets linked to the equity securities. (As the potential loss amount given that the TAIEX and stock of respective companies drop 1%).
 - ii. Debt delta: Measured by the change of present value of bond with the price of the underlying assets linked to the debt securities. (As the potential loss amount given that the beneficiary certificates and funds, included preferred stocks and bond ETF drop 1%).
- c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).
- d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	June 30, 2026	December 31, 2025	June 30, 2025
Interest rate risk	\$ 4,949	\$ 6,430	\$ 4,507
Equity securities risk			
Equity delta	11,744,735	6,048,266	6,848,972
Debt delta	(233,398)	(353,461)	(364,758)
Exchange rate risk	2,493,284	1,393,823	759,576
Commodity risk	(20,062)	138	(783)

2) Value at risk

Value at risk (“VAR”) is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct back testing daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Six Months Ended June 30, 2026			June 30, 2026
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 319,618	\$ 132,426	\$ 478,255	\$ 342,225
Interest rate	576,022	166,153	925,129	623,836
Exchange rate	104,406	58,560	161,437	69,679
Commodity	19,113	1,855	51,883	3,067
	For the Six Months Ended June 30, 2025			June 30, 2025
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	\$ 238,699	\$ 112,024	\$ 564,528	\$ 310,387
Interest rate	284,702	132,037	528,958	289,546
Exchange rate	93,962	39,415	263,336	138,627
Commodity	11,736	856	57,106	12,772

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help KGI Securities' board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) The financial assets and liabilities denominated in foreign currency and with material influence on KGI Securities and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2026		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,435,468	31.84	\$ 236,735,177
EUR	518,537	36.29	18,817,713
JPY	73,747,362	0.20	14,473,254
AUD	64,596	21.90	1,414,652
HKD	235,359	4.06	955,728
Nonmonetary items			
USD	2,961,049	31.84	94,269,535
AUD	482,707	21.90	10,571,282
EUR	20,316	36.29	737,261
Investments accounted for using the equity method			
USD	99,992	31.84	3,183,442
<u>Financial liabilities</u>			
Monetary items			
USD	9,417,266	31.84	299,829,678
EUR	536,655	36.29	19,475,205
JPY	73,157,597	0.20	14,357,541
AUD	475,538	21.90	10,414,290
HKD	213,972	4.06	868,896
CNY	21,650	4.69	101,520
Nonmonetary items			
USD	673,594	31.84	21,445,224

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2025		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,070,558	31.44	\$ 159,406,328
EUR	505,828	36.90	18,665,069
JPY	46,565,182	0.20	9,350,288
HKD	280,430	4.04	1,132,415
CNY	40,759	4.50	183,309
ZAR	70,128	1.90	132,892
AUD	5,168	21.03	108,729
Nonmonetary items			
USD	2,479,808	31.44	77,958,657
AUD	300,402	21.03	6,317,460
CNY	178,726	4.50	803,803
EUR	11,615	36.90	428,580
Investments accounted for using the equity method			
USD	103,369	31.44	3,249,711
<u>Financial liabilities</u>			
Monetary items			
USD	6,913,974	31.44	217,359,657
EUR	515,085	36.90	19,006,627
JPY	46,069,193	0.20	9,250,694
AUD	280,456	21.03	5,898,038
HKD	257,069	4.04	1,038,059
CNY	55,490	4.50	249,557
ZAR	55,088	1.90	104,392
Nonmonetary items			
USD	423,408	31.44	13,311,086

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2025		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,824,115	29.90	\$ 144,032,477
EUR	515,602	35.05	18,070,205
JPY	32,274,497	0.21	7,655,532
HKD	558,981	3.81	2,089,371
AUD	22,265	19.54	434,345
CNY	98,396	4.17	410,679
ZAR	95,479	1.68	160,500
KRW	5,282,468	0.02	116,472
Nonmonetary items			
USD	2,329,123	29.90	69,635,198
AUD	271,063	19.54	5,296,563
CNY	317,364	4.17	1,324,933
EUR	18,219	35.05	638,572
Investments accounted for using the equity method			
USD	95,350	29.90	2,851,155
<u>Financial liabilities</u>			
Monetary items			
USD	6,500,406	29.90	194,158,207
EUR	529,775	35.05	18,566,985
JPY	36,724,578	0.21	7,541,451
AUD	269,106	19.54	5,257,641
HKD	537,019	3.81	2,005,764
CNY	72,171	4.17	301,197
ZAR	78,730	1.68	132,345
Nonmonetary items			
USD	404,967	29.90	12,109,311

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

1) Exchange rate risk

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2026		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 225,962	31.84	\$ 7,193,962
AUD	43,656	21.90	956,077
CNY	46,234	4.69	216,801
Nonmonetary items			
USD	493,832	31.84	15,722,129
JPY	6,608,351	0.20	1,296,558
CNY	159,258	4.69	746,794
EUR	13,803	36.29	500,897
KRW	5,836,560	0.02	119,655
Investments accounted for using the equity method			
CNY	385,492	4.69	1,807,573
USD	39,008	31.84	1,241,885
<u>Financial liabilities</u>			
Monetary items			
USD	47,152	31.84	1,501,185
AUD	43,493	21.90	952,489

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2025			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 238,398	31.44	\$ 7,494,747
AUD	55,204	21.03	1,160,938
CNY	49,895	4.50	224,397
KRW	9,307,162	0.02	202,831
Nonmonetary items			
USD	387,165	31.44	12,171,694
JPY	6,608,351	0.20	1,326,957
CNY	210,111	4.50	944,952
EUR	13,879	36.90	512,132
KRW	6,195,120	0.02	135,010
Investments accounted for using the equity method			
CNY	402,794	4.50	1,811,366
USD	46,136	31.44	1,450,437
<u>Financial liabilities</u>			
Monetary items			
AUD	57,228	21.03	1,203,505
USD	19,977	31.44	628,026

(In Thousands of Foreign Currencies/New Taiwan Dollars)

June 30, 2025			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 185,962	29.90	\$ 5,560,627
AUD	55,944	19.54	1,093,143
KRW	20,469,722	0.02	452,442
CNY	62,667	4.18	261,621
Nonmonetary items			
USD	397,172	29.90	11,876,243
JPY	8,220,275	0.21	1,705,707
CNY	217,047	4.18	906,129
EUR	14,055	35.05	492,637
KRW	5,886,360	0.02	130,106
Investments accounted for using the equity method			
CNY	399,992	4.18	1,669,966
USD	51,401	29.90	1,536,987
(Continued)			

	June 30, 2025		
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial liabilities</u>			
Monetary items			
AUD	\$ 55,871	19.54	\$ 1,091,717
USD	6,496	29.90	194,254
			(Concluded)

Sensitivity analysis

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease (increase) in pre-tax profit (loss) associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	Impact on Profit or Loss For the Six Months Ended June 30	
	2026	2025
Monetary items		
USD	\$ 56,928	\$ 53,664
CNY	1,912	2,343
KRW	554	4,524
AUD	36	14

2) Interest rate risk

The primary financial assets and financial liability of CDIB Capital Group and subsidiaries with exposure to interest rates as of June 30, 2026, December 31, 2025 and June 30, 2025 were cash in banks and short-term borrowings. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

3) Other price risk

CDIB Capital Group and its subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax income for the six months ended June 30, 2026 and 2025 would increase/decrease by \$236,398 thousand and \$208,101 thousand, respectively as a result of the changes in fair value of financial assets at fair value through profit or loss. Total comprehensive income for the six months ended June 30, 2026 and 2025 would increase/decrease by \$2,462 thousand and \$2,508 thousand, respectively as a result of the changes in fair value of financial assets measured at fair value through other comprehensive income.

KGI Life Insurance

- 1) Market risk refers to market price changes, making the change of the value of assets to cause the risk of loss.

KGI Life Insurance uses various risk analysis methods to identify the sources of market risk, to identify and define the market risk factors of financial instruments, and to make appropriate regulations to ensure the effective operation of market risk management. In accordance with the approved market risk limits and early warning indicators, KGI Life Insurance regularly performs warning and limit monitoring operations, and establishes procedures to handle risk limit exceedances to facilitate proper management of the exceeded limits.

- 2) Exchange rate risk

Foreign exchange risk refers to the risk that changes in exchange rates may result in changes in the carrying amounts of KGI Life Insurance's foreign currency-denominated assets and liabilities. For foreign currency-denominated assets classified as debt instruments measured at amortized cost, where the foreign currency risk component has not been designated as a hedged item, the related exchange differences are recognized based on the amortized cost measurement basis. The remaining exposures are primarily hedged using derivative financial instruments, such as foreign exchange swaps and forward exchange contracts, and are managed in accordance with applicable laws and regulations and internal control requirements.

- 3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in market interest rates which causes fluctuations in the value of investment assets and liabilities. KGI Life Insurance manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

- 4) Equity price risk

KGI Life Insurance holds equity securities of listed and unlisted companies, and OTC-traded and non-OTC traded companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. KGI Life Insurance diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of KGI Life Insurance. The board of directors should authorize the senior executives to review and approve the equity securities of all investment decisions.

- 5) Value at risk

Value-at-risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. KGI Life Insurance uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model used to manage risk must perform model validation and backtesting to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

6) Stress testing

KGI Life Insurance measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to Value at Risk models. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of risk factors occur.

KGI Life Insurance performs stress testing regularly by using “Simple Sensitivity” and “Scenario Analysis” methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

a) Simple sensitivity

Simple Sensitivity measures the dollar amount change in the value of the Company’s investment assets and net insurance contract liabilities resulting from movements in specific risk factors.

b) Scenario analysis

Scenario Analysis measures the dollar amount changes for the total value of investment positions if stress scenario occur. The types of scenarios include:

i. Historical scenario:

Adding fluctuating risk factors to a specific historical event, KGI Life Insurance simulates what the dollar amount of changes in value for the current asset and liability portfolio would be in the same period of time.

ii. Hypothetical scenario:

KGI Life Insurance makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of changes in value for the current asset and liability portfolio by taking into consideration the movement of relevant risk factors.

KGI Life Insurance performs the stress testing with historical and hypothetical scenarios regularly. KGI Life Insurance’s risk analysis, early warning, and business management are in accordance with the stress testing report.

Summary of Factor Sensitivity Analysis
June 30, 2026

Risk Factors	Changes (+/-)	Changes in Income		Changes in Equity	
		Net Insurance Contract Liabilities	Investment Assets	Net Insurance Contract Liabilities	Investment Assets
Equity risk (stock index)	+1%	\$ -	\$ 165,506	\$ -	\$ 3,725,862
	-1%	-	(165,506)	-	(3,725,862)
Interest rate risk (yield curve)	+1BP	3,915	(49,097)	2,090,048	(568,776)
	-1BP	(3,920)	48,978	(2,093,809)	569,302
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	-	-	-	(1,710,912)
	-1% (NTD for each currency depreciates 1%)	-	-	-	1,710,912

December 31, 2025

Risk Factors	Changes (+/-)	Changes in Income		Changes in Equity	
		Net Insurance Contract Liabilities	Investment Assets	Net Insurance Contract Liabilities	Investment Assets
Equity risk (stock index)	+1%	\$ -	\$ -	\$ -	\$ 2,570,437
	-1%	-	-	-	(2,570,437)
Interest rate risk (yield curve)	+1BP	6,009	-	2,109,004	(294,755)
	-1BP	(6,015)	-	(2,112,277)	294,720
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	-	-	-	(993,742)
	-1% (NTD for each currency depreciates 1%)	-	-	-	993,742

June 30, 2025

Risk Factors	Changes (+/-)	Changes in Income		Changes in Equity	
		Net Insurance Contract Liabilities	Investment Assets	Net Insurance Contract Liabilities	Investment Assets
Equity risk (stock index)	+1%	\$ -	\$ -	\$ -	\$ 2,032,908
	-1%	-	-	-	(2,032,908)
Interest rate risk (yield curve)	+1BP	2,775	-	2,028,732	(232,050)
	-1BP	(2,782)	-	(2,031,871)	232,073
Exchange risk (foreign exchange rate)	+1% (NTD for each currency appreciates 1%)	3,989,010	(7,743,804)	-	(1,042,155)
	-1% (NTD for each currency depreciates 1%)	-	-	-	1,042,155

Note 1: The Company adopted the new foreign exchange valuation reserve framework effective December 2024. Under the framework, the provision and reversal ratio for the foreign exchange valuation reserve is set at 100%. Accordingly, provisions for or reversals of reserves for foreign exchange fluctuations are not recognized as part of changes in profit or loss arising from foreign currency risk. In addition, beginning in 2026, the Company adopted the new foreign exchange accounting regime. For foreign currency-denominated assets classified as debt instruments measured at amortized cost, where no hedge designation has been made for the foreign currency risk component, foreign exchange risk is measured using the straight-line amortization method. For the remaining exposures, the Company primarily utilizes derivative financial instruments, such as foreign exchange swaps and forward exchange contracts, to hedge foreign exchange risk.

Note 2: Change in equity was not included in the impact on the change in profit or loss.

Note 3: Without taking into account the effects of income tax.

- 7) KGI Life Insurance's foreign currency financial assets and liabilities with significant influence as of June 30, 2026, December 31, 2025 and June 30, 2025 are as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

				June 30, 2026		
				Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
	USD	\$	46,384,506		31.84	\$ 1,476,743,514
	AUD		5,834,626		21.90	127,754,394
Non-monetary items						
	USD		2,525,292		31.84	80,397,708

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2025			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,299,901	31.44	\$ 1,487,014,282
AUD	5,967,523	21.03	125,471,340
Non-monetary items			
USD	2,322,326	31.44	73,009,282
<u>Financial liabilities</u>			
Monetary items			
USD	8,950	31.44	281,363

(In Thousands of Foreign Currencies/New Taiwan Dollars)

June 30, 2025			
	Foreign Currency	Exchange Rate (Dollar)	New Taiwan Dollar
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,871,404	29.90	\$ 1,401,548,716
AUD	5,964,987	19.54	116,534,962
Non-monetary items			
USD	2,545,149	29.90	76,105,059
<u>Financial liabilities</u>			
Monetary items			
USD	339,417	29.90	10,149,262

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to functional currency.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

June 30, 2026					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 4,156,524	\$ 3,877,872	\$ 4,045,938	\$ 3,877,872	\$ 168,066
Financial assets at FVTPL	4,568,316	4,574,113	4,568,316	4,574,113	(5,797)
Financial assets at FVTOCI	60,784,296	59,534,678	60,784,296	59,534,678	1,249,618

December 31, 2025					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 3,641,590	\$ 3,396,729	\$ 3,559,759	\$ 3,396,729	\$ 163,030
Financial assets at FVTPL	5,490,082	5,500,941	5,490,082	5,500,941	(10,859)
Financial assets at FVTOCI	44,311,693	43,055,342	44,311,693	43,055,342	1,256,351

June 30, 2025					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at amortized cost	\$ 2,706,906	\$ 2,204,135	\$ 2,595,672	\$ 2,204,135	\$ 391,537
Financial assets at FVTPL	1,414,839	1,415,498	1,414,839	1,415,498	(659)
Financial assets at FVTOCI	35,825,928	34,726,089	35,825,928	34,726,089	1,099,839

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities and subsidiaries' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities and subsidiaries only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities and subsidiaries do not derecognize it entirely because KGI Securities and subsidiaries remain exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition was listed below:

June 30, 2026					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Financial assets at FVTPL					
Transactions with agreements	\$ 55,957,294	\$ 52,932,248	\$ 55,957,294	\$ 52,932,248	\$ 3,025,046
Financial assets at FVTOCI					
Transactions with agreements	35,853,754	33,758,413	35,853,754	33,758,413	2,095,341
Financial assets at amortized cost					
Transactions with agreements	20,191,195	20,320,346	20,191,195	20,320,346	(129,151)

December 31, 2025					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	\$ 40,099,034	\$ 39,329,737	\$ 40,099,034	\$ 39,329,737	\$ 769,297
Financial assets at FVTOCI					
Transactions with agreements	35,742,256	33,575,415	35,742,256	33,575,415	2,166,841
Financial assets at amortized cost					
Transactions with agreements	8,903,185	8,957,266	8,903,185	8,957,266	(54,081)

June 30, 2025					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Financial assets at FVTPL					
Transactions with agreements	\$ 33,946,225	\$ 33,085,496	\$ 33,946,225	\$ 33,085,496	\$ 860,729
Financial assets at FVTOCI					
Transactions with agreements	34,898,611	32,541,494	34,898,611	32,541,494	2,357,117
Financial assets at amortized cost					
Transactions with agreements	11,850,275	11,845,325	11,850,275	11,845,325	4,950

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, and has the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognizes them since counterparties have the ability to sell financial assets to third party and no restrictions will be made to counterparties. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments.

Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

Period	Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
			Financial Assets at FVTPL	Assets	Liabilities	
June 30, 2026	Call option	\$ 17,097,200	\$ 3,684,393	\$ 3,684,393	\$ -	\$ 3,684,393
December 31, 2025	Call option	\$ 16,947,300	\$ 2,744,278	\$ 2,744,278	\$ -	\$ 2,744,278
June 30, 2025	Call option	\$ 15,382,100	\$ 1,992,083	\$ 1,992,083	\$ -	\$ 1,992,083

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

Period	Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
June 30, 2026	Call option	\$ -	\$ 916,600	\$ 3,823,700	\$ 12,356,900	\$ -	\$ 17,097,200
December 31, 2025	Call option	\$ -	\$ 453,500	\$ 4,789,400	\$ 11,704,400	\$ -	\$ 16,947,300
June 30, 2025	Call option	\$ -	\$ 403,900	\$ 2,185,200	\$ 12,793,000	\$ -	\$ 15,382,100

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

Period	Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
June 30, 2026	Call option	\$ (15,993)	\$ (207,632)	\$ (223,625)
December 31, 2025	Call option	\$ 1,952	\$ (598,789)	\$ (596,837)
June 30, 2025	Call option	\$ (8,156)	\$ (817,931)	\$ (826,087)

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank and subsidiaries have enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

June 30, 2026						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 24,299,154	\$ -	\$ 24,299,154	\$ 24,299,154	\$ -	\$ -
Derivative instruments (Note 2)	21,032,350	-	21,032,350	4,538,161	1,388,753	15,105,436
Total	\$ 45,331,504	\$ -	\$ 45,331,504	\$ 28,837,315	\$ 1,388,753	\$ 15,105,436

June 30, 2026						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 67,986,663	\$ -	\$ 67,986,663	\$ 67,501,795	\$ 484,868	\$ -
Derivative instruments (Note 2)	20,198,400	-	20,198,400	4,762,814	10,479,596	4,955,990
Total	\$ 88,185,063	\$ -	\$ 88,185,063	\$ 72,264,609	\$ 10,964,464	\$ 4,955,990

December 31, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 35,924,465	\$ -	\$ 35,924,465	\$ 35,924,465	\$ -	\$ -
Derivative instruments (Note 2)	22,536,183	-	22,536,183	7,411,873	571,543	14,552,767
Total	\$ 58,460,648	\$ -	\$ 58,460,648	\$ 43,336,338	\$ 571,543	\$ 14,552,767

December 31, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 51,953,012	\$ -	\$ 51,953,012	\$ 51,506,562	\$ 446,450	\$ -
Derivative instruments (Note 2)	23,525,005	-	23,525,005	8,909,179	10,733,259	3,882,567
Total	\$ 75,478,017	\$ -	\$ 75,478,017	\$ 60,415,741	\$ 11,179,709	\$ 3,882,567

June 30, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Securities purchased under resell agreements	\$ 49,677,895	\$ -	\$ 49,677,895	\$ 49,677,895	\$ -	\$ -
Derivative instruments (Note 2)	31,297,219	-	31,297,219	6,790,160	3,813,431	20,693,628
Total	\$ 80,975,114	\$ -	\$ 80,975,114	\$ 56,468,055	\$ 3,813,431	\$ 20,693,628

June 30, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Notes and bonds issued under repurchase agreements	\$ 38,345,722	\$ -	\$ 38,345,722	\$ 38,087,311	\$ 258,411	\$ -
Derivative instruments (Note 2)	34,259,315	-	34,259,315	6,979,970	2,807,983	24,471,362
Total	\$ 72,605,037	\$ -	\$ 72,605,037	\$ 45,067,281	\$ 3,066,394	\$ 24,471,362

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities and subsidiaries have the rights to offset derivative assets and liabilities.

KGI Securities and subsidiaries have signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities and subsidiaries to provide securities as collateral, meanwhile KGI Securities and subsidiaries signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

June 30, 2026						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 10,741,760	\$ -	\$ 10,741,760	\$ -	\$ 3,249,293	\$ 7,492,467
Securities purchased under resell agreements	34,563,289	-	34,563,289	34,563,289	-	-
Total	\$ 45,305,049	\$ -	\$ 45,305,049	\$ 34,563,289	\$ 3,249,293	\$ 7,492,467

June 30, 2026						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments (Note 2)	\$ 23,092,931	\$ -	\$ 23,092,931	\$ -	\$ 4,958,112	\$ 18,134,819
Notes and bonds issued under repurchase agreements	144,874,397	-	144,874,397	144,874,397	-	-
Total	\$ 167,967,328	\$ -	\$ 167,967,328	\$ 144,874,397	\$ 4,958,112	\$ 18,134,819

December 31, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 8,343,807	\$ -	\$ 8,343,807	\$ -	\$ 1,331,315	\$ 7,012,492
Securities purchased under resell agreements	21,086,592	-	21,086,592	21,086,592	-	-
Total	\$ 29,430,399	\$ -	\$ 29,430,399	\$ 21,086,592	\$ 1,331,315	\$ 7,012,492

December 31, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments (Note 2)	\$ 17,943,058	\$ -	\$ 17,943,058	\$ -	\$ 2,369,096	\$ 15,573,962
Notes and bonds issued under repurchase agreements	116,633,466	-	116,633,466	116,633,466	-	-
Total	\$ 134,576,524	\$ -	\$ 134,576,524	\$ 116,633,466	\$ 2,369,096	\$ 15,573,962

June 30, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Received	
Derivative financial instruments (Note 2)	\$ 6,178,840	\$ -	\$ 6,178,840	\$ -	\$ 892,342	\$ 5,286,498
Securities purchased under resell agreements	20,982,258	-	20,982,258	20,982,258	-	-
Total	\$ 27,161,098	\$ -	\$ 27,161,098	\$ 20,982,258	\$ 892,342	\$ 5,286,498

June 30, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note 1)	Cash Collateral Pledged	
Derivative financial instruments (Note 2)	\$ 13,631,444	\$ -	\$ 13,631,444	\$ -	\$ 1,705,399	\$ 11,926,045
Notes and bonds issued under repurchase agreements	117,186,719	-	117,186,719	117,186,719	-	-
Total	\$ 130,818,163	\$ -	\$ 130,818,163	\$ 117,186,719	\$ 1,705,399	\$ 11,926,045

Note 1: Financial instruments include master netting arrangements and non-cash collateral.

Note 2: Derivative instruments include hedging derivative financial.

KGI Life Insurance

KGI Life Insurance holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

KGI Life Insurance may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

June 30, 2026						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 82,140	\$ -	\$ 82,140	\$ 60,034	\$ -	\$ 22,106

June 30, 2026						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 8,473,713	\$ -	\$ 8,473,713	\$ 60,034	\$ 8,329,491	\$ 84,188

December 31, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 1,202,813	\$ -	\$ 1,202,813	\$ 1,144,677	\$ -	\$ 58,136

December 31, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 30,770,563	\$ -	\$ 30,770,563	\$ 1,144,677	\$ 26,770,980	\$ 2,854,906

June 30, 2025						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 32,782,075	\$ -	\$ 32,782,075	\$ 3,748,170	\$ 10,332,012	\$ 18,701,893

June 30, 2025						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Pledged	
Derivative financial instruments	\$ 4,170,273	\$ -	\$ 4,170,273	\$ 3,748,170	\$ 270,621	\$ 151,482

52. CAPITAL MANAGEMENT

a. Capital management objective

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy of Financial Holding Companies".

c. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Company	Items	June 30, 2026	
		% of Ownership	Group's Legal Capital Demand
The Company			\$ 534,966,889
KGI Bank		100.00	65,358,772
KGI Securities		100.00	26,790,552
CDIB Capital Group		100.00	19,046,452
KGI Life Insurance		100.00	214,223,341
KGI Securities Investment Trust		100.00	453,396
Deduct items			533,355,903
Subtotal			327,483,499 (B)
Group's CAR (C)=(A)÷(B)			119.67 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	December 31, 2025		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Company		\$ 337,187,185	\$ 387,965,103
KGI Bank	100.00	90,328,740	65,676,856
KGI Securities	100.00	36,946,887	18,581,696
CDIB Capital Group	100.00	31,011,851	18,479,651
KGI Life Insurance	100.00	237,400,175	130,676,950
KGI Securities Investment Trust	100.00	572,213	471,241
Deduct items		417,153,888	386,295,716
Subtotal		316,293,163 (A)	235,555,781 (B)
Group's CAR (C)=(A)÷(B)			134.28 (C)

(In Thousands of New Taiwan Dollars; %)

Items Company	June 30, 2025		
	% of Ownership	Group's Eligible Capital	Group's Legal Capital Demand
The Company		\$ 277,713,112	\$ 325,890,449
KGI Bank	100.00	82,822,333	62,509,325
KGI Securities	100.00	30,322,690	16,465,304
CDIB Capital Group	100.00	28,683,749	17,726,735
KGI Life Insurance	100.00	222,948,598	128,552,902
KGI Securities Investment Trust	100.00	553,910	429,577
Deduct items		353,858,177	324,551,830
Subtotal		289,186,215 (A)	227,022,462 (B)
Group's CAR (C)=(A)÷(B)			127.38 (C)

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025	June 30, 2025
Common stock	\$ 169,746,134	\$ 169,748,470	\$ 169,751,715
Capital instruments which confirm to the term of bank's other Tier 1 capital	15,821,424	15,821,424	15,821,424
Other preferred stock and subordinated bonds	9,900,000	9,900,000	11,400,000
Capital surplus	33,702,594	33,758,864	33,747,556
Legal reserve	24,111,845	21,086,902	21,086,902
Special reserve	42,643,198	44,295,851	44,295,851
Retained earnings	189,257,866	58,684,436	33,966,269
Equity adjustment	(6,082,532)	(16,004,202)	(52,260,759)
Deduction: Capital items	(95,030)	(104,560)	(95,846)
	<u>\$ 479,005,499</u>	<u>\$ 337,187,185</u>	<u>\$ 277,713,112</u>

53. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

As of June 30, 2026, refer to Table 7 (attached).

54. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Refer to Table 8 (attached).

55. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

a. Business or trading behaviors

Refer to Note 45 for related-party transactions.

b. Integrate business activities

The Company has become a full-functioning financial platform for its customers by improving the overall business performance of the Company through integrating the insurance, investment, trust custody and channel of banking, securities and life insurance.

c. Cross utilization of information or locations and business utilities

In compliance with Article 43 of “Financial Holding Companies Act”, “Financial Holding Subsidiaries Cross-selling Activities Acts”, “Self-disciplinary Standards” and other related regulations from FSC, the Company has advocated cross-selling activities among China development Financial Holdings and its Subsidiaries. In addition, the Company and its subsidiaries, which joined the cross selling business disclosure protection measures of customer information on official website to limit the use of the data, secure the customer information and related rights when handling cross-selling activities.

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

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

56. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Refer to Table 1 (attached).

2) Collaterals/guarantees provided: Refer to Table 2 (attached).

3) Significant marketable securities held: Please refer to Table 3 (attached).

4) Discount on service fees received from related parties amounting to NT\$5 million: For the Group’s information: None.

5) Receivables from related parties amounting to NT\$300 million or 10% of the issued capital: Refer to Note 45 and Table 4 (attached).

- 6) Sale of nonperforming loans: None.
 - 7) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.
 - 8) Other significant transactions which may affect the decisions of financial statement users: None.
 - 9) The information of investees: Refer to Table 5 (attached).
- c. Investments in mainland China: Refer to Table 9 (attached).
- d. Business relationships and significant transactions among the Group: Refer to Table 10 (attached).

57. SEGMENT INFORMATION

The reportable segments of the Company are Commercial banking, Securities, Venture Capital and Insurance. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly. Insurance department operates life insurance business based on the provisions of the insurance law.

The accounting policies of the operating segments are the same as the Company's accounting policies described in Note 4. The Company uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

Segment Revenues and Results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
<u>For the three months ended June 30, 2026</u>						
Interest profit (loss), net	\$ 3,658,374	\$ 985,200	\$ (2,923)	\$ 17,516,978	\$ (406,492)	\$ 21,751,137
Noninterest profits (loss) and gains, net	<u>1,534,527</u>	<u>20,276,010</u>	<u>1,086,143</u>	<u>(5,921,883)</u>	<u>(271,945)</u>	<u>16,702,852</u>
Net revenue (loss)	5,192,901	21,261,210	1,083,220	11,595,095	(678,437)	38,453,989
Reversal of (allowance) for bad debts and losses on commitments and guarantees, net	(185,662)	(10,266)	(770)	378	-	(196,320)
Other operating costs - insurance business	-	-	-	(5,057,123)	-	(5,057,123)
Operating expenses	<u>(2,356,670)</u>	<u>(7,904,788)</u>	<u>(481,545)</u>	<u>(1,357,013)</u>	<u>(1,132,892)</u>	<u>(13,232,908)</u>
Net profit (loss) before income tax	2,650,569	13,346,156	600,905	5,181,337	(1,811,329)	19,967,638
Income tax benefit (expense)	<u>(385,346)</u>	<u>(1,511,530)</u>	<u>(50,869)</u>	<u>(717,400)</u>	<u>(546,498)</u>	<u>(3,211,643)</u>
Net profit (loss) for the period	<u>\$ 2,265,223</u>	<u>\$ 11,834,626</u>	<u>\$ 550,036</u>	<u>\$ 4,463,937</u>	<u>\$ (2,357,827)</u>	<u>\$ 16,755,995</u>
<u>For the three months ended June 30, 2025</u>						
Interest profit (loss), net	\$ 2,656,461	\$ 684,407	\$ 43,525	\$ 15,011,078	\$ (390,467)	\$ 18,005,004
Noninterest profits (loss) and gains, net	<u>1,578,936</u>	<u>5,118,964</u>	<u>416,013</u>	<u>(82,192,642)</u>	<u>(341,398)</u>	<u>(75,420,127)</u>
Net revenue (loss)	4,235,397	5,803,371	459,538	(67,181,564)	(731,865)	(57,415,123)
Reversal of (allowance) for bad debts and losses on commitments and guarantees, net	(116,807)	41,185	-	612	-	(75,010)
Other operating costs - insurance business	-	-	-	35,804,108	-	35,804,108
Operating expenses	<u>(2,056,822)</u>	<u>(3,789,912)</u>	<u>(309,704)</u>	<u>(335,333)</u>	<u>(514,915)</u>	<u>(7,006,686)</u>
Net profit (loss) before income tax	2,061,768	2,054,644	149,834	(31,712,177)	(1,246,780)	(28,692,711)
Income tax benefit (expense)	<u>(274,547)</u>	<u>(426,080)</u>	<u>(35,127)</u>	<u>5,683,625</u>	<u>(374,999)</u>	<u>4,572,872</u>
Net profit (loss) for the period	<u>\$ 1,787,221</u>	<u>\$ 1,628,564</u>	<u>\$ 114,707</u>	<u>\$ (26,028,552)</u>	<u>\$ (1,621,779)</u>	<u>\$ (24,119,839)</u>

	Commercial Banking	Securities	Venture Capital	Insurance	Other	Total
<u>For the six months ended June 30, 2026</u>						
Interest profit (loss), net	\$ 6,936,938	\$ 1,742,878	\$ 15,061	\$ 34,961,559	\$ (805,637)	\$ 42,850,799
Noninterest profits (loss) and gains, net	<u>3,098,504</u>	<u>31,484,089</u>	<u>1,795,007</u>	<u>(17,041,521)</u>	<u>(167,376)</u>	<u>19,168,703</u>
Net revenue (loss)	10,035,442	33,226,967	1,810,068	17,920,038	(973,013)	62,019,502
Reversal of (allowance) for bad debts and losses on commitments and guarantees, net	(145,374)	(25,360)	5,345	375	-	(165,014)
Other operating costs - insurance business	-	-	-	(5,181,956)	-	(5,181,956)
Operating expenses	<u>(4,624,553)</u>	<u>(13,351,297)</u>	<u>(998,474)</u>	<u>(2,623,703)</u>	<u>(2,007,252)</u>	<u>(23,605,279)</u>
Net profit (loss) before income tax	5,265,515	19,850,310	816,939	10,114,754	(2,980,265)	33,067,253
Income tax expense	<u>(761,050)</u>	<u>(2,441,541)</u>	<u>(96,279)</u>	<u>(777,489)</u>	<u>(542,876)</u>	<u>(4,619,235)</u>
Net profit (loss) for the period	<u>\$ 4,504,465</u>	<u>\$ 17,408,769</u>	<u>\$ 720,660</u>	<u>\$ 9,337,265</u>	<u>\$ (3,523,141)</u>	<u>\$ 28,448,018</u>
<u>For the six months ended June 30, 2025</u>						
Interest profit (loss), net	\$ 4,991,549	\$ 1,333,586	\$ 85,356	31,051,267	\$ (775,066)	\$ 36,686,692
Noninterest profits (loss) and gains, net	<u>3,638,212</u>	<u>10,155,831</u>	<u>714,820</u>	<u>(95,173,272)</u>	<u>4,172</u>	<u>(80,660,237)</u>
Net revenue (loss)	8,629,761	11,489,417	800,176	(64,122,005)	(770,894)	(43,973,545)
Reversal of (allowance) for bad debts and losses on commitments and guarantees, net	(427,184)	57,018	-	173	-	(369,993)
Other operating costs - insurance business	-	-	-	26,814,966	-	26,814,966
Operating expenses	<u>(4,050,659)</u>	<u>(7,456,901)</u>	<u>(671,982)</u>	<u>(1,518,214)</u>	<u>(1,358,320)</u>	<u>(15,056,076)</u>
Net profit (loss) before income tax	4,151,918	4,089,534	128,194	(38,825,080)	(2,129,214)	(32,584,648)
Income tax benefit (expense)	<u>(559,985)</u>	<u>(833,552)</u>	<u>(43,223)</u>	<u>4,302,096</u>	<u>(636,483)</u>	<u>2,228,853</u>
Net profit (loss) for the period	<u>\$ 3,591,933</u>	<u>\$ 3,255,982</u>	<u>\$ 84,971</u>	<u>\$ (34,522,984)</u>	<u>\$ (2,765,697)</u>	<u>\$ (30,355,795)</u>

TABLE 1

FINANCINGS PROVIDED
(In Thousands of New Taiwan Dollars)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	\$ 1,591,850	\$ 1,591,850	\$ -	Floating	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 22,042,920 (Note 1)	\$ 22,042,920 (Note 1)
		KGI Securities (Singapore) Pte. Ltd.	Receivables, net	Yes	1,273,480	1,273,480	-	Floating	Short-term financing	-	Working capital	-	-	-	22,042,920 (Note 1)	22,042,920 (Note 1)
2	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	509,392	509,392	509,392	5.52%	Short-term financing	-	Working capital	-	-	-	6,116,142 (Note 2)	6,116,142 (Note 2)
3	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	Receivables, net	Yes	1,273,480	1,273,480	-	Floating	Short-term financing	-	Working capital	-	-	-	12,872,718 (Note 3)	12,872,718 (Note 3)

Note 1: KGI International Holdings Limited’s financing limit is based on the “Loan of Funds Making Guideline”. The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International (Hong Kong) Limited’s financing limit is based on the “Loan of Funds Making Guideline”. The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI Asia Limited’s financing limit is based on the “Loan of Funds Making Guideline”. The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

TABLE 2

COLLATERALS/GUARANTEE PROVIDED
(In Thousands of New Taiwan Dollars)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (As of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	Note 1	\$ 7,422,536	\$ 1,169,417	\$ 1,168,500	\$ 1,168,500	\$ -	1.57%	\$ 29,690,145 (Note 2)	No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	22,042,920	1,273,480	1,273,480	191,791	-	5.78%	22,042,920 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	22,042,920	636,740	636,740	-	-	2.89%	22,042,920 (Note 3)	No	No	No
		KGI Finance Limited	Note 1	22,042,920	79,593	79,593	-	-	0.36%	22,042,920 (Note 3)	No	No	No
		KGI International (Hong Kong) Limited	Note 1	22,042,920	1,999,677	1,997,851	1,015,003	-	9.06%	22,042,920 (Note 3)	No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	22,042,920	4,106,789	4,030,079	2,441,525	-	18.28%	22,042,920 (Note 3)	No	No	No
		KGI Securities (Singapore) Pte. Ltd.	Note 1	22,042,920	4,138,810	4,138,810	-	-	18.78%	22,042,920 (Note 3)	No	No	No

Note 1: The Group has directly or indirectly over 50% voting right of the company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd. is based on “Corporate Endorsement, Guarantee Making Guideline”. For each company, the amount of guarantee should not exceed 10% of the guarantee provider’s net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider’s net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the “Corporate Endorsement, Guarantee Making Guideline”. For each and all company, the amount of guarantee provided should not exceed the guarantee provider’s net asset value.

TABLE 3

MARKETABLE SECURITIES HELD
(In Thousands of New Taiwan Dollars/Foreign Currencies)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2026				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Capital Group	<u>Stocks</u>							
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	47,326	\$ 424,387	35.71	\$ 424,387	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200	6,188,541	28.71	6,188,541	
	CDIB Capital Management Corporation	Subsidiary	Investments accounted for using the equity method	23,094	674,882	100.00	674,882	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	550,142	6,192,389	100.00	6,192,389	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	925,000	3,797,721	100.00	3,797,721	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000	2,004,962	100.00	2,004,962	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339	7,951,081	100.00	7,951,081	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800	7,975,698	100.00	7,975,698	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700	416,301	100.00	416,301	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	Yang Bao Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	6,621	517,277	8.41	517,277	
	21st Financial Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	5,245	1,120,633	7.23	1,120,633	
	Elixiron Immunotherapeutics Inc.	-	Financial assets at fair value through profit or loss	5,622	431,194	4.19	431,194	
	Soar Taiwan Co., Ltd.	Associate	Financial assets at fair value through profit or loss	37,015	433,480	14.87	433,480	
	Kneron Holding Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	1,392	345,656	9.00	345,656	
	<u>Funds</u>							
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	599,888	-	599,888	
	CDIB Capital Healthcare Ventures II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	308,727	-	308,727	
	CDIB & Innolux Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	376,375	-	376,375	
	CDIB & Innolux II Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	513,396	-	513,396	
	Shuimu Development Venture Capital Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	489,770	-	489,770	
	<u>Stocks</u>							
	CDIB NY 5 LLC	Subsidiary	Investments accounted for using the equity method	-	US\$ 18,342	98.15	US\$ 18,342	
	<u>Funds</u>							
	KKR Talk Co-invest L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 49,035	-	US\$ 49,035	
	CC KDC CO-INVEST LP	-	Financial assets at fair value through profit or loss	-	US\$ 37,251	-	US\$ 37,251	
	Cottonwood-WTT Real Estate Special Situations Fund, LP	-	Financial assets at fair value through profit or loss	-	US\$ 14,153	-	US\$ 14,153	
	CDIB Capital Global Opportunities Fund L.P.	Associate	Financial assets at fair value through profit or loss	-	US\$ 24,975	-	US\$ 24,975	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US\$ 38,982	-	US\$ 38,982	
	CDIB Private Equity Partners, L.P.	Associate	Financial assets at fair value through profit or loss	-	US\$ 21,123	-	US\$ 21,123	
	MC Co-Investment Fund I, LP	-	Financial assets at fair value through profit or loss	-	US\$ 17,006	-	US\$ 17,006	
	Pinegrove Opportunity Partners I Feeder LP	-	Financial assets at fair value through profit or loss	-	US\$ 12,835	-	US\$ 12,835	
	Vista Credit Partners Fund IV-A, L.P.	-	Financial assets at fair value through profit or loss	-	US\$ 9,472	-	US\$ 9,472	
CDIB Capital Investment I Limited	<u>Corporate bond</u>							
	CW Longhorn Investment Management, LLC	-	Amortized cost financial assets	11,367	US\$ 11,160	-	US\$ 11,367	
CDIB Capital Investment II Limited	<u>Stocks</u>							
	NY4 Holdings Corporation - Preferred Stock	-	Financial assets at fair value through profit or loss	8,080	US\$ 16,481	100.00	US\$ 16,481	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2026				Note
				Shares/Face Value/Units	Carrying Value	Percentage of Ownership (Note 2)	Fair Value	
CDIB Global Markets Limited	<u>Stocks</u> CDIB Pearl Holding Limited	Subsidiary	Investments accounted for using the equity method	34	US\$ 41,328	100.00	US\$ 41,328	
	<u>Funds</u> M37 Offshore Fund Ltd.	-	Financial assets at fair value through profit or loss	-	US\$ 10,000	-	US\$ 10,000	
	Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF	-	Financial assets at fair value through profit or loss	-	US\$ 26,660	-	US\$ 26,660	
	S3 LB Real Estate Credit A III LP	-	Financial assets at fair value through profit or loss	-	US\$ 9,931	-	US\$ 9,931	
	NexGen Buyout Partners, Fund I, L.P.	Associate	Financial assets at fair value through profit or loss	-	US\$ 23,324	-	US\$ 23,324	
	AIC Tahoe, Limited Partnership	Associate	Financial assets at fair value through profit or loss	-	US\$ 16,361	-	US\$ 16,361	
	<u>Corporate bond</u> Flemingo International (BVI) Ltd.	-	Financial assets at fair value through profit or loss	29,202	US\$ 14,690	-	US\$ 14,690	
	CDIB Real Estate Credit Ltd.	Subsidiary of the parent company	Amortized cost financial assets	42,389	US\$ 29,155	-	US\$ 29,155	
	<u>Convertible (exchange) corporate bond</u> Orchid Investment Holdings	Associate	Financial assets at fair value through profit or loss	28,107	US\$ 16,671	-	US\$ 16,671	
	Connexium Holdings Limited	Associate	Financial assets at fair value through profit or loss	15,000	US\$ 15,000	-	US\$ 15,000	
	Connexium Investments Limited	Associate	Financial assets at fair value through profit or loss	29,450	US\$ 29,450	-	US\$ 29,450	
CDIB Real Estate Credit Limited	<u>Corporate bond</u> 323 Fin Co. Pty Ltd	-	Amortized cost financial assets	42,938	US\$ 28,996	-	US\$ 28,330	
CDIB NY 5 LLC	<u>Stocks</u> QE Parent, LLC	-	Financial assets at fair value through profit or loss	3,023	US\$ 18,750	2.54	US\$ 18,750	
CDIB Venture Capital (Hong Kong) Corporation Limited	<u>Funds</u> CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 165,978	-	HK\$ 165,978	
	CDIB Yida Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK\$ 261,660	-	HK\$ 261,660	
	Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Associate	Financial assets at fair value through profit or loss	-	HK\$ 135,960	-	HK\$ 135,960	
CDIB Management Consulting Corp.	<u>Stocks</u> KGI Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	76,705	\$ 902,317	100.00	\$ 902,317	
Richpoint Company Limited	<u>Stocks</u> KG Investments Holdings Limited	Subsidiary	Investments accounted for using the equity method	156,864	US\$ 718,100	100.00	US\$ 718,100	
KGI Finance Limited	<u>Funds</u> Diamond Head Capital International, Ltd	-	Financial assets at fair value through profit or loss	-	US\$ 14,079	-	US\$ 14,079	
	KGI Global Alpha Opportunities Fund	Associate	Financial assets at fair value through profit or loss	-	US\$ 24,907	-	US\$ 24,907	

Note 1: The Group recognized the related income or loss of investees as required by regulations.

Note 2: The preferred shares held divided by the number of preferred shares outstanding is the percentage of ownership.

Note 3: No securities were treated as collaterals or warrants.

Note 4: The above companies which are the subsidiaries of the Company were eliminated from the consolidated financial statements.

(Concluded)

TABLE 4

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
The Company	CDIB Capital Group	Subsidiary	\$ 609,108 (Note 1)	-	\$ -	-	\$ -	\$ -
	KGI Bank	Subsidiary	925,301 (Note 2)	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	2,536,460 (Note 2)	-	-	-	-	-
	KGI Life Insurance	Subsidiary	5,329,664 (Note 2)	-	-	-	-	-
KGI Life Insurance Co., Ltd.	The Company	The parent company	3,538,665 (Note 3)	-	-	-	-	-
	KGI Bank	Subsidiary of the parent company	599,867 (Note 4)	-	-	-	508,860	-
CDIB Capital Group	CDIB & Partners Investment Holding Corporation	Associate	375,840	-	-	-	375,840	-
KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	Subsidiary of the parent company	511,501	-	-	-	2,109	-
	KGI Asia Limited	Subsidiary of the parent company	5,334,278	-	-	-	5,334,278	-
KGI Securities (Singapore) Pte. Ltd.	KGI Securities (Thailand) Public Company Limited	Associate	3,164,122	-	-	-	3,164,122	-
KGI Hong Kong Limited	KGI Bank	Subsidiary of the parent company	309,593	-	-	-	-	-
KGI International (Hong Kong) Limited	KGI Future (Hong Kong) Limited	Subsidiary of the parent company	751,492	-	-	-	751,492	-
KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	Subsidiary of the parent company	1,262,088	-	-	-	1,262,088	-
KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	Subsidiary of the parent company	338,276	-	-	-	338,276	-
	KGI International (Hong Kong) Limited	Subsidiary of the parent company	393,187	-	-	-	393,187	-

Note 1: Tax receivable result from linked-tax system.

Note 2: Tax receivable result from directors' remuneration and linked-tax system.

Note 3: Tax receivable result from linked-tax system and rental receivables from the leasing of office buildings and other properties.

Note 4: Receivables from the sale of marketable securities and disbursement business (ACH) and other receivables, such as rent receivable from leased premises.

Note 5: The above companies which are the subsidiaries of the Company were eliminated from the consolidated financial statements.

TABLE 5
INFORMATION ON INVESTEE
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Year	Carrying Value, End of Year (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Total		
									Shares	Percentage of Ownership	
The Company	CDIB Capital Group	Taipei City, Taiwan	Venture capital	100.00	\$ 31,469,868	\$ 747,625	2,041,115,913	-	2,041,115,913	100.00	
	KGI Securities	Taipei City, Taiwan	Financial service	100.00	75,530,898	17,908,974	1,817,478,544	-	1,817,478,544	100.00	
	KGI Bank	Taipei City, Taiwan	Commercial bank	100.00	76,170,059	4,234,192	4,703,625,378	-	4,703,625,378	100.00	
	KGI Life Insurance	Taipei City, Taiwan	Life insurance	100.00	349,597,562	7,643,967	5,218,489,672	-	5,218,489,672	100.00	
	KGI Securities Investment Trust Co., Ltd.	Taipei City, Taiwan	Securities investment and trusts	100.00	587,516	82,521	30,000,000	-	30,000,000	100.00	

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Company's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS 9, for example, stock option.

Note 3: The above companies which are the subsidiaries of the Company were eliminated from the consolidated financial statements.

TABLE 6

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	CDIB Capital Group	Venture fund	100.00	100.00	100.00	(Note)
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	KGI Life Insurance Co., Ltd.	Life insurance	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Securities investment and trusts	100.00	100.00	100.00	
CDIB Capital Group	CDIB Capital Management Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Investment	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Investment	100.00	100.00	100.00	
	CDIB Capital International Corporation	Private equity advisory service	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Private equity advisory service	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Private Equity Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Buyout Partners Limited	Private equity advisory service	100.00	100.00	100.00	
	CDIB Asset Backed Financing Partners GP Ltd.	Private equity advisory service	100.00	100.00	100.00	
	CDIB Real Estate Credit Ltd.	Investment	100.00	100.00	100.00	
CDIB Capital Investment I Limited	SCBS 1 Holding Corporation	Investment holdings	100.00	100.00	100.00	
	CDIB X Finance I Holding Limited	Investment	100.00	100.00	100.00	
	CDIB NY5 LLC	Investment holdings	98.15	98.15	98.15	
CDIB Capital Investment II Limited	CDIB TMK Finance Holding Limited	Investment	100.00	100.00	100.00	
CDIB Global Markets Limited	CDIB Pearl Holding Limited	Investment	100.00	100.00	100.00	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Capital Innovation Advisors Corporation	Management and consulting	60.00	60.00	60.00	
	Chung-Hsu Energy Co., Ltd.	Investment	100.00	100.00	100.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	27.08	27.08	27.08	
	CDIB Private Equity (China) Corporation	Management and consulting	100.00	100.00	100.00	
	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	56.00	56.00	56.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
CDIB Private Equity (China) Corporation	CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
	CDIB Private Equity (Fujian) Co., Ltd.	Fund management	70.00	70.00	70.00	
	CDIB Private Equity (Kunshan) Corporation	Fund management	100.00	100.00	100.00	
	CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management	65.00	65.00	65.00	
CDIB Private Equity (Fujian) Co., Ltd.	CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management	20.00	20.00	20.00	
CDIB Yida Private Equity (Kunshan) Co., Ltd.	CDIB Yida Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Fund management	58.34	58.34	58.34	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture fund	100.00	100.00	100.00	
	KGI Futures Co., Ltd.	Futures investment services	99.66	99.62	99.62	
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KGI Limited	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
KGI Limited	KGI Futures (Hong Kong) Limited	Futures brokerage and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Human resources and administration	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	
KGI Capital Asia Limited	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	99.00	
KGI Finance Limited	KGI Global Alpha Opportunities Fund	Funds	-	-	22.42	
KGI Asia (Holdings) Pte. Ltd.	KGI Securities (Singapore) Pte. Ltd.	Securities and futures investment services	100.00	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
	KGI Asset Management Co., Ltd.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
CDIB Management Consulting Corporation	KGI Finance & Leasing Corp. CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	
		Leasing	100.00	100.00	100.00	

Note: CDIB Asset Backed Financing Partners GP Ltd. (formly known as CDIB Asia Secured Credit Opportunities GP Ltd.) was established and registered on September 9, 2021, and renamed CDIB Asset Backed Financing Partners GP Ltd. on March 23, 2026. As of March 31, 2026, CDIB Asset Backed Financing Partners GP Ltd. had not made any capital contribution.

(Concluded)

TABLE 7

**DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS
WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
(In Millions of New Taiwan Dollars; %)**

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
1. The same customer		
National Treasury Administration, Ministry of Finance, R.O.C.	\$ 97,144	20.70
TSMC	85,863	18.30
United States Department of the Treasury	68,609	14.62
Capital Investment Trust Corporation	44,520	9.49
Cathay Securities Investment Trust	39,088	8.33
EMIRATES NBD BANK PJSC	35,507	7.57
Yuanta Securities Investment Trust Co., Ltd.	33,434	7.13
JPMORGAN CHASE & CO	33,143	7.06
BNP-PARIBAS SA	32,041	6.83
AT&T Inc.	31,881	6.79
CITIGROUP INC.	31,326	6.68
Comcast Corporation	30,888	6.58
BARCLAYS PLC	30,718	6.55
Verizon Communications Inc	30,605	6.52
BANK OF AMERICA CORP	30,472	6.49
UNITED MEXICAN STATES	30,448	6.49
Kingdom of Saudi Arabia	29,860	6.36
DEUTSCHE BANK AG	26,345	5.61
Natixis S.A.	25,104	5.35
WELLS FARGO AND COMPANY	24,876	5.30
Corporacion Nacional del Cobre de Chile	24,236	5.17
BANK OF NOVA SCOTIA, TORONTO, CANADA	24,052	5.13
QNB Finance Ltd	23,809	5.07
NOMURA INTL FUNDING PTE	23,769	5.07
ROYAL BANK OF CANADA, TORONTO, CANADA	23,760	5.06
MediaTek Inc.	23,411	4.99
EDF	22,781	4.86
Raytheon Technologies Corporation	22,322	4.76
DELTA ELECTRONICS, INC.	22,251	4.74
GOLDMAN SACHS GROUP INC.	21,887	4.66
Cathay Life Insurance Co., Ltd.	21,263	4.53
Intel Corp.	20,939	4.46
Republic Of Indonesia	20,456	4.36
SOCIETE GENERALE, PARIS, FRANCE.	20,363	4.34
Morgan Stanley	19,939	4.25
Comision Federal de Electricidad	19,533	4.16
UBS AG	19,357	4.13
Fubon Asset Management Co., Ltd.	18,573	3.96

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
HON HAI PRECISION INDUSTRY CO., LTD.	\$ 18,439	3.93
HSBC HOLDINGS PLC	18,138	3.87
MALAYAN BANKING BERHAD (MAYBANK)	17,574	3.75
Walt Disney Co	17,333	3.69
Anheuser-Busch InBev Worldwide Inc.	16,999	3.62
RUSSIAN FEDERATION	16,895	3.60
Petronas Capital Limited	16,227	3.46
FIRST ABU DHABI BANK PJSC	15,893	3.39
REPUBLIC OF PERU	15,753	3.36
NATIONAL AUSTRALIA BANK	15,653	3.34
Oracle Corporation	15,513	3.31
MUFG BANK LTD	15,091	3.22
Tencent Holdings Limited	14,694	3.13
CREDIT AGRICOLE SA	14,367	3.06
Takeda Pharmaceutical Co Ltd	13,970	2.98
STATE OF QATAR	13,902	2.96
STANDARD CHARTERED PLC	13,891	2.96
ADCB Finance (Cayman) Limited	13,690	2.92
CVS Health Corp	13,157	2.80
RELIANCE INDUSTRIES LIMITED	13,118	2.80
CCB Life Insurance Co., Ltd.	13,033	2.78
Southern Copper Corporation	12,987	2.77
Alibaba Group Holding Limited	12,895	2.75
Saudi Arabian Oil Company	12,117	2.58
E.SUN Commercial Bank, Ltd.	12,019	2.56
Sumitomo Mitsui Financial Group Inc	11,984	2.55
COMMONWEALTH BANK OF AUSTRALIA	11,871	2.53
Cooperative Rabobank U.A.	11,594	2.47
Banco Santander SA	11,466	2.44
AMAZON.COM, INC.	11,299	2.41
Suyin KGI Consumer Finance Co., Ltd.	10,872	2.32
Morgan Stanley Finance LLC	10,825	2.31
Fubon Life Insurance Co., Ltd.	10,419	2.22
Lockheed Martin Corporation	10,133	2.16
APPLE INC	10,017	2.13
Far EasTone	9,827	2.09
Taishin International Bank Co., Ltd.	9,542	2.03
CREDIT AGRICOLE CIB SA	9,504	2.03
WESTPAC BANKING CORPORATION, SYDNEY, AUSTRALIA	9,240	1.97
Fubon Financial Holding Co., Ltd.	9,067	1.93
BPCE SA	9,052	1.93
Yuanta Financial Holding Co., Ltd.	8,974	1.91
Yuanta Securities Co., Ltd.	8,794	1.87
SANTANDER INTL PROD PLC	8,755	1.87
PT Pertamina (Persero)	8,720	1.86

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
Bristol-Myers Squibb Co.	\$ 8,347	1.78
ING GROUP NV	8,246	1.76
ACCTON TECHNOLOGY CORPORATION	8,237	1.76
MEGA BILLS FINANCE CO., LTD	8,035	1.71
CTBC Bank Co., Ltd.	8,000	1.71
TAIWAN POWER COMPANY	7,968	1.70
KOMMUNALBANKEN AS	7,959	1.70
Fuh Hwa Securities Investment Trust Co., Ltd.	7,787	1.66
Quanta Computer Inc.	7,708	1.64
Taiwan Cement Corp.	7,660	1.63
CTBC Financial Holding Co., Ltd.	7,569	1.61
Chailease Holding Co., Ltd.	7,562	1.61
Cathay Financial Holdings Co., Ltd.	7,474	1.59
Taishin Securities Investment Trust Co., Ltd.	7,431	1.58
MDGH - GMTN BV	7,367	1.57
GRUPO TELEVISA SAB	7,349	1.57
BANK OF MONTREAL	7,323	1.56
FedEx	7,150	1.52
Abu Dhabi Commercial Bank	7,131	1.52
GinnieMae (GNMA)	7,121	1.52
Cathay United Bank Company Limited	6,999	1.49
FED REPUBLIC OF BRAZIL	6,939	1.48
LLOYDS BANKING GROUP PLC	6,765	1.44
Fubon Securities Co., Ltd	6,545	1.40
Perusahaan Listrik Negara PT	6,538	1.39
Enterprise Products Operating LLC	6,526	1.39
TransCanada PipeLines Limited	6,516	1.39
Anheuser-Busch InBev Finance Inc	6,502	1.39
Union Pacific Corp.	6,461	1.38
Federal Government of the United Arab Emirates	6,367	1.36
MANULIFE FINANCIAL CORP	6,303	1.34
Mitsubishi UFJ Financial Group, Inc.	6,126	1.31
The Export-Import Bank of China	6,110	1.30
BANK SINOPAC CO., LTD.	6,078	1.30
Uni-President Enterprises Corporation	5,915	1.26
CTBC Investments Co., Ltd.	5,599	1.19
CITIC Group	5,596	1.19
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	5,486	1.17
Allianz Global Investors GmbH	5,480	1.17
Fox Corporation	5,450	1.16
PARAMOUNT GLOBAL INDUSTRIES LIMITED	5,405	1.15
First Financial Holding Co., Ltd.	5,326	1.14
TELEFONICA EMISIONES SAU	5,293	1.13
CPC CORPORATION, TAIWAN	5,252	1.12
Wistron Corporation	5,204	1.11

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
ABRDN PLC	\$ 5,089	1.08
Sinopec Group Overseas Development (2018) Limited	5,051	1.08
Nan Shan Life Insurance Company, Ltd.	4,885	1.04
PHOENIX LEAD LTD	4,779	1.02
LLOYDS BANK PLC	4,776	1.02
CHINA CINDA FIN 2017 III	4,745	1.01
BLACKSTONE HOLDINGS FINA	4,738	1.01
Landesbank Baden-Wurttemberg	4,731	1.01
AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch	4,680	1.00
TOTAL CAPITAL INTL SA	4,661	0.99
Australian Government	4,504	0.96
Uni-President Asset Management Corporation	4,478	0.95
Taipei Fubon Commercial Bank Co., Ltd.	4,414	0.94
ROMANIA	4,217	0.90
YAGEO CORPORATION	4,210	0.90
SinoPac Securities Corporation	4,110	0.88
MSIG Mingtai Insurance Company, Limited.	4,101	0.87
Microsoft Corporation	4,050	0.86
KING YUAN ELECTRONICS CO., LTD	4,042	0.86
Yangshanlin Advertsing Co., Ltd.	4,000	0.85
GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD	3,860	0.82
REPUBLIC OF PHILIPPINES	3,808	0.81
ABN AMRO BANK NV	3,654	0.78
AUO Corporation	3,645	0.78
Yuanta Securities Finance Corporation	3,634	0.77
Mizuho Financial Group Inc.	3,626	0.77
Walmart Inc.	3,626	0.77
TS Financial Holding Co., Ltd.	3,624	0.77
Cathay Real Estate Development Co., Ltd.	3,608	0.77
AIA GROUP LTD	3,607	0.77
ASUSTEK COMPUTER INCORPORATION	3,607	0.77
AMERICA MOVIL SAB DE CV	3,514	0.75
Macquarie Super Core Infrastructure	3,506	0.75
Hon. Precision, Inc	3,501	0.75
TAIWAN MOBILE CO., LTD.	3,460	0.74
REPUBLIC OF CHILE	3,434	0.73
Jing-Du Construction Co., Ltd.	3,418	0.73
HUA NAN COMMERCIAL BANK LTD.	3,405	0.73
NTT FINANCE CORPORATION	3,330	0.71
HSBC BANK PLC	3,323	0.71
Brookfield Super-Core Infra NUS L.P	3,316	0.71
FANNIE MAE	3,311	0.71
SinoPac Securities Investment Trust Co., Ltd.	3,296	0.70
MEGA FINANCIAL HOLDING COMPANY LIMITED	3,267	0.70

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
Macquarie Group Limited	\$ 3,242	0.69
Pfizer Investment Enterprises Pte. Ltd.	3,230	0.69
CHAILEASE FINANCE CO., LTD.	3,194	0.68
AXA SA	3,184	0.68
Hyundai Capital America	3,101	0.66
Qualcomm Incorporated	3,099	0.66
BROOKFIELD INFRA IV-A LP	3,011	0.64
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	3,011	0.64
SUPREME ELECTRONICS CO., Ltd.	3,008	0.64
Total	\$ 2,266,802	483.13
2. The same group		
TSMC Group	\$ 90,399	19.27
Lin Yuan Group	79,644	16.97
Yuanta Group	56,549	12.05
Fubon Group	54,132	11.54
HONG TAI Group	51,114	10.89
Investment Corp of Dubai Group	35,507	7.57
BPCE Group	34,388	7.33
CITI Group	33,900	7.23
JPMORGAN CHASE Group	33,797	7.20
BNP Paribas Group	32,113	6.84
AT&T Inc Group	31,881	6.79
MORGAN STANLE Group	30,900	6.59
COMCAST Group	30,888	6.58
Barclays Bank Group	30,718	6.55
Verizon Communications Inc Group	30,605	6.52
Bank of America Group	30,474	6.49
Taishin Shin Kong Group	28,248	6.02
Deutsche Bank Group	26,345	5.61
NOMURA Group	26,298	5.60
HSBC Group	25,956	5.53
Foxconn Technology Group	25,762	5.49
Goldman Sachs Group	25,747	5.49
Wells Fargo Bank Group	24,977	5.32
Qatar National Bank Group	24,446	5.21
Codelco Group	24,236	5.17
CTBC Group	24,069	5.13
BANK OF NOVA SCOTIA Group	24,052	5.13
Credit Agricole SA Group	23,873	5.09
Anheuser-Busch InBev Group	23,810	5.07
Royal Bank of Canada Group	23,760	5.06
MediaTek Inc. Group	23,432	4.99
Societe Generale Group	22,624	4.82
Raytheon Company Group	22,322	4.76
Delta Electronics Group	22,251	4.74

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
MUFG Group	\$ 21,217	4.52
Intel Group	20,939	4.46
Abu Dhabi Commercial Bank Group	20,821	4.44
UBS Group	20,376	4.34
BANCO SANTANDER SA Group	20,221	4.31
COMISION FEDERAL DE ELEC Group	19,533	4.16
YFY Group	17,826	3.80
Malayan Banking Berhad Group	17,574	3.75
The Walt Disney Company Group	17,333	3.69
PETRONAS Group	16,227	3.46
Far Eastern Group	15,877	3.38
FAB Group	15,782	3.36
National Australia Bank Group	15,653	3.34
RELIANCE INDUSTRIES LIMITED Group	15,544	3.31
Oracle Group	15,513	3.31
Saudi Arabian Oil Co Group	15,044	3.21
Chailease Group	14,850	3.16
Mega Financial Holding Group	14,835	3.16
Tencent Group	14,694	3.13
Uni President Group	14,080	3.00
TAKEDA PHARMACEUTICAL Group	13,970	2.98
Standard Chartered Group	13,891	2.96
China Construction Bank Group	13,049	2.78
E.SUN Financial Holding Group	13,022	2.78
Mexico Group	12,987	2.77
Alibaba Group	12,895	2.75
SUMITOMO MITSUI GROUP	12,061	2.57
Commonwealth Bank of Australia Group	11,871	2.53
RABOBANK Group	11,594	2.47
LLOYDSBK Group	11,541	2.46
Amazon.com, Inc. Group	11,299	2.41
Taiwan Cement Group	10,917	2.33
Bank of Jiangsu Group	10,872	2.32
Lockheed Martin International Group	10,133	2.16
APPLE INC Group	10,017	2.13
First Financial Holding Group	9,906	2.11
JSL Group	9,533	2.03
Westpac Banking Group	9,240	1.97
PERTAMINA Group	8,720	1.86
Bristol-Myers Squibb Group	8,347	1.78
ING Group	8,259	1.76
Brookfield Asset Management Inc. Group	8,191	1.75
Kongeriket Norge Group	7,959	1.70
Fuh Hwa Securities Investment Trust Group	7,787	1.66
MACQUARIE Group	7,729	1.65

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
Wistron Corporation Group	\$ 7,726	1.65
Quanta Group	7,708	1.64
MAMOURA DIVERSIFIED GLOBAL HOLDING Group	7,367	1.57
GRUPO TELEVISA SAB	7,349	1.57
Bank of Montreal Group	7,323	1.56
FedEx Group	7,150	1.52
China Citic Bank Corporation Limited Group	7,014	1.49
State Power Corporation of China Group	6,538	1.39
Enterprise Products Partners L.P. Group	6,526	1.39
TC Energy Corporation Group	6,516	1.39
Union Pacific Corp	6,461	1.38
Jingdu Construction Group	6,375	1.36
Manulife Financial Corporation - S Group	6,303	1.34
Ruentex Group	6,241	1.33
China Cinda Group	6,019	1.28
The Blackstone Group L.P.	5,801	1.24
PFIZER LIMITED Group	5,799	1.24
KKR FUND Group	5,705	1.22
UMC Group	5,687	1.21
China Citic Bank Corporation Limited Group	5,614	1.20
Supreme Electronics Group	5,587	1.19
Mizuho Group	5,586	1.19
ANZ Group Holdings Ltd Group	5,486	1.17
Allianz SE Group	5,480	1.17
Fox Corporation Group	5,450	1.16
Paramount Global Group	5,405	1.15
Hyundai Motor Company Group	5,392	1.15
Yulon Group	5,389	1.15
Cheung Kong Holdings Group	5,379	1.15
Gateway Real Estate Fund Group	5,362	1.14
Telefónica, S.A. Group	5,293	1.13
AU Optronics Group	5,230	1.11
ASUS Group	5,168	1.10
Hua Nan Financial Holdings Group	5,149	1.10
ABRDN PLC Group	5,089	1.08
Taiwan Cooperative Group	4,905	1.05
Baden-Württemberg Group	4,731	1.01
Kinpo Group	4,722	1.01
AIG Group	4,680	1.00
Total Corporation Group	4,661	0.99
HOTAI Group	4,446	0.95
CTCI Group	4,274	0.91
YAGEO Group	4,259	0.91
Foxlink Group	4,247	0.91
Hsin Lung Holdings Group	4,211	0.90

(Continued)

Counterparty	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Company (%)
Microsoft Corporation Group	\$ 4,050	0.86
KING YUAN ELECTRONICS Group	4,042	0.86
WPG Holdings Group	3,939	0.84
ABN AMRO GROUP	3,654	0.78
HALE logistics Group	3,632	0.77
Walmart Stores Group	3,626	0.77
Royal Dutch/Shell Group of Companies	3,626	0.77
AIA Group	3,607	0.77
America Movil S.A.B de C.V. Group	3,514	0.75
TAYA Group	3,498	0.75
StorHub Group	3,459	0.74
EQT BPEA Group	3,331	0.71
ASE Holdings Group	3,323	0.71
Formosa Plastic Group	3,244	0.69
AXA Group	3,184	0.68
Softbank Group	3,128	0.67
China Man-Made Fiber Group	3,107	0.66
Qualcomm Group	3,099	0.66
Tung Feng Construction Group	3,028	0.65
Total	\$ 2,061,840	439.44

(Concluded)

TABLE 8**CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME**The Company

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	June 30, 2026	December 31, 2025 (Restated)	June 30, 2026 (Restated)	January 1, 2025 (Restated)
Cash and cash equivalents	\$ 14,218,063	\$ 1,230,303	\$ 17,113,682	\$ 1,624,951
Receivables, net	466,999	431,408	85,469	361,660
Current tax assets	9,809,233	9,262,592	5,276,934	6,216,017
Investments accounted for using the equity method, net	533,355,903	421,026,093	398,689,068	459,757,405
Other financial assets	300	300	300	300
Right-of-use assets, net	684,763	721,264	702,383	721,780
Property and equipment, net	198,942	217,538	221,002	241,557
Other assets, net	<u>355,012</u>	<u>403,437</u>	<u>425,311</u>	<u>477,163</u>
Total	<u>\$ 559,089,215</u>	<u>\$ 433,292,935</u>	<u>\$ 422,514,149</u>	<u>\$ 469,400,833</u>
Liabilities and Equity				
<u>Liabilities</u>				
Commercial paper payable, net	\$ 8,819,800	\$ 9,399,915	\$ 15,349,825	\$ 10,399,786
Payables	20,361,202	2,329,386	16,854,058	2,311,661
Current tax liabilities	11,936,388	10,649,067	6,965,189	7,042,398
Bonds payable	48,000,000	48,000,000	41,400,000	47,000,000
Other borrowings	-	-	620,000	-
Lease liabilities	752,205	789,503	760,150	784,918
Other liabilities	<u>19,091</u>	<u>2,942</u>	<u>18,730</u>	<u>432</u>
Total liabilities	<u>89,888,686</u>	<u>71,170,813</u>	<u>81,967,952</u>	<u>67,539,195</u>
<u>Equity</u>				
Capital				
Common stock	169,748,470	169,748,470	168,079,317	168,080,953
Preferred stock	15,821,424	15,821,424	15,821,424	15,821,424
Share dividends to be distributed	-	-	1,680,729	-
Share capital awaiting retirement	(2,336)	-	(8,331)	(1,636)
Capital surplus	33,702,594	33,758,864	33,747,556	33,736,912
Retained earnings				
Legal reserve	24,111,845	21,086,902	21,086,902	17,591,149
Special reserve	42,643,198	44,295,851	44,295,851	39,120,659
Unappropriated earnings	189,257,866	130,158,428	83,338,795	138,836,232
Other equity	<u>(6,082,532)</u>	<u>(52,747,817)</u>	<u>(27,496,046)</u>	<u>(11,324,055)</u>
Total equity	<u>469,200,529</u>	<u>362,122,122</u>	<u>340,546,197</u>	<u>401,861,638</u>
Total	<u>\$ 559,089,215</u>	<u>\$ 433,292,935</u>	<u>\$ 422,514,149</u>	<u>\$ 469,400,833</u>

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)				
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025 (Restated)	2026	2025 (Restated)
REVENUES				
Share of profit (loss) of subsidiaries, associates and joint ventures	\$ 18,466,726	\$ (23,190,717)	\$ 31,077,196	\$ (28,381,982)
Others	<u>5,071</u>	<u>10,564</u>	<u>16,402</u>	<u>32,268</u>
Total revenues	<u>18,471,797</u>	<u>(23,180,153)</u>	<u>31,093,598</u>	<u>(28,349,714)</u>
EXPENSES AND LOSSES				
Operating expenses	(878,403)	(248,862)	(1,535,270)	(795,558)
Others	<u>(191,588)</u>	<u>(176,433)</u>	<u>(376,823)</u>	<u>(346,503)</u>
Total expenses and losses	<u>(1,069,991)</u>	<u>(425,295)</u>	<u>(1,912,093)</u>	<u>(1,142,061)</u>
NET (LOSS) PROFIT BEFORE INCOME TAX	17,401,806	(23,605,448)	29,181,505	(29,491,775)
INCOME TAX EXPENSE	<u>(651,379)</u>	<u>(513,262)</u>	<u>(741,379)</u>	<u>(863,262)</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>16,750,427</u>	<u>(24,118,710)</u>	<u>28,440,126</u>	<u>(30,355,037)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss, net of income tax				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	92,896,139	1,384,062	103,868,044	1,734,411
Income tax relating to the items that will not be reclassified subsequently to profit or loss	(4,655,826)	(215,825)	(5,596,294)	(212,817)
Items that will be reclassified subsequently to profit or loss, net of income tax				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	13,548,520	(26,941,438)	36,079,722	(21,381,180)
Income tax relating to the items that may be reclassified subsequently to profit or loss	<u>(2,519,321)</u>	<u>4,429,809</u>	<u>(7,492,251)</u>	<u>3,660,340</u>
Other comprehensive income (loss) for the period, net of income tax	<u>99,269,512</u>	<u>(21,343,392)</u>	<u>126,859,221</u>	<u>(16,199,246)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 116,019,939</u>	<u>\$ (45,462,102)</u>	<u>\$ 155,299,347</u>	<u>\$ (46,554,283)</u>
BASIC EARNINGS (LOSS) PER SHARE	<u>\$0.95</u>	<u>\$(1.46)</u>	<u>\$1.64</u>	<u>\$(1.83)</u>
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$0.95</u>	<u>\$(1.46)</u>	<u>\$1.64</u>	<u>\$(1.83)</u>

(Continued)

3. Statements of changes in equity

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

	Equity Attributable to Owners of the Parent															
									Other Equity							
	Capital				Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Insurance finance Income or Expenses Recognized Other Comprehensive Income (Loss)	Finance Income or Expenses from Reinsurance Contracts Held Recognized Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss) on Reclassified Using the Overlay Approach	Equity on Hedging Instruments	Others	Total Equity
	Common Stock	Preferred Stock	Share Dividends to Be Distributed	Share Capital Awaiting Retirement	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE ON JANUARY 1, 2025	\$ 168,080,953	\$ 15,821,424	\$ -	\$ (1,636)	\$ 33,736,912	\$ 17,591,149	\$ 39,120,659	\$ 53,634,530	\$ 1,717,580	\$ (13,425,355)	\$ -	\$ -	\$ (8,967,738)	\$ 1,722	\$ (153,734)	\$ 307,156,466
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	85,201,702	-	(17,107)	569,480	(16,641)	8,967,738	-	-	94,705,172
BALANCE ON JANUARY 1, 2025 AS RESTATED	168,080,953	15,821,424	-	(1,636)	33,736,912	17,591,149	39,120,659	138,836,232	1,717,580	(13,442,462)	569,480	(16,641)	-	1,722	(153,734)	401,861,638
Appropriation of the 2024 earnings																
Legal reserve	-	-	-	-	-	3,495,753	-	(3,495,753)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	5,175,192	(5,175,192)	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(14,286,193)	-	-	-	-	-	-	-	(14,286,193)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(561,661)	-	-	-	-	-	-	-	(561,661)
Share dividends - common shares	-	-	1,680,729	-	-	-	-	(1,680,729)	-	-	-	-	-	-	-	-
	-	-	1,680,729	-	-	3,495,753	5,175,192	(25,199,528)	-	-	-	-	-	-	-	(14,847,854)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	7
Net profit for the six months ended June 30, 2025	-	-	-	-	-	-	-	(30,355,037)	-	-	-	-	-	-	-	(30,355,037)
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	-	1	(4,907,192)	4,057,777	(15,066,094)	(282,428)	-	(1,310)	-	(16,199,246)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	-	(30,355,036)	(4,907,192)	4,057,777	(15,066,094)	(282,428)	-	(1,310)	-	(46,554,283)
Share-based payments	(1,636)	-	-	(6,695)	10,637	-	-	968	-	-	-	-	-	-	83,415	86,689
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	56,159	-	(56,159)	-	-	-	-	-	-
BALANCE ON JUNE 30, 2025	\$ 168,079,317	\$ 15,821,424	\$ 1,680,729	\$ (8,331)	\$ 33,747,556	\$ 21,086,902	\$ 44,295,851	\$ 83,338,795	\$ (3,189,612)	\$ (9,440,844)	\$ (14,496,614)	\$ (299,069)	\$ -	\$ 412	\$ (70,319)	\$ 340,546,197
BALANCE ON DECEMBER 31, 2025	\$ 169,748,470	\$ 15,821,424	\$ -	\$ -	\$ 33,758,864	\$ 21,086,902	\$ 44,295,851	\$ 130,158,428	\$ 319,912	\$ (5,514,039)	\$ (46,883,118)	\$ (636,421)	\$ -	\$ 417	\$ (34,568)	\$ 362,122,122
Effect of redesignation of financial assets	-	-	-	-	-	-	-	10,342,485	-	(40,893,564)	-	-	-	-	-	(30,551,079)
BALANCE ON JANUARY 1, 2026 AS REDESIGNATED OF FINANCIAL ASSETS	169,748,470	15,821,424	-	-	33,758,864	21,086,902	44,295,851	140,500,913	319,912	(46,407,603)	(46,883,118)	(636,421)	-	417	(34,568)	331,571,043
Appropriation of the 2025 earnings																
Legal reserve	-	-	-	-	-	3,024,943	-	(3,024,943)	-	-	-	-	-	-	-	-
Special reserve reversal	-	-	-	-	-	-	(1,652,653)	1,652,653	-	-	-	-	-	-	-	-
Cash dividends - common shares	-	-	-	-	-	-	-	(16,974,707)	-	-	-	-	-	-	-	(16,974,707)
Cash dividends - preferred shares	-	-	-	-	-	-	-	(561,661)	-	-	-	-	-	-	-	(561,661)
	-	-	-	-	-	3,024,943	(1,652,653)	(18,908,658)	-	-	-	-	-	-	-	(17,536,368)
Share of profit or loss of associates and joint ventures accounted for using equity method	-	-	-	-	(70,983)	-	-	(109,794)	-	-	-	-	-	-	-	(180,777)
Net profit for the six months ended June 30, 2026	-	-	-	-	-	-	-	28,440,126	-	-	-	-	-	-	-	28,440,126
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	-	-	-	879,455	91,358,417	34,145,863	475,906	-	(420)	-	126,859,221
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	-	-	28,440,126	879,455	91,358,417	34,145,863	475,906	-	(420)	-	155,299,347
Share-based payments	-	-	-	(2,336)	14,713	-	-	339	-	-	-	-	-	-	34,568	47,284
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	39,334,940	-	(39,334,940)	-	-	-	-	-	-
BALANCE ON JUNE 30, 2026	\$ 169,748,470	\$ 15,821,424	\$ -	\$ (2,336)	\$ 33,702,594	\$ 24,111,845	\$ 42,643,198	\$ 189,257,866	\$ 1,199,367	\$ 5,615,874	\$ (12,737,255)	\$ 160,515	\$ -	\$ (3)	\$ -	\$ 469,200,529

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2026	2025 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	\$ 29,181,505	\$ (29,491,775)
Adjustments for:		
Depreciation and amortization expenses	75,202	71,782
Interest expense	373,044	342,423
Interest income	(8,676)	(14,878)
Share-based payment compensation cost	20,167	27,226
Share of profit of subsidiaries, associates and joint ventures	(30,617,279)	28,464,982
Others	322	-
Changes in operating assets and liabilities		
Receivables	4,902,922	2,231,643
Other assets	42,430	44,069
Payables	250,564	(1,824,595)
Other liabilities	16,094	18,298
Interest paid	(133,434)	(186,194)
Interest received	7,114	14,033
Dividends received	14,441,627	16,462,611
Income tax paid	<u>(4,937,651)</u>	<u>(590,657)</u>
Net cash generated from operating activities	<u>13,613,951</u>	<u>15,568,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,231)	(2,801)
Others	<u>(2,941)</u>	<u>(7,336)</u>
Net cash used in investing activities	<u>(7,172)</u>	<u>(10,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	(580,115)	4,950,040
Repayments of corporate bonds	-	(5,600,000)
Increase (decrease) in other borrowings	-	620,000
Others	<u>(38,904)</u>	<u>(40,140)</u>
Net cash used in financing activities	<u>(619,019)</u>	<u>(70,100)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,987,760	15,488,731
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,230,303</u>	<u>1,624,951</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 14,218,063</u>	<u>\$ 17,113,682</u>

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025	June 30, 2025
Cash and cash equivalents, due from the Central Bank and call loans to banks	\$ 105,872,091	\$ 67,160,625	\$ 66,483,588
Financial assets at fair value through profit or loss	39,898,696	44,670,881	45,857,779
Financial assets at fair value through other comprehensive income	139,675,422	118,680,271	125,438,805
Debt instruments measured at amortized cost	75,361,750	82,509,065	72,335,469
Financial assets for hedging	240,877	103,094	153,205
Securities purchased under resell agreements	24,299,154	35,924,465	49,677,895
Receivables, net	30,084,633	21,726,114	20,994,988
Discounts and loans, net	536,540,221	525,257,255	502,602,584
Investments accounted for using the equity method, net	14,711,213	14,060,262	12,526,283
Other financial assets, net	-	314,380	2,990,200
Property and equipment, net	5,193,830	5,165,215	5,048,233
Right-of-use assets, net	2,641,143	2,708,709	2,567,418
Investment property, net	1,670,720	1,678,215	1,723,091
Deferred tax assets	470,257	508,896	505,949
Other assets, net	<u>13,811,709</u>	<u>14,005,177</u>	<u>5,483,833</u>
Total assets	<u>\$ 990,471,716</u>	<u>\$ 934,472,624</u>	<u>\$ 914,389,320</u>
Deposits from the Central Bank and banks	\$ 8,866,326	\$ 9,772,012	\$ 15,615,366
Financial liabilities at fair value through profit or loss	19,486,833	22,704,871	33,643,312
Financial liabilities for hedging	711,567	820,134	616,003
Notes and bonds issued under repurchase agreements	67,986,663	51,953,012	38,345,722
Payables	7,916,781	6,036,430	8,143,689
Current tax liabilities	1,013,734	1,399,637	1,235,840
Deposits and remittances	725,894,152	685,954,228	665,620,838
Bank debentures payable	26,722,956	26,685,014	24,023,227
Principal received on structured products	36,952,889	35,012,291	37,371,517
Provisions	334,964	397,010	359,690
Lease liabilities	2,854,220	2,895,207	2,751,500
Deferred tax liabilities	627,087	570,305	307,469
Other liabilities	<u>15,754,911</u>	<u>11,813,657</u>	<u>13,249,154</u>
Total liabilities	<u>915,123,083</u>	<u>856,013,808</u>	<u>841,283,327</u>
Common stock	47,036,254	47,036,254	47,036,254
Capital surplus	8,027,786	8,053,952	8,045,048
Retained earnings	20,969,972	24,060,108	20,647,868
Other equity	<u>(685,379)</u>	<u>(691,498)</u>	<u>(2,623,177)</u>
Total equity	<u>75,348,633</u>	<u>78,458,816</u>	<u>73,105,993</u>
Total liabilities and equity	<u>\$ 990,471,716</u>	<u>\$ 934,472,624</u>	<u>\$ 914,389,320</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest revenue	\$ 7,154,200	\$ 6,536,302	\$ 13,842,761	\$ 13,176,393
Interest expense	<u>(3,739,353)</u>	<u>(4,061,820)</u>	<u>(7,371,315)</u>	<u>(8,548,081)</u>
Interest profit, net	3,414,847	2,474,482	6,471,446	4,628,312
Noninterest profits and gains, net	<u>1,789,447</u>	<u>1,696,700</u>	<u>3,527,184</u>	<u>3,893,893</u>
Total net revenues	5,204,294	4,171,182	9,998,630	8,522,205
Allowance for bad debts and losses on commitments and guarantees, net	(179,532)	(99,450)	(139,175)	(407,884)
Operating expenses	<u>(2,477,968)</u>	<u>(2,149,635)</u>	<u>(4,857,339)</u>	<u>(4,230,819)</u>
Net profit before income tax	2,546,794	1,922,097	5,002,116	3,883,502
Income tax expense	<u>(369,713)</u>	<u>(249,514)</u>	<u>(725,735)</u>	<u>(504,517)</u>
Net profit for the period	2,177,081	1,672,583	4,276,381	3,378,985
Other comprehensive income (loss) for the period, net of income tax	<u>451,695</u>	<u>(145,704)</u>	<u>7,849</u>	<u>577,117</u>
Total comprehensive income (loss) for the period	<u>\$ 2,628,776</u>	<u>\$ 1,526,879</u>	<u>\$ 4,284,230</u>	<u>\$ 3,956,102</u>
Basic earnings per share (NT\$)	<u>\$0.46</u>	<u>\$0.36</u>	<u>\$0.91</u>	<u>\$0.72</u>

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	\$ 621,929,581	\$ 399,407,838	\$ 325,535,889
Noncurrent assets	<u>51,088,739</u>	<u>43,658,782</u>	<u>41,048,064</u>
Total assets	<u>\$ 673,018,320</u>	<u>\$ 443,066,620</u>	<u>\$ 366,583,953</u>
Current liabilities	\$ 571,459,068	\$ 366,509,911	\$ 295,431,395
Noncurrent liabilities	<u>20,789,807</u>	<u>8,116,438</u>	<u>11,845,391</u>
Total liabilities	<u>592,248,875</u>	<u>374,626,349</u>	<u>307,276,786</u>
Common stock	21,174,785	18,174,785	18,174,785
Capital surplus	7,446,525	7,437,813	7,431,529
Retained earnings	52,769,653	43,445,689	35,645,408
Other equity	<u>(621,518)</u>	<u>(618,016)</u>	<u>(1,944,555)</u>
Total equity	<u>80,769,445</u>	<u>68,440,271</u>	<u>59,307,167</u>
Total liabilities and equity	<u>\$ 673,018,320</u>	<u>\$ 443,066,620</u>	<u>\$ 366,583,953</u>

2. Condensed statements of comprehensive income

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Revenues	\$ 18,532,476	\$ 5,907,957	\$ 30,697,738	\$ 11,603,755
Costs and expenses	<u>(9,794,758)</u>	<u>(4,543,396)</u>	<u>(16,454,527)</u>	<u>(8,988,785)</u>
Profit from operations	<u>8,737,718</u>	<u>1,364,561</u>	<u>14,243,211</u>	<u>2,614,970</u>
Share of profit of subsidiaries, associates and joint ventures	2,210,897	380,389	2,952,808	932,330
Other income and loss	<u>2,362,726</u>	<u>408,556</u>	<u>2,844,011</u>	<u>793,324</u>
Total non-operating income or loss	<u>4,573,623</u>	<u>788,945</u>	<u>5,796,819</u>	<u>1,725,654</u>
Net profit before income tax	13,311,341	2,153,506	20,040,030	4,340,624
Income tax expense	<u>(1,280,895)</u>	<u>(286,936)</u>	<u>(2,103,746)</u>	<u>(630,897)</u>
Net profit for the period	12,030,446	1,866,570	17,936,284	3,709,727
Other comprehensive income (loss) for the period, net of income tax	<u>91,596</u>	<u>(1,482,943)</u>	<u>(3,502)</u>	<u>(771,225)</u>
Total comprehensive income for the period	<u>\$ 12,122,042</u>	<u>\$ 383,627</u>	<u>\$ 17,932,782</u>	<u>\$ 2,938,502</u>
Basic earnings per share (NT\$)	<u>\$6.62</u>	<u>\$1.03</u>	<u>\$9.87</u>	<u>\$2.04</u>

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	\$ 903,902	\$ 310,047	\$ 830,469
Noncurrent assets	<u>37,432,783</u>	<u>36,893,165</u>	<u>34,867,000</u>
Total assets	<u>\$ 38,336,685</u>	<u>\$ 37,203,212</u>	<u>\$ 35,697,469</u>
Current liabilities	\$ 5,996,354	\$ 5,751,883	\$ 6,526,950
Noncurrent liabilities	<u>431,516</u>	<u>439,478</u>	<u>486,770</u>
Total liabilities	<u>6,427,870</u>	<u>6,191,361</u>	<u>7,013,720</u>
Common stock	20,411,159	20,411,159	20,411,159
Capital surplus	717,291	752,200	750,975
Retained earnings	8,116,564	7,357,599	6,963,832
Other equity	<u>2,663,801</u>	<u>2,490,893</u>	<u>557,783</u>
Total equity	<u>31,908,815</u>	<u>31,011,851</u>	<u>28,683,749</u>
Total liabilities and equity	<u>\$ 38,336,685</u>	<u>\$ 37,203,212</u>	<u>\$ 35,697,469</u>

2. Condensed statements of comprehensive income

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating revenues	\$ 801,624	\$ 259,291	\$ 1,204,165	\$ 382,608
Operating expenses	<u>(194,257)</u>	<u>(86,459)</u>	<u>(392,624)</u>	<u>(203,242)</u>
Gross profit	607,367	172,832	811,541	179,366
Non-operating income and expenses	<u>(21,014)</u>	<u>(29,000)</u>	<u>(38,847)</u>	<u>(51,555)</u>
Profit from operations	586,353	143,832	772,694	127,811
Income tax expense	<u>(23,273)</u>	<u>(10,091)</u>	<u>(23,761)</u>	<u>(10,740)</u>
Net profit for the period	563,080	133,741	748,933	117,071
Other comprehensive income (loss) for the period, net of income tax	<u>50,371</u>	<u>(2,582,004)</u>	<u>182,940</u>	<u>(2,191,829)</u>
Total comprehensive income (loss) for the period	<u>\$ 613,451</u>	<u>\$ (2,448,263)</u>	<u>\$ 931,873</u>	<u>\$ (2,074,758)</u>
Basic earnings per share (NT\$)	<u>\$0.28</u>	<u>\$0.07</u>	<u>\$0.37</u>	<u>\$0.06</u>

(Continued)

KGI Life Insurance Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025 (Restated)	June 30, 2025 (Restated)
Cash and cash equivalents	\$ 41,549,872	\$ 45,526,446	\$ 69,344,990
Receivables	23,429,580	19,981,011	18,409,673
Current tax assets	3,524,355	4,405,857	4,405,857
Financial assets at fair value through profit or loss	130,876,718	479,687,679	442,732,643
Financial assets at fair value through other comprehensive income	869,331,329	90,704,883	64,649,773
Financial assets measured at amortized cost	1,238,683,186	1,583,861,316	1,526,591,514
Investments accounted for using the equity method, net	2,223,349	2,432,966	2,267,935
Investment property	84,591,522	66,416,880	66,663,873
Loans	3,184,428	731,212	316,718
Insurance assets	8,820	136,259	35,372
Reinsurance assets	166,279	175,395	159,930
Property and equipment	10,365,053	10,455,389	10,478,753
Right-of-use assets	4,634,998	4,678,556	4,707,148
Intangible assets	561,241	577,571	561,917
Deferred tax assets	27,469,894	31,792,053	17,603,501
Other assets	17,912,691	34,679,731	8,012,836
Separate account product assets	<u>185,539,065</u>	<u>139,165,020</u>	<u>115,993,942</u>
Total assets	<u>\$ 2,644,052,380</u>	<u>\$ 2,515,408,224</u>	<u>\$ 2,352,936,375</u>
Payables	\$ 10,711,272	\$ 10,070,889	\$ 8,321,927
Current tax liabilities	5,247,952	3,288,863	590,561
Financial liabilities at fair value through profit or loss	83,233,814	91,689,481	58,973,455
Bonds payables	50,000,000	30,000,000	30,000,000
Lease liabilities	3,638,341	1,933,467	1,930,060
Insurance liabilities	1,995,160,867	2,003,450,479	1,921,003,762
Reinsurance liabilities	12,692,174	13,512,613	13,025,058
Provisions	34,279	33,737	40,695
Deferred tax liabilities	36,739,539	38,990,473	36,295,780
Other liabilities	<u>97,845,619</u>	<u>77,526,155</u>	<u>44,540,514</u>
Total liabilities	<u>2,295,303,857</u>	<u>2,270,496,157</u>	<u>2,114,721,812</u>
Common stock	52,684,896	52,184,896	52,184,896
Capital surplus	7,485,909	7,481,373	7,472,940
Retained earnings	288,313,298	231,608,381	194,750,694
Others	<u>264,420</u>	<u>(46,362,583)</u>	<u>(16,193,967)</u>
Total equity	<u>348,748,523</u>	<u>244,912,067</u>	<u>238,214,563</u>
Total liabilities and equity	<u>\$ 2,644,052,380</u>	<u>\$ 2,515,408,224</u>	<u>\$ 2,352,936,375</u>

(Continued)

2. Condensed statements of comprehensive income

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025 (Restated)	2026	2025 (Restated)
Insurance service results	\$ 3,814,468	\$ 3,836,614	\$ 8,369,602	\$ 7,585,501
Financial results	3,791,383	(34,577,256)	5,601,463	(43,613,010)
Other operating results	<u>(2,491,733)</u>	<u>(1,001,503)</u>	<u>(4,009,991)</u>	<u>2,980,508)</u>
Profit (loss) from operations	5,114,118	(31,742,145)	9,961,074	(39,008,017)
Non-operating income and expenses	<u>9,325</u>	<u>10,537</u>	<u>18,930</u>	<u>25,579</u>
Income (loss) from continuing operations before income tax	5,123,443	(31,731,608)	9,980,004	(38,982,438)
Income tax benefit (expense)	<u>(717,400)</u>	<u>5,683,625</u>	<u>(777,489)</u>	<u>4,302,096</u>
Net profit (loss) for the period	4,406,043	(26,047,983)	9,202,515	(34,680,342)
Other comprehensive income (loss) for the period, net of income tax	<u>98,687,567</u>	<u>(17,048,071)</u>	<u>126,680,484</u>	<u>(13,738,069)</u>
Total comprehensive income (loss) for the period	<u>\$ 103,093,610</u>	<u>\$ (43,096,054)</u>	<u>\$ 135,882,999</u>	<u>\$ (48,418,411)</u>
Basic earnings (loss) per share (NT\$)	<u>\$0.84</u>	<u>\$(5.00)</u>	<u>\$1.76</u>	<u>\$(6.65)</u>

(Continued)

KGI Securities Investment Trust Co., Ltd.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	\$ 531,033	\$ 557,314	\$ 488,339
Noncurrent assets	<u>375,759</u>	<u>385,168</u>	<u>370,814</u>
Total assets	<u>\$ 906,792</u>	<u>\$ 942,482</u>	<u>\$ 859,153</u>
Current liabilities	\$ 221,136	\$ 256,546	\$ 173,112
Noncurrent liabilities	<u>98,140</u>	<u>113,723</u>	<u>132,131</u>
Total liabilities	<u>319,276</u>	<u>370,269</u>	<u>305,243</u>
Common stock	300,000	300,000	300,000
Capital surplus	137,960	137,327	136,695
Retained earnings	147,592	132,921	115,834
Others	<u>1,964</u>	<u>1,965</u>	<u>1,381</u>
Total equity	<u>587,516</u>	<u>572,213</u>	<u>553,910</u>
Total liabilities and equity	<u>\$ 906,792</u>	<u>\$ 942,482</u>	<u>\$ 859,153</u>

2. Condensed statements of comprehensive income

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating revenues	\$ 313,087	\$ 229,614	\$ 588,581	\$ 467,264
Operating expense	<u>(262,649)</u>	<u>(201,645)</u>	<u>(488,425)</u>	<u>(396,973)</u>
Profit from operations	50,438	27,969	100,156	70,291
Non-operating income and expenses	<u>1,819</u>	<u>1,013</u>	<u>3,826</u>	<u>1,940</u>
Net profit before income tax	52,257	28,982	103,982	72,231
Income tax expense	<u>(10,859)</u>	<u>(5,302)</u>	<u>(21,461)</u>	<u>(13,930)</u>
Net profit for the period	41,398	23,680	82,521	58,301
Other comprehensive income (loss) for the period, net of income tax	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 41,397</u>	<u>\$ 23,680</u>	<u>\$ 82,520</u>	<u>\$ 58,301</u>
Basic earnings per share (NT\$)	<u>\$1.38</u>	<u>\$0.79</u>	<u>\$2.75</u>	<u>\$1.94</u>

(Concluded)

TABLE 9

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2026	Accumulated Inward Remittance of Earnings as of June 30, 2026
					Outflow	Inflow						
Beauty Essential International (Shanghai) Ltd.	Sale and R&D of the cosmetics.	US\$ 2,000 thousand	Note 1,b,1)	US\$ 2,262 thousand	\$ -	\$ -	US\$ 2,262 thousand	(Note 3)	8.86	\$ -	\$ 67,536	\$ -
Beauteek (Shanghai) Co., Ltd.	Cosmetics and skin care products sales.	US\$ 1,700 thousand	Note 1,b,1)	US\$ 53 thousand	-	-	US\$ 53 thousand	(Note 3)	-	-	1,657	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US\$ 17,130 thousand	Note 1,b,2)	US\$ 3,000 thousand	-	-	US\$ 3,000 thousand	(Note 3)	10.23	-	96,030	-
Jiangyin Suda Huicheng Composite Material Co., Ltd.	Lithium battery with extruded composite film.	CNY 19,812 thousand	Note 1,b,9)	US\$ 4,645 thousand	-	-	US\$ 4,645 thousand	(Note 3)	4.11	-	142,052	-
CDIB Private Equity (China) Corporation	Management and consulting.	US\$ 7,000 thousand	Note 1,b,6)	US\$ 7,000 thousand	-	-	US\$ 7,000 thousand	\$ (25,607)	100.00	(25,607)	232,645	-
CDIB Private Equity (Fujian) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 4	-	-	-	-	(5,394)	70.00	(3,775)	51,932	-
CDIB Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,6)	CNY 6,686 thousand	-	-	CNY 6,686 thousand	1,047	70.00	733	33,644	-
CDIB Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	CNY 560,000 thousand	Note 1,b,5),6)	CNY 350,000 thousand	-	-	CNY 350,000 thousand	125,603	-	44,334	693,514	-
CDIB Yida Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 7,000 thousand	Note 5	-	-	-	-	(3,285)	65.00	(2,135)	46,420	-
CDIB Yida Private Equity Management (Kushan) Enterprise (Limited Partnership)	Fund management.	CNY 12,000 thousand	Note 1,b,6)	CNY 3,250 thousand	-	-	CNY 3,250 thousand	203	65.00	132	39,834	-
CDIB Yida Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	CNY 498,367 thousand	Note 1,b, 5),6)	CNY 300,000 thousand	-	-	CNY 300,000 thousand	35,956	-	10,912	1,114,059	-
Kunshan Yida Healthcare Private Equity Enterprise (Limited Partnership)	Equity investment.	CNY 335,000 thousand	Note 1,b, 5),6)	CNY 123,857 thousand	-	-	CNY 123,857 thousand	(404,745)	-	(95,953)	574,928	-
CDIB Private Equity (Kunshan) Corporation	Fund management.	CNY 21,000 thousand	Note 1,b,6)	-	-	-	-	(15,963)	100.00	(15,963)	40,990	-
CDIB Guoke Private Equity (Kunshan) Co., Ltd.	Fund management.	CNY 10,000 thousand	Note 1,b,6)	-	-	-	-	1,899	65.00	1,234	32,171	-
Kunshan Taiwanese Business Development Investment Fund Partnership (Limited Partnership)	Equity investment.	CNY 228,000 thousand	Note 1,b,5),6)	-	-	-	-	48,553	-	11,721	171,910	-
Jiangsu Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK\$ 761,576 thousand	Note 1,b, 4),10)	US\$ 9,248 thousand	-	-	US\$ 9,248 thousand	(Note 3)	5.46	-	299,947	-
Best Logistics Technology (China) Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US\$ 303,000 thousand	Note 1,b, 3),7)	US\$ 211 thousand	-	-	US\$ 211 thousand	(Note 3)	0.76	-	6,669	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2026	Accumulated Inward Remittance of Earnings as of June 30, 2026
					Outflow	Inflow						
Suyin KGI Consumer Finance Co., Ltd.	Consumer financial business.	CNY 4,730,000 thousand	Note 1,a	CNY 1,580,487 thousand	-	-	CNY 1,580,487 thousand	\$ 1,132,182	33.41	\$ 413,995 (Note 2,b,1)	\$ 10,872,315	\$ -
CDIB International Leasing Corporation	Financial leasing and management business consulting.	CNY 187,750 thousand	Note 1,a	US\$ 30,000 thousand	-	-	US\$ 30,000 thousand	105	100.00	105 (Note 2,b,2)	164,574	-
CCB Life Insurance Company Limited	Life insurance.	CNY 7,120,461 thousand	Note 1,a	\$ 12,880,969	-	-	\$ 12,880,969	13,087,027	19.90	-	11,246,937	229,387
Changzhou Cheng Xing Environmental Protection Technology Co., Ltd.	Business in packaging technology development, and related transfer services consulting.	US\$ 22,000 thousand	Note 1,b,8)	US\$ 454 thousand	-	-	US\$ 454 thousand	(Note 3)	0.81	-	2,255	-
Cheng Zong Environmental Protection Technology (Shanghai) Co., Ltd.	Business in packaging materials, plastic products, machinery and equipment, providing molds and related products wholesale, commission agents.	US\$ 6,500 thousand	Note 1,b,8)	US\$ 120 thousand	-	-	US\$ 120 thousand	(Note 3)	0.81	-	595	-
Ningbo DINGYAO Transmission Machinery Co., Ltd.	Business in machinery and equipment; hi-tech product.	CNY 500 thousand	Note 1,b,11)	US\$ 159 thousand	-	-	US\$ 159 thousand	(Note 3)	2.90	-	4,390	-
Kunshan Beiju Machine Co., Ltd.	Business in welding fixture and fixture for inspection.	US\$ 14,712 thousand	Note 1,b,11)	US\$ 874 thousand	-	-	US\$ 874 thousand	(Note 3)	5.68	-	25,338	-
Kunshan Royal Precision Tools Corporation Ltd.	Business in belt-driven spindle.	US\$ 3,956 thousand	Note 1,b,11)	US\$ 526 thousand	-	-	US\$ 526 thousand	(Note 3)	5.68	-	14,563	-
Kunshan XIJU Machinery Co., Ltd.	Business in CNC machine accessories.	US\$ 5,619 thousand	Note 1,b,11)	US\$ 290 thousand	-	-	US\$ 290 thousand	(Note 3)	5.68	-	8,038	-
Dongguan NANJU Machinery Co., Ltd.	Business in machinery equipment and its accessories.	CNY 1,500 thousand	Note 1,b,11)	US\$ 42 thousand	-	-	US\$ 42 thousand	(Note 3)	3.97	-	1,168	-
Chongqing TAIJU Machinery Co., Ltd.	Business in import and export of goods, production and sales; CNC; machining center; tool magazine.	US\$ 591 thousand	Note 1,b,11)	US\$ 49 thousand	-	-	US\$ 49 thousand	(Note 3)	3.97	-	1,345	-
Elixiron Immunotherapeutics (Shanghai) Inc.	Research and development of new drugs for cancer and antiviral immunity.	CNY 27,620 thousand	Note 1,b,12)	US\$ 196 thousand	-	-	US\$ 196 thousand	(Note 3)	4.19	-	5,462	-
Jieshou Kaitai Resources Recycling Co.	Synthetic fiber manufacturing, fabric textile processing, technical services, development, consultation, exchange, transfer, promotion.	US\$ 50 thousand	Note 1,b,3),9)	US\$ 5 thousand	-	-	US\$ 5 thousand	(Note 3)	10.06	-	154	-
Shanghai Luojin Data Information Co.	Data technology, software, information technology, network technology and technology development, technology consulting, technology services and transfer market information in the field of computer technology.	CNY 47,874 thousand	Note 1,b,3),13)	US\$ 5,000 thousand	-	-	US\$ 5,000 thousand	(Note 3)	2.13	-	138,965	-
Hunan Xingsheng Optimal Network Technology Co., Ltd.	Network technology, development of credit management software.	CNY 15,000,000 thousand	Note 1,b, 3),14)	US\$ 2,375 thousand	-	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-
Hunan Jiazhen Logistics Co., Ltd.	General cargo transportation, logistics information service.	CNY 1,000,000 thousand	Note 1,b 3),14)	US\$ 2,375 thousand	-	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-
Hunan Youxuan Dayun Information Technology Co., Ltd.	Development of information technology, information technology consulting.	CNY 28,800,000 thousand	Note 1,b 3),14)	US\$ 2,375 thousand	-	-	US\$ 2,375 thousand	(Note 3)	0.14	-	66,450	-

Accumulated Investment in Mainland China as of June 30, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$27,226,528	\$29,302,933	\$281,520,317

(Continued)

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third area by:

- 1) Beauty Essentials International Ltd.
- 2) Hartec Asia Pte Ltd.
- 3) CDIB Capital Investment I Limited
- 4) CDIB Capital Investment II Limited.
- 5) CDIB Venture Capital (Hong Kong) Corporation Limited.
- 6) CDIB Private Equity (Hong Kong) Corporation Limited.
- 7) Best Logistics.
- 8) Deluxe Technology Group Co., Ltd.
- 9) CDIB Capital Asia Partners L.P.
- 10) Great Rich Technologies Limited.
- 11) POJU (Cayman) International Co., Ltd.
- 12) Elixiron Immunotherapeutics (Cayman) Limited
- 13) Loopin Cayman Limited.
- 14) KKR X-Ray Co-invest L.P.

c. Other.

Note 2: In the column “Investment Gain”

a. If it is in preparation and there is no investment gain, it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

- 1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
- 2) Financial statements audited by the CPA firm of the parent company in Taiwan;
- 3) Other.

Note 3: Investee Company was not significantly influenced by the Company; therefore the Group cannot acquire the related financial information.

Note 4: In 2017, CDIB Private Equity (Fujian) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 5: In 2017, CDIB Yida Private Equity (Kunshan) Co., Ltd. was transferred and invested by CDIB Private Equity (China) Corporation.

Note 6: Subsidiary of the Company formerly indirectly invested in GSD Industrial (China) Co., Ltd. through its subsidiary’s investment in GSD Technologies Co., Ltd. has been listed on the Taiwan Stock Exchange on September 21, 2018, refer to its financial report for the information.

TABLE 10

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Company	KGI Bank	1	Current tax assets	\$ 874,441	Note 4	0.02%
1	KGI Bank	The Company	2	Current tax liabilities	874,441	Note 4	0.02%
0	The Company	KGI Securities Co., Ltd.	1	Current tax assets	2,333,460	Note 4	0.05%
2	KGI Securities Co., Ltd.	The Company	2	Current tax liabilities	2,333,460	Note 4	0.05%
0	The Company	CDIB Capital Group	1	Current tax assets	609,108	Note 4	0.01%
3	CDIB Capital Group	The Company	2	Current tax liabilities	609,108	Note 4	0.01%
0	The Company	CDIB Capital Group	1	Current tax liabilities	243,782	Note 4	0.01%
3	CDIB Capital Group	The Company	2	Current tax assets	243,782	Note 4	0.01%
0	The Company	KGI Life Insurance Co., Ltd.	1	Current tax assets	5,121,747	Note 4	0.11%
4	KGI Life Insurance Co., Ltd.	The Company	2	Current tax liabilities	5,121,747	Note 4	0.11%
0	The Company	KGI Bank	1	Cash and cash equivalents	14,218,060	Note 4	0.31%
1	KGI Bank	The Company	2	Deposits and remittances	14,218,060	Note 4	0.31%
0	The Company	KGI Life Insurance Co., Ltd.	1	Current tax liabilities	3,499,749	Note 4	0.08%
4	KGI Life Insurance Co., Ltd.	The Company	2	Current tax assets	3,499,749	Note 4	0.08%
0	The Company	KGI Life Insurance Co., Ltd.	1	Receivables, net	207,917	Note 4	0.00%
4	KGI Life Insurance Co., Ltd.	The Company	2	Payables	207,917	Note 4	0.00%
0	The Company	KGI Securities Co., Ltd.	1	Receivables, net	203,000	Note 4	0.00%
2	KGI Securities Co., Ltd.	The Company	2	Payables	203,000	Note 4	0.00%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
3	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	\$ 183,701	Note 4	0.00%
1	KGI Bank	CDIB Capital Group	3	Deposits and remittances	183,701	Note 4	0.00%
4	KGI Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Receivables, net	268,307	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Bank	3	Payables	268,307	Note 4	0.01%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Financial assets at fair value through profit or loss	503,876	Note 4	0.01%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Financial liabilities at fair value through profit or loss	503,876	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial assets	4,831,071	Note 4	0.11%
2	KGI Securities Co., Ltd.	KGI Bank	3	Cash and cash equivalents	1,622,944	Note 4	0.04%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other assets	33,254,546	Note 4	0.72%
1	KGI Bank	KGI Securities Co., Ltd.	3	Deposits and remittances	39,708,561	Note 4	0.87%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Cash and cash equivalents	9,538,511	Note 4	0.21%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Deposits and remittances	9,538,511	Note 4	0.21%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Receivables, net	508,126	Note 4	0.01%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Other liabilities	508,126	Note 4	0.01%
5	KGI Asset Management Co., Ltd.	KGI Bank	3	Cash and cash equivalents	188,981	Note 4	0.00%
1	KGI Bank	KGI Asset Management Co., Ltd.	3	Deposits and remittances	188,981	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Other financial liabilities	172,531	Note 4	0.00%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Cash and cash equivalents	172,531	Note 4	0.00%
2	KGI Securities Co., Ltd.	KGI Bank	3	Interest income	276,573	Note 4	0.45%
1	KGI Bank	KGI Securities Co., Ltd.	3	Interest expense	276,573	Note 4	0.45%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
6	CDIB Management Consulting Corporation	KGI Bank	3	Cash and cash equivalents	\$ 191,623	Note 4	0.00%
1	KGI Bank	CDIB Management Consulting Corporation	3	Deposits and remittances	191,623	Note 4	0.00%
7	CDIB Global Markets Limited	KGI Bank	3	Cash and cash equivalents	139,332	Note 4	0.00%
1	KGI Bank	CDIB Global Markets Limited	3	Deposits and remittances	139,332	Note 4	0.00%
8	CDIB Capital Management Corporation	KGI Bank	3	Cash and cash equivalents	374,628	Note 4	0.01%
1	KGI Bank	CDIB Capital Management Corporation	3	Deposits and remittances	374,628	Note 4	0.01%
9	CDIB Venture Capital (Hong Kong) Corporation Limited	KGI Bank	3	Cash and cash equivalents	1,363,342	Note 4	0.03%
1	KGI Bank	CDIB Venture Capital (Hong Kong) Corporation Limited	3	Deposits and remittances	1,363,342	Note 4	0.03%
10	CDIB Capital International Corporation	KGI Bank	3	Cash and cash equivalents	673,861	Note 4	0.01%
1	KGI Bank	CDIB Capital International Corporation	3	Deposits and remittances	673,861	Note 4	0.01%
11	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	270,744	Note 4	0.01%
1	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	270,744	Note 4	0.01%
12	CDIB Capital Investment II Limited	KGI Bank	3	Cash and cash equivalents	815,838	Note 4	0.02%
1	KGI Bank	CDIB Capital Investment II Limited	3	Deposits and remittances	815,838	Note 4	0.02%
13	CDIB Pearl Holding Limited	KGI Bank	3	Cash and cash equivalents	229,048	Note 4	0.00%
1	KGI Bank	CDIB Pearl Holding Limited	3	Deposits and remittances	229,048	Note 4	0.00%
7	CDIB Global Markets Limited	CDIB Real Estate Credit Ltd.	3	Financial assets measured at amortized cost	928,203	Note 4	0.02%
15	CDIB Real Estate Credit Ltd.	CDIB Global Markets Limited	3	Bonds payable	928,203	Note 4	0.02%
1	KGI Bank	KGI Life Insurance Co., Ltd.	3	Service and commission, net - revenues	374,031	Note 4	0.60%
4	KGI Life Insurance Co., Ltd.	KGI Bank	3	Service and commission, net - expenses	374,031	Note 4	0.60%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
16	KGI Insurance Brokers Co., Ltd.	KGI Life Insurance Co., Ltd.	3	Service and commission, net - revenues	\$ 309,569	Note 4	0.50%
4	KGI Life Insurance Co., Ltd.	KGI Insurance Brokers Co., Ltd.	3	Service and commission, net - expenses	309,569	Note 4	0.50%
2	KGI Securities Co., Ltd.	KGI Life Insurance Co., Ltd.	3	Service and commission, net - revenues	171,245	Note 4	0.28%
4	KGI Life Insurance Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	171,245	Note 4	0.28%
17	CDIB Capital International (Hong Kong) Corporation Limited	CCIC-CDIB Capital International Corporation	3	Service and commission, net - revenues	135,818	Note 4	0.22%
18	CCIC-CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Operating expenses	135,818	Note 4	0.22%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Cash and cash equivalents	896,106	Note 4	0.02%
19	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	896,106	Note 4	0.02%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	236,150	Note 4	0.01%
19	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Other financial liabilities	236,150	Note 4	0.01%
19	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial assets	632,678	Note 4	0.01%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	632,678	Note 4	0.01%
19	KGI Futures Co., Ltd.	KGI Bank	3	Cash and cash equivalents	2,025,587	Note 4	0.05%
1	KGI Bank	KGI Futures Co., Ltd.	3	Deposits and remittances	2,025,587	Note 4	0.05%
19	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Cash and cash equivalents	215,245	Note 4	0.00%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	215,245	Note 4	0.00%
19	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	1,103,611	Note 4	0.02%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial assets	1,103,611	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
19	KGI Futures Co., Ltd.	KGI Securities (Singapore) Pte. Ltd.	3	Financial assets at fair value through profit or loss	\$ 119,100	Note 4	0.00%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Other financial liabilities	119,100	Note 4	0.00%
19	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	758,110	Note 4	0.02%
21	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial liabilities	758,110	Note 4	0.02%
22	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Receivables, net	215,657	Note 4	0.00%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Payables	215,657	Note 4	0.00%
22	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Financial liabilities at fair value through profit or loss	537,813	Note 4	0.01%
23	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Financial assets at fair value through profit or loss	537,813	Note 4	0.01%
22	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	393,187	Note 4	0.01%
23	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	393,187	Note 4	0.01%
22	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Receivables, net	2,770,856	Note 4	0.06%
23	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Payables	2,770,856	Note 4	0.06%
22	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Receivables, net	122,619	Note 4	0.00%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Asia Limited	3	Payables	122,619	Note 4	0.00%
22	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Payables	2,347,671	Note 4	0.05%
23	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	2,347,671	Note 4	0.05%
22	KGI Asia Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other liabilities	1,245,249	Note 4	0.03%
20	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	1,245,249	Note 4	0.03%
22	KGI Asia Limited	KGI International (Hong Kong) Limited	3	Other liabilities	215,751	Note 4	0.00%
20	KGI International (Hong Kong) Limited	KGI Asia Limited	3	Receivables, net	215,751	Note 4	0.00%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
22	KGI Asia Limited	KGI International Holdings Limited	3	Cash and cash equivalents	\$ 636,291	Note 4	0.01%
24	KGI International Holdings Limited	KGI Asia Limited	3	Commercial paper payable, net	636,291	Note 4	0.01%
21	KGI Futures (Hong Kong) Limited	KGI International (Hong Kong) Limited	3	Other financial liabilities	751,492	Note 4	0.02%
23	KGI International (Hong Kong) Limited	KGI Futures (Hong Kong) Limited	3	Receivables, net	751,492	Note 4	0.02%
21	KGI Futures (Hong Kong) Limited	KGI Securities (Singapore) Pte. Ltd.	3	Other financial liabilities	1,483,254	Note 4	0.03%
20	KGI Securities (Singapore) Pte. Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	1,483,254	Note 4	0.03%
23	KGI International (Hong Kong) Limited	KGI International Holdings Limited	3	Cash and cash equivalents	3,181,456	Note 4	0.07%
24	KGI International Holdings Limited	KGI International (Hong Kong) Limited	3	Commercial paper payable, net	3,181,456	Note 4	0.07%
25	KGI International Finance Limited	KGI International Holdings Limited	3	Cash and cash equivalents	445,404	Note 4	0.01%
24	KGI International Holdings Limited	KGI International Finance Limited	3	Commercial paper payable, net	445,404	Note 4	0.01%
26	KGI Asset Management Limited	KGI International Holdings Limited	3	Cash and cash equivalents	159,073	Note 4	0.00%
24	KGI International Holdings Limited	KGI Asset Management Limited	3	Commercial paper payable, net	159,073	Note 4	0.00%
23	KGI International (Hong Kong) Limited	PT KGI Sekuritas Indonesia	3	Receivables, net	511,501	Note 4	0.01%
27	PT KGI Sekuritas Indonesia	KGI International (Hong Kong) Limited	3	Other borrowings	511,501	Note 4	0.01%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service and commission, net - revenues	136,173	Note 4	0.22%
19	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	136,173	Note 4	0.22%
2	KGI Securities Co., Ltd.	KGI Insurance Brokers Co., Ltd.	3	Service and commission, net - revenues	235,942	Note 4	0.38%
16	KGI Insurance Brokers Co., Ltd.	KGI Securities Co., Ltd.	3	Service and commission, net - expenses	235,942	Note 4	0.38%
2	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Operating expenses	136,740	Note 4	0.22%
14	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Other gains and losses, net	136,740	Note 4	0.22%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
28	KGI Hong Kong Limited	KGI International (Hong Kong) Limited	3	Service and commission, net - revenues	\$ 289,642	Note 4	0.47%
23	KGI International (Hong Kong) Limited	KGI Hong Kong Limited	3	Operating expenses	289,642	Note 4	0.47%
28	KGI Hong Kong Limited	KGI Asia Limited	3	Service and commission, net - revenues	1,622,214	Note 4	2.62%
22	KGI Asia Limited	KGI Hong Kong Limited	3	Operating expenses	1,622,214	Note 4	2.62%
28	KGI Hong Kong Limited	KGI Future (Hong Kong) Limited	3	Service and commission, net - revenues	172,143	Note 4	0.28%
21	KGI Future (Hong Kong) Limited	KGI Hong Kong Limited	3	Operating expenses	172,143	Note 4	0.28%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT\$100 million.

(Concluded)