

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay Life Insurance Co., Ltd. and its subsidiaries (collectively, “the Group”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 15, 2024

Notice to Readers

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

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 35)	\$ 266,930,328	3	\$ 251,247,088	3	\$ 375,950,836	5
RECEIVABLES (Notes 4, 5, 7 and 35)	145,223,803	2	112,253,915	1	97,035,553	1
CURRENT TAX ASSETS	8,564	-	41,681	-	213,424	-
DISPOSAL GROUPS HELD FOR SALE (Notes 4 and 11)	26,055,849	-	-	-	-	-
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 5, 8 and 40)	1,634,712,849	19	1,666,488,243	20	1,455,467,278	18
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 38 and 40)	601,468,822	7	568,986,970	7	468,002,388	6
Financial assets measured at amortized cost (Notes 4, 5, 14, 38 and 40)	4,191,915,640	48	4,043,811,869	47	3,977,130,037	48
Financial assets for hedging (Notes 4, 5 and 10)	70,944	-	1,109	-	103,678	-
Investments accounted for using the equity method (Notes 4 and 13)	31,598,017	-	30,874,304	-	29,745,091	1
Investment property (Notes 4, 5, 15 and 35)	529,573,997	6	528,633,384	6	521,328,137	6
Investment property under construction (Notes 4, 15 and 35)	12,889,403	-	8,983,487	-	7,225,541	-
Prepayments for buildings and land - investments (Notes 4 and 15)	6,373,776	-	4,188,723	-	1,341,541	-
Loans (Notes 4, 5, 16 and 35)	<u>397,602,313</u>	<u>4</u>	<u>403,826,256</u>	<u>5</u>	<u>431,465,759</u>	<u>5</u>
Total investments	<u>7,406,205,761</u>	<u>84</u>	<u>7,255,794,345</u>	<u>85</u>	<u>6,891,809,450</u>	<u>84</u>
REINSURANCE ASSETS (Notes 4, 17 and 24)	2,244,061	-	2,299,660	-	2,218,130	-
PROPERTY AND EQUIPMENT (Notes 4 and 18)	40,597,721	-	41,530,355	1	41,204,211	-
RIGHT-OF-USE ASSETS (Notes 4, 19 and 35)	1,523,973	-	2,177,022	-	2,304,714	-
INTANGIBLE ASSETS (Notes 4 and 20)	24,117,984	-	39,522,555	-	40,864,598	-
DEFERRED TAX ASSETS (Notes 4 and 34)	76,721,854	1	63,612,183	1	65,651,616	1
OTHER ASSETS (Notes 21, 35 and 38)	52,091,799	1	39,857,216	-	45,539,454	1
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 36)	<u>776,585,198</u>	<u>9</u>	<u>727,665,599</u>	<u>9</u>	<u>671,735,955</u>	<u>8</u>
TOTAL	<u>\$ 8,818,306,895</u>	<u>100</u>	<u>\$ 8,536,001,619</u>	<u>100</u>	<u>\$ 8,234,527,941</u>	<u>100</u>
LIABILITIES AND EQUITY						
PAYABLES (Notes 22 and 35)	\$ 24,105,749	-	\$ 22,916,475	-	\$ 17,200,893	-
CURRENT TAX LIABILITIES (Note 4)	381,031	-	191,723	-	179,325	-
LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUPS HELD FOR SALE (Notes 4 and 11)	7,615,778	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	64,626,753	1	24,070,611	-	27,558,722	-
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 10)	1,498,788	-	2,038,001	-	3,436,279	-
BONDS PAYABLE (Notes 23 and 35)	115,014,620	1	114,841,430	2	80,000,000	1
OTHER FINANCIAL LIABILITIES (Note 40)	7,790,916	-	7,675,139	-	7,049,740	-
INSURANCE LIABILITIES (Notes 4, 5 and 24)						
Unearned premium reserve	21,200,269	-	21,710,834	1	19,885,431	-
Loss reserve	13,675,109	-	13,310,838	-	12,582,949	-
Policy reserve	6,928,358,840	79	6,820,368,378	80	6,704,101,148	82
Special reserve	11,096,688	-	11,090,539	-	11,085,890	-
Premium deficiency reserve	6,656,045	-	6,770,608	-	7,714,396	-
Other reserve	<u>1,834,253</u>	<u>-</u>	<u>1,834,253</u>	<u>-</u>	<u>1,842,253</u>	<u>-</u>
Total insurance liabilities	<u>6,982,821,204</u>	<u>79</u>	<u>6,875,085,450</u>	<u>81</u>	<u>6,757,212,067</u>	<u>82</u>
RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS (Notes 4 and 25)	25,425,648	-	23,524,199	-	19,857,383	-
RESERVE FOR FOREIGN EXCHANGE VALUATION (Notes 4 and 26)	32,562,052	1	20,773,326	-	42,166,921	1
PROVISIONS (Notes 4 and 28)	56,245	-	56,245	-	56,245	-
LEASE LIABILITIES (Notes 4, 19 and 35)	15,772,913	-	16,604,525	-	16,486,942	-
DEFERRED TAX LIABILITIES (Notes 4 and 34)	68,484,893	1	52,033,960	1	43,267,681	1
OTHER LIABILITIES (Notes 29 and 35)	8,311,220	-	20,649,931	-	12,159,464	-
SEPARATE ACCOUNT INSURANCE PRODUCT LIABILITIES (Notes 4 and 36)	<u>776,585,198</u>	<u>9</u>	<u>727,665,599</u>	<u>9</u>	<u>671,735,955</u>	<u>8</u>
Total liabilities	<u>8,131,053,008</u>	<u>92</u>	<u>7,908,126,614</u>	<u>93</u>	<u>7,698,367,617</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 31)						
Share capital						
Ordinary shares	<u>63,515,274</u>	<u>1</u>	<u>63,515,274</u>	<u>1</u>	<u>63,515,274</u>	<u>1</u>
Capital surplus	<u>91,629,937</u>	<u>1</u>	<u>91,588,303</u>	<u>1</u>	<u>90,930,990</u>	<u>1</u>
Retained earnings						
Legal reserve	55,071,783	1	55,071,783	1	50,217,005	1
Special reserve	478,075,900	5	478,075,900	5	458,553,415	6
Unappropriated earnings	<u>40,519,072</u>	<u>1</u>	<u>14,928,256</u>	<u>-</u>	<u>20,582,940</u>	<u>-</u>
Total retained earnings	<u>573,666,755</u>	<u>7</u>	<u>548,075,939</u>	<u>6</u>	<u>529,353,360</u>	<u>7</u>
Other equity	<u>(51,452,710)</u>	<u>(1)</u>	<u>(84,760,761)</u>	<u>(1)</u>	<u>(157,033,577)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	677,359,256	8	618,418,755	7	526,766,047	7
NON-CONTROLLING INTERESTS (Notes 4 and 31)	<u>9,894,631</u>	<u>-</u>	<u>9,456,250</u>	<u>-</u>	<u>9,394,277</u>	<u>-</u>
Total equity	<u>687,253,887</u>	<u>8</u>	<u>627,875,005</u>	<u>7</u>	<u>536,160,324</u>	<u>7</u>
TOTAL	<u>\$ 8,818,306,895</u>	<u>100</u>	<u>\$ 8,536,001,619</u>	<u>100</u>	<u>\$ 8,234,527,941</u>	<u>100</u>

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Retained earned premium (Notes 4, 27 and 35)				
Written premium	\$ 103,005,386	47	\$ 101,151,222	59
Reinsurance premium	28,197	-	29,329	-
Premium income	103,033,583	47	101,180,551	59
Less: Reinsurance expense	(646,417)	-	(602,851)	-
Net changes in unearned premium reserve (Notes 4 and 24)	370,631	-	561,605	-
Total retained earned premium	102,757,797	47	101,139,305	59
Reinsurance commission income	5,688	-	5,901	-
Fee income (Notes 35 and 36)	3,100,791	1	2,625,932	2
Net investment incomes (losses)				
Interest income (Notes 4, 33 and 35)	49,700,329	23	47,346,302	28
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 8)	(59,137,108)	(27)	75,106,866	44
Gain on derecognition of financial assets measured at amortized cost (Notes 4 and 14)	156,227	-	2,026,804	1
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,079,149	-	280,654	-
Share of profit of associates accounted for using the equity method (Notes 4 and 13)	673,170	-	734,209	-
Foreign exchange gain (loss)	129,964,922	59	(24,578,662)	(14)
Net changes in reserve for foreign exchange valuation (Notes 4 and 26)	(11,788,726)	(5)	7,336,536	4
Gain on investment property (Notes 4 and 35)	3,415,927	2	3,362,693	2
(Expected credit loss) reversal of expected credit loss on investments (Notes 4 and 33)	(292,343)	-	150,811	-
Other net investment income	55,299	-	177,295	-
Loss on reclassification using overlay approach (Notes 4 and 8)	(27,318,630)	(12)	(60,171,438)	(35)
Other operating revenue (Note 35)	350,177	-	302,732	-
Separate account insurance product income (Notes 4 and 36)	26,630,334	12	16,117,603	9
Total operating revenue	219,353,003	100	171,963,543	100
OPERATING COSTS				
Retained claims payments (Notes 4 and 27)				
Insurance claims payments	98,762,024	45	97,192,717	56
Less: Claims and payments recovered from reinsurers	(540,187)	-	(465,763)	-
Total retained claims payments	98,221,837	45	96,726,954	56

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Net changes in other insurance liabilities (Notes 4, 5 and 24)				
Net changes in loss reserve	\$ 373,630	-	\$ (183,462)	-
Net changes in policy reserve	45,177,189	21	46,612,006	27
Net changes in special reserve	6,149	-	157	-
Net changes in premium deficiency reserve	(164,631)	-	(396,427)	-
Net changes in other reserve	-	-	(3,000)	-
Total net changes in other insurance liabilities	45,392,337	21	46,029,274	27
Net changes in reserve for insurance contracts with the nature of financial products (Notes 4 and 25)	530,926	-	328,445	-
Underwriting expenses (Note 33)	4,623,075	2	3,832,065	2
Commission expenses (Note 33)	6,175,107	3	3,836,142	2
Finance costs (Notes 23 and 35)	1,337,911	-	1,085,728	1
Other operating costs (Note 35)	1,801,962	1	1,535,077	1
Separate account insurance product expenses (Notes 4 and 36)	26,630,334	12	16,117,603	9
Total operating costs	184,713,489	84	169,491,288	98
OPERATING EXPENSES (Notes 33 and 35)				
General expenses	3,834,225	2	3,254,125	2
Administrative expenses	3,563,585	2	3,364,707	2
Employee training expenses	7,996	-	6,903	-
Expected credit loss (reversal of expected credit loss) on non-investments (Notes 4 and 33)	24,488	-	(1,475)	-
Total operating expenses	7,430,294	4	6,624,260	4
OPERATING INCOME (LOSS)	27,209,220	12	(4,152,005)	(2)
NON-OPERATING INCOME AND EXPENSES (Notes 33 and 35)	548,472	-	493,438	-
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	27,757,692	12	(3,658,567)	(2)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 34)	(2,427,480)	(1)	1,811,399	1

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	\$ 25,330,212	11	\$ (1,847,168)	(1)
LOSS FROM DISCONTINUED OPERATIONS (Notes 4 and 11)	(210,355)	-	(200,105)	-
NET INCOME (LOSS)	25,119,857	11	(2,047,273)	(1)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 31)				
Items that will not be reclassified subsequently to profit or loss:				
Gain on equity instruments at fair value through other comprehensive income	13,896,738	6	8,665,475	5
Share of other comprehensive loss of associates accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(72,061)	-	(478,755)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 34)	3,911	-	9,317	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	2,354,605	1	226,975	-
(Loss) gain on hedging instruments	(372,051)	-	128,015	-
(Loss) gain on debt instruments at fair value through other comprehensive income	(9,607,436)	(4)	10,526,729	6
Share of other comprehensive income of associates accounted for using the equity method for items that may be reclassified subsequently to profit or loss	225,619	-	5,277	-
Other comprehensive income reclassified using overlay approach	27,318,630	13	60,171,438	35
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 34)	892,646	-	(6,823,445)	(4)
Total other comprehensive income for the period, net of income tax	34,640,601	16	72,431,026	42
TOTAL COMPREHENSIVE INCOME	\$ 59,760,458	27	\$ 70,383,753	41

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 25,735,465	12	\$ (2,155,525)	(1)
Non-controlling interests	<u>(615,608)</u>	<u>(1)</u>	<u>108,252</u>	<u>-</u>
	<u>\$ 25,119,857</u>	<u>11</u>	<u>\$ (2,047,273)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 59,043,516	27	\$ 69,942,730	41
Non-controlling interests	<u>716,942</u>	<u>-</u>	<u>441,023</u>	<u>-</u>
	<u>\$ 59,760,458</u>	<u>27</u>	<u>\$ 70,383,753</u>	<u>41</u>
EARNINGS (LOSS) PER SHARE (Note 32)				
From continuing and discontinued operations				
Basic earnings (loss) per share	<u>\$ 4.05</u>		<u>\$ (0.34)</u>	
From continuing operations				
Basic earnings (loss) per share	<u>\$ 4.09</u>		<u>\$ (0.30)</u>	

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

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company														
						Other Equity									
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2023	\$ 63,515,274	\$ 90,924,478	\$ 50,217,005	\$ 458,553,415	\$ 22,775,644	\$ (11,365,195)	\$ (47,338,891)	\$ 950,265	\$ 1,464,900	\$ 402,058	\$ (170,788,822)	\$ (2,493,326)	\$ 456,816,805	\$ 8,971,902	\$ 465,788,707
Changes in capital surplus from investments in associates accounted for using the equity method	-	598	-	-	-	-	-	-	-	-	-	-	598	-	598
Recognition of share-based payments granted by the parent company	-	5,914	-	-	-	-	-	-	-	-	-	-	5,914	-	5,914
Net (loss) profit for the three months ended March 31, 2023	-	-	-	-	(2,155,525)	-	-	-	-	-	-	-	(2,155,525)	108,252	(2,047,273)
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	211,866	16,716,540	101,734	(114,626)	-	55,182,741	-	72,098,255	332,771	72,431,026
Total comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	(2,155,525)	211,866	16,716,540	101,734	(114,626)	-	55,182,741	-	69,942,730	441,023	70,383,753
Disposals of equity instruments at fair value through other comprehensive loss	-	-	-	-	(37,179)	-	37,179	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,648)	(18,648)
BALANCE AT MARCH 31, 2023	<u>\$ 63,515,274</u>	<u>\$ 90,930,990</u>	<u>\$ 50,217,005</u>	<u>\$ 458,553,415</u>	<u>\$ 20,582,940</u>	<u>\$ (11,153,329)</u>	<u>\$ (30,585,172)</u>	<u>\$ 1,051,999</u>	<u>\$ 1,350,274</u>	<u>\$ 402,058</u>	<u>\$ (115,606,081)</u>	<u>\$ (2,493,326)</u>	<u>\$ 526,766,047</u>	<u>\$ 9,394,277</u>	<u>\$ 536,160,324</u>
BALANCE AT JANUARY 1, 2024	\$ 63,515,274	\$ 91,588,303	\$ 55,071,783	\$ 478,075,900	\$ 14,928,256	\$ (10,989,545)	\$ (13,995,150)	\$ 510,499	\$ 1,690,843	\$ 405,764	\$ (60,621,148)	\$ (1,762,024)	\$ 618,418,755	\$ 9,456,250	\$ 627,875,005
Changes in capital surplus / unappropriated earnings from investments in associates accounted for using the equity method	-	41,634	-	-	(144,649)	-	-	-	-	-	-	-	(103,015)	-	(103,015)
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	25,735,465	-	-	-	-	-	-	-	25,735,465	(615,608)	25,119,857
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	2,345,321	6,079,633	(297,722)	(235)	(3,706)	25,184,760	-	33,308,051	1,332,550	34,640,601
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	25,735,465	2,345,321	6,079,633	(297,722)	(235)	(3,706)	25,184,760	-	59,043,516	716,942	59,760,458
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(278,561)	(278,561)
BALANCE AT MARCH 31, 2024	<u>\$ 63,515,274</u>	<u>\$ 91,629,937</u>	<u>\$ 55,071,783</u>	<u>\$ 478,075,900</u>	<u>\$ 40,519,072</u>	<u>\$ (8,644,224)</u>	<u>\$ (7,915,517)</u>	<u>\$ 212,777</u>	<u>\$ 1,690,608</u>	<u>\$ 402,058</u>	<u>\$ (35,436,388)</u>	<u>\$ (1,762,024)</u>	<u>\$ 677,359,256</u>	<u>\$ 9,894,631</u>	<u>\$ 687,253,887</u>

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax from continuing operations	\$ 27,757,692	\$ (3,658,567)
Loss before income tax from discontinued operations	(122,318)	(141,811)
Profit (loss) before income tax	27,635,374	(3,800,378)
Adjustments for:		
Depreciation expenses	604,354	566,924
Amortization expenses	600,496	593,921
Loss (gain) on financial assets and liabilities at fair value through profit or loss	61,254,158	(73,382,778)
Gain on financial assets at fair value through other comprehensive income	(757,744)	(249,717)
Gain on derecognition of financial assets measured at amortized cost	(156,227)	(2,026,804)
Finance costs	1,421,569	1,133,523
Interest income	(49,733,980)	(47,362,235)
Dividend income	(2,498,042)	(1,796,420)
Net changes in insurance liabilities	107,929,001	30,744,841
Net changes in reserve for insurance contracts with the nature of financial products	1,901,449	1,361,914
Net changes in reserve for foreign exchange valuation	11,788,726	(7,336,536)
Expected credit loss (reversal of expected credit loss) on investments	292,343	(150,811)
Expected credit loss (reversal of expected credit loss) on non-investments	24,488	(1,475)
Share of profit of associates accounted for using equity method	(673,170)	(734,209)
Loss on reclassification using overlay approach	27,318,630	60,171,438
Loss on disposal and retirement of property and equipment	116	103
Gain on disposal of investment property	-	(4,926)
Loss on changes in fair value of investment property	3,143	9,390
Compensation costs of share-based payments	-	5,914
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	77,627,145	75,283,133
Increase in financial assets at fair value through other comprehensive income	(27,553,150)	(6,010,642)
(Increase) decrease in financial assets measured at amortized cost	(147,526,603)	11,627,438
(Increase) decrease in financial assets for hedging	(441,987)	58,422
Decrease in notes receivable	66,184	86,778
Increase in other receivables	(29,180,866)	(3,136,501)
Increase in prepaid expenses and other prepayments	(173,472)	(293,992)
(Increase) decrease in guarantee deposits paid	(14,393,269)	19,217,404
Increase in reinsurance assets	(158,213)	(3,179)
Decrease in other assets	1,346,079	37,481
Decrease in financial liabilities at fair value through profit or loss	(64,940,069)	(66,903,319)
Decrease in financial liabilities for hedging	(539,112)	(284,006)
		(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
Increase in notes payable	\$ 33,992	\$ 110,758
(Decrease) increase in claims payable	(16,712)	3,899
Increase (decrease) in other payables	2,159,497	(5,716,955)
Increase in due to reinsurers and ceding companies	104,561	4,468
Increase (decrease) in commissions payable	1,112,867	(431,957)
(Decrease) increase in advance receipts	(50,143)	79,018
Decrease in guarantee deposits received	(12,680,459)	(798,760)
Decrease in deferred fee income	(14,428)	(186)
Increase in other liabilities	<u>2,972,548</u>	<u>2,462,445</u>
Cash used in operations	(25,290,926)	(16,866,574)
Interest received	45,439,651	45,764,215
Dividends received	2,498,042	1,796,420
Interest paid	(202,419)	(167,423)
Income tax paid	<u>(449,262)</u>	<u>(471,706)</u>
Net cash generated from operating activities	<u>21,995,086</u>	<u>30,054,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (net of cash acquired)	-	(163,929)
Acquisition of property and equipment	(506,253)	(792,993)
Proceeds from disposal of property and equipment	-	1,550
Acquisition of intangible assets	(44,332)	(55,107)
Decrease in loans	6,308,039	19,058,186
Acquisition of investment property	(5,888,863)	(1,295,385)
Proceeds from disposal of investment property	<u>-</u>	<u>58,236</u>
Net cash (used in) generated from investing activities	<u>(131,409)</u>	<u>16,810,558</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(236,096)	(405,758)
Increase in other financial liabilities	115,777	19,205
Changes in non-controlling interests	<u>(278,561)</u>	<u>(34,233)</u>
Net cash used in financing activities	<u>(398,880)</u>	<u>(420,786)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(1,741,812)</u>	<u>(132,210)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,722,985	46,312,494
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>251,247,088</u>	<u>329,638,342</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 270,970,073</u>	<u>\$ 375,950,836</u>

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

Reconciliation between balance sheets and statements of cash flows:

	For the Three Months Ended March 31	
	2024	2023
Cash and cash equivalents in the consolidated balance sheets	\$ 266,930,328	\$ 375,950,836
Cash and cash equivalents included in disposal groups held for sale	<u>4,039,745</u>	<u>-</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 270,970,073</u>	<u>\$ 375,950,836</u>

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

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on May 15, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

1) IFRS 17 “Insurance Contracts” and its amendments

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

Level of aggregation

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

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

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

Recognition

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

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

- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

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

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

Subsequent measurement

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

Onerous contracts

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

Premium Allocation Approach (PAA)

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

- a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the general measurement model; or

- b) The coverage period of each contract in the group is one year or less.

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

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

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

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

Investment contracts with discretionary participation features

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

Modification and derecognition

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

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

Transition

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

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

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

Redesignation of financial assets

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

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

2) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

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

Refer to Note 12, Table 1 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Business combinations

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

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

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

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

e. Foreign currencies

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

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

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

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

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

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

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

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

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

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

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

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

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

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

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

g. Property and equipment

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

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

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

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

h. Investment properties

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

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

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

l. Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan results in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their previous carrying amounts and fair values less costs to sell. Such assets classified as held for sale are not depreciated.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 40.

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

- i) The financial assets are held in respect of activities related to IFRS 4;
- ii) The financial assets are measured at FVTPL under IFRS 9, but would not have been measured at FVTPL under IAS 39; and
- iii) The financial assets are designated to apply overlay approach at the first application of IFRS 9, in the initial recognition of a new financial asset or when a financial asset starts to meet the conditions.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in debt instruments at FVTOCI

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

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

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented in net in the consolidated balance sheet only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Reclassification of financial assets

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with IFRS 9. If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. This adjustment affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 40.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

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

5) Modification of financial instruments

When 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.

n. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

1) Fair value hedges

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

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

2) Cash flow hedges

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

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

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

3) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The gains and losses on the hedging instrument relating to the effective portion of the hedge, which were accumulated in the foreign currency translation reserve, are reclassified to profit or loss on the disposal or partial disposal of a foreign operation.

o. Separate account insurance products

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

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

p. Insurance liabilities

1) The Company

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

a) Unearned premium reserve

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

b) Loss reserve

Loss reserve is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance and health or life insurance policies with a policy period shorter than one year.

c) Policy reserve

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

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

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

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

d) Special reserve

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

According to Article 32 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the increments due to measuring the property at fair value, except for the portion in offsetting adverse effects of the first-time adoption of IFRS Accounting Standards on other accounts, the excess should be set aside as special reserve for revaluation increments of property under insurance liabilities.

e) Premium deficiency reserve

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

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

f) Other reserve

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

g) Liability adequacy reserve

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

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

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

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

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

q. Liability adequacy test

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

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

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

s. Reserve for foreign exchange valuation

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

t. Recognition of insurance premium income and expenses

1) The Company

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

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

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

2) Cathay Lujiazui Life

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

3) Cathay Life (Vietnam)

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

u. Classification of insurance products

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

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

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

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

- 1) Additional payments may be a significant portion of total contractual benefits.
- 2) The amounts or timing for additional payments are contractually at the Group's discretion.

3) Additional payments are contractually based on one of the following matters:

- a) The performance on a specified combination of contracts or a specified type of contract.
- b) The investment returns on a specified combination of assets held by the Group.
- c) The profit or loss of the Group, funds, or other entities.

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

v. Reinsurance

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

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

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

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

w. Provisions

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

x. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4 h. for the accounting policies for investment properties.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 pandemic, and there is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

y. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

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.

z. Taxation

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.

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets

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

b. Fair value measurements and valuation processes

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 15 and 40.

c. Valuation of policy reserve

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

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 26,510	\$ 23,998	\$ 26,476
Cash in banks	196,743,208	191,933,478	239,661,296
Time deposits	46,685,586	40,495,815	109,370,168
Cash equivalents	<u>23,475,024</u>	<u>18,793,797</u>	<u>26,892,896</u>
	<u>\$ 266,930,328</u>	<u>\$ 251,247,088</u>	<u>\$ 375,950,836</u>

7. RECEIVABLES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 263,236	\$ 329,420	\$ 248,436
Other receivables	147,953,933	114,469,303	98,331,082
Overdue receivables	<u>11,772</u>	<u>5,482</u>	<u>11,080</u>
	148,228,941	114,804,205	98,590,598
Less: Loss allowance	<u>(3,005,138)</u>	<u>(2,550,290)</u>	<u>(1,555,045)</u>
	<u>\$ 145,223,803</u>	<u>\$ 112,253,915</u>	<u>\$ 97,035,553</u>

The movements in the loss allowance are as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 2,550,290	\$ 1,232,618
Provision for the current period	454,863	326,017
Amounts written off	(18)	(3,589)
Foreign exchange	<u>3</u>	<u>(1)</u>
Ending balance	<u>\$ 3,005,138</u>	<u>\$ 1,555,045</u>

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic stocks	\$ 324,004,606	\$ 325,006,747	\$ 266,189,133
Beneficiary certificates	790,162,776	790,838,598	698,391,247
Financial debentures	20,578,086	20,145,199	19,981,247
Overseas stocks	171,326,999	165,962,731	155,034,126
Real estate investment trust	12,344,308	12,859,458	14,234,862
Overseas bonds	296,667,903	285,645,501	278,605,620
Structured time deposits	14,036,495	14,172,336	14,073,504
Derivative financial assets (not under hedge accounting)			
Currency swap contracts ("SWAP")	1,471,204	31,901,044	6,655,451
Foreign exchange forward contacts ("Forward")	4,117,938	19,946,181	2,294,476
Options	-	7,296	-
Call warrants	<u>2,534</u>	<u>3,152</u>	<u>7,612</u>
	<u>\$ 1,634,712,849</u>	<u>\$ 1,666,488,243</u>	<u>\$ 1,455,467,278</u>

(Continued)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
SWAP	\$ 41,953,882	\$ 17,540,858	\$ 14,963,103
Forward	21,460,404	5,375,521	4,690,819
Cross currency swap contracts (“CCS”)	<u>1,212,467</u>	<u>1,154,232</u>	<u>7,904,800</u>
	<u>\$ 64,626,753</u>	<u>\$ 24,070,611</u>	<u>\$ 27,558,722</u>
			(Concluded)

- a. The Group selects to present the profit or loss of the designated financial assets using the overlay approach under IFRS 4 “Insurance Contracts”. Financial assets designated to apply overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets mandatorily classified as at FVTPL</u>			
Domestic stocks	\$ 324,004,606	\$ 325,006,747	\$ 266,189,133
Beneficiary certificates	774,680,346	773,033,686	665,132,395
Financial debentures	20,578,086	20,145,199	19,981,247
Overseas stocks	171,326,999	165,852,180	154,975,198
Real estate investment trust	12,344,308	12,859,458	14,234,862
Overseas bonds	277,959,997	284,895,978	277,867,689
Structured time deposits	<u>14,036,495</u>	<u>14,172,336</u>	<u>14,073,504</u>
	<u>\$ 1,594,930,837</u>	<u>\$ 1,595,965,584</u>	<u>\$ 1,412,454,028</u>

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months ended March 31, 2024 and 2023 is as follows:

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Gain due to application of IFRS 9 to profit or loss	\$ 75,562,282	\$ 81,252,924
Gain if applying IAS 39 to profit or loss	<u>(48,243,652)</u>	<u>(21,081,486)</u>
Loss reclassified due to application of overlay approach	<u>\$ 27,318,630</u>	<u>\$ 60,171,438</u>

Due to application of overlay approach, the amounts of gain and loss on financial assets and liabilities at FVTPL for the three months ended March 31, 2024 and 2023 had increased from loss of \$59,137,108 thousand to loss of \$86,455,738 thousand and decreased from gain of \$75,106,866 thousand to gain of \$14,935,428 thousand, respectively.

- b. As of March 31, 2024, December 31, 2023 and March 31, 2023, structured notes which were accounted for as financial assets at FVTPL amounted to \$164,270,936 thousand, \$163,109,892 thousand and \$161,400,152 thousand, respectively.
- c. The financial assets at FVTPL held by the Group were not pledged as collateral.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Investments in equity instruments at FVTOCI			
Domestic stocks	\$ 163,929,259	\$ 138,735,925	\$ 110,046,434
Overseas stocks	<u>2,327,650</u>	<u>2,282,692</u>	<u>2,955,484</u>
	<u>166,256,909</u>	<u>141,018,617</u>	<u>113,001,918</u>
Investments in debt instruments at FVTOCI			
Corporate bonds	2,142,180	2,138,976	2,126,399
Government bonds	22,628,194	19,300,962	16,651,501
Overseas bonds	418,167,716	408,460,639	342,552,891
Financial bonds	1,525,691	1,528,871	-
Less: Litigation deposits	(36,968)	(37,511)	(36,756)
Less: Deposits to Central Bank	(2,065,429)	(2,112,072)	(2,084,881)
Less: Derivative instrument collateral	<u>(7,149,471)</u>	<u>(1,311,512)</u>	<u>(4,208,684)</u>
	<u>435,211,913</u>	<u>427,968,353</u>	<u>355,000,470</u>
	<u>\$ 601,468,822</u>	<u>\$ 568,986,970</u>	<u>\$ 468,002,388</u>

- a. These investments in equity instruments are not held for trading, and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI held by the Group on the balance sheet date for the three months ended March 31, 2024 and 2023 were \$321,405 thousand and \$30,937 thousand, respectively. Those related to investments derecognized for the three months ended March 31, 2024 and 2023 were both \$0 thousand.
- c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair value of \$382,075 thousand at the time of sale, and transferred unrealized loss of \$37,179 thousand from other equity to retained earnings for the three months ended March 31, 2023.
- d. Refer to Note 38 for the financial assets at FVTOCI that were pledged as collateral.
- e. Refer to Note 40 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.
- f. Refer to Note 40 for information relating to the debt instruments at FVTOCI reclassified to financial assets measured at amortized cost.

10. HEDGING INSTRUMENTS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets for hedging</u>			
Interest rate swap contracts (“IRS”)	\$ 832	\$ 1,109	\$ 16,476
Forward	-	-	87,202
Bond forward contract	<u>70,112</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,944</u>	<u>\$ 1,109</u>	<u>\$ 103,678</u>
<u>Financial liabilities for hedging</u>			
Forward	\$ 1,407,280	\$ 2,038,001	\$ 3,436,279
Bond forward contract	<u>91,508</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,498,788</u>	<u>\$ 2,038,001</u>	<u>\$ 3,436,279</u>

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

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

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

The above transaction met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, the assets and liabilities related to the disposal of Conning Holdings Limited were reclassified as disposal groups held for sale, and the related profit or loss was expressed as profit or loss from discontinued operations. In order to conform to the presentation of discontinued operations in the consolidated statement of comprehensive income for the three months ended March 31, 2024, the Group reclassified the profit or loss of discontinued operations for the three months ended March 31, 2023 which made the information of comparison period more relevant.

a. Discontinued operations

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

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating revenue	\$ 2,825,893	\$ 2,466,312
Operating costs	<u>(383,233)</u>	<u>(297,021)</u>
Gross profit	2,442,660	2,169,291
		(Continued)

	For the Three Months Ended March 31	
	2024	2023
General expenses	\$ (101,143)	\$ (96,861)
Administrative expenses	<u>(2,126,389)</u>	<u>(1,898,907)</u>
Profit from operations	215,128	173,523
Other income and expenses	<u>-</u>	<u>(1,500)</u>
Income before income tax	215,128	172,023
Income tax expense	<u>(88,037)</u>	<u>(58,294)</u>
Income from discontinued operations before elimination	127,091	113,729
Elimination of transactions with related parties	<u>(337,446)</u>	<u>(313,834)</u>
Loss from discontinued operations	<u>\$ (210,355)</u>	<u>\$ (200,105)</u>
(Loss) profit from discontinued operations attributable to:		
Shareholders of the Corporation	\$ (261,273)	\$ (248,524)
Non-controlling interests	<u>50,918</u>	<u>48,419</u>
	<u>\$ (210,355)</u>	<u>\$ (200,105)</u>
Cash flows		
Operating activities	\$ (226,514)	\$ (401,463)
Investing activities	(18,222)	(229,925)
Financing activities	(280,487)	(69,426)
Net foreign exchange losses	<u>(815,782)</u>	<u>(839,949)</u>
Net cash outflows	<u>\$ (1,341,005)</u>	<u>\$ (1,540,763)</u>
		(Concluded)

b. Disposal groups held for sale

	<u>March 31, 2024</u>
Disposal groups held for sale	<u>\$ 26,055,849</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 7,615,778</u>

Assets and liabilities held for sale related to the subsidiary Conning Holdings Limited are detailed below:

	<u>March 31, 2024</u>
<u>Disposal groups held for sale</u>	
Cash and cash equivalents	\$ 4,039,745
Receivables	2,127,561
Current tax assets	61,216
Financial assets at fair value through profit or loss	1,693,137
Financial assets at fair value through other comprehensive income	3,244
Property and equipment	1,050,842
	(Continued)

	<u>March 31, 2024</u>
Right-of-use assets	\$ 695,978
Intangible assets	15,470,518
Deferred tax assets	402,742
Other assets	<u>510,866</u>
	<u>\$ 26,055,849</u>
Liabilities directly associated with disposal groups classified as held for sale	
Payables	\$ 3,177,451
Lease liabilities	847,910
Deferred tax liabilities	1,024,188
Other liabilities	<u>2,566,229</u>
	<u>\$ 7,615,778</u>
	(Concluded)

The net proceeds from the disposal is expected to be higher than the carrying amount of the related net assets, and accordingly, no impairment loss should be recognized while reclassifying the assets and liabilities to disposal groups held for sale.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Cathay Lujiazui Life	Life insurance	50.00	50.00	50.00	
The Company	Cathay Life (Vietnam)	Life insurance	100.00	100.00	100.00	
The Company	Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	100.00	100.00	100.00	
The Company	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
The Company	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
The Company	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
The Company	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
The Company	Conning Holdings Limited ("CHL")	Holding company	100.00	100.00	100.00	Note 1
The Company	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estates services	99.00	99.00	99.00	
The Company	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	70.00	
CHL	Conning U.S. Holdings, Inc.	Holding company	100.00	100.00	100.00	
CHL	Conning Asset Management Ltd.	Asset management services	100.00	100.00	100.00	
CHL	Conning (Germany) GmbH	Risk management software services	100.00	100.00	100.00	
CHL	Conning Asia Pacific Ltd.	Asset management services	100.00	100.00	82.85	
CHL	Conning Japan Ltd.	Asset management services	100.00	100.00	100.00	
CHL	Global Evolution Holding ApS	Holding company	77.89	77.89	69.44	Note 2
Conning U.S. Holdings, Inc.	Conning Holdings Corp.	Holding company	100.00	100.00	100.00	
Conning Holdings Corp.	Conning & Company ("C&C")	Holding company	100.00	100.00	100.00	

(Continued)

Investors	Investees	Business	Ownership Interest (%)			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
C&C	Conning, Inc.	Asset management services	100.00	100.00	100.00	
C&C	Goodwin Capital Advisers, Inc.	Asset management services	100.00	100.00	100.00	
C&C	Conning Investment Products, Inc.	Securities services	100.00	100.00	100.00	
C&C	Octagon Credit Investors, LLC (“Octagon”)	Asset management services	87.24	87.24	86.34	
C&C	Pearlmark Real Estate, LLC (“Pearlmark”)	Real estate investment and management	55.50	55.50	55.50	Note 3
Pearlmark	Pearlmark Real Estate Services, LLC	Real estate investment management	100.00	100.00	100.00	Note 3
Pearlmark	PREP Investment Advisers, LLC	Real estate investment management	100.00	100.00	100.00	Note 3
Pearlmark	PEP GP II, LLC	Real estate investment management	52.00	52.00	52.00	Note 3
Octagon	Octagon Credit Opportunities GP, LLC	Fund management services	100.00	100.00	100.00	
Octagon	Octagon Funds GP LLC	Fund management services	100.00	100.00	100.00	
Octagon	Octagon Funds GP II LLC	Fund management services	100.00	100.00	100.00	
Octagon	Octagon Funds GP III LLC	Fund management services	100.00	100.00	100.00	Note 4
Global Evolution Holding ApS	Global Evolution Financial ApS	Asset management services	99.41	99.41	99.77	
Global Evolution Financial ApS	Global Evolution Fondsmæglerselskab A/S	Asset management services	100.00	100.00	100.00	
Global Evolution Financial ApS	Global Evolution Manco S.A	Asset management services	90.00	90.00	90.00	
Global Evolution Fondsmæglerselskab A/S	Global Evolution USA, LLC	Asset management services	100.00	100.00	100.00	
Global Evolution Fondsmæglerselskab A/S	Global Evolution Fund Management Singapore Pte. Ltd	Asset management services	100.00	100.00	100.00	
Cathay Power	Sunrise Pv One Co., Ltd (“Sunrise Pv One”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Two Co., Ltd. (“Cathy Sunrise Two”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Bai Yang Energy Co., Ltd. (“Bai Yang Energy”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. (“Cathy Sunrise Electric Power Two”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. (“Hong Cheng Sing Tech.”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Shen Lyu Co., Ltd. (“Shen Lyu”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Nan Yang Power Co., Ltd. (“Nan Yang Power”)	Energy technical services	80.00	80.00	80.00	
Cathay Power	CM Energy, Co., Ltd. (“CM Energy”)	Energy technical services	70.00	70.00	70.00	
Cathay Power	Neo Cathay Power Corp. (“Neo Cathay Power”)	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathay Wind Power Holdings Co., Ltd. (“Cathay Wind Power Holdings”)	Energy technical services	100.00	100.00	-	Note 5
Cathay Power	Cathay Wind Power Co., Ltd. (“Cathay Wind Power”)	Energy technical services	-	100.00	-	Note 6
Sunrise PV One	Shu Guang Energy Co., Ltd. (“Shu Guang Energy”)	Energy technical services	70.00	70.00	70.00	
CM Energy	Hong Tai Energy Co., Ltd. (“Hong Tai Energy”)	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Energy Co., Ltd. (“Tian Ji Energy”)	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Power Co., Ltd. (“Tian Ji Power”)	Energy technical services	100.00	100.00	100.00	
CM Energy	Chen Fong Power Co., Ltd. (“Chen Fong Power”)	Energy technical services and machinery manufacturing of power generation, transmission, and distribution	-	-	100.00	Note 7
Hong Tai Energy	Hong Tai Power Co., Ltd. (“Hong Tai Power”)	Energy technical services	100.00	100.00	100.00	
Neo Cathy Power	Si Yi Co., Ltd. (“Si Yi”)	Energy technical services	100.00	100.00	100.00	
Neo Cathy Power	Da Li Energy Co., Ltd. (“Da Li”)	Energy technical services	100.00	100.00	100.00	
Neo Cathy Power	Yong Han Co., Ltd. (“Yong Han”)	Energy technical services	100.00	100.00	100.00	
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. (“Cathay Wind Power”)	Energy technical services	100.00	-	-	Note 6

(Concluded)

- Note 1: On July 6, 2023, the Company's board of directors resolved to dispose of its 100% equity shares in CHL and subsidiary and exchanged for approximately 16.75% of equity shares in Generali Investments Holding S.p.A. The Department of Economic Affairs approved the transaction on February 29, 2024 and the disposal was completed on April 3, 2024.
- Note 2: Non-controlling interests exercised stock repurchase rights, and CHL repurchased shares from non-controlling interest shareholders on March 28, 2023 and June 21, 2023 and September 12, 2023, respectively, increase the percentage of ownership from 69.19% to 69.44% and from 69.44% to 69.85% and from 69.85% to 77.89%, respectively.
- Note 3: On March 28, 2023, C&C acquired 55.5% of Pearlmark shares in cash and obtained control of Pearlmark and its subsidiaries. Refer to Note 44 for the description of the business combination.
- Note 4: On March 15, 2023, Octagon Funds GP III LLC was established.
- Note 5: On December 28, 2023, Cathay Wind Power Holdings Co., Ltd. was established.
- Note 6: Cathay Wind Power, Inc. was incorporated on December 29, 2023 and became wholly-owned by Cathay Wind Power Holdings on January 12, 2024.
- Note 7: On May 2, 2023, CM Energy disposed of Chen Fong Power's shares. Please refer to Note 45 for the description of the disposed subsidiary.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%)			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Securities investment consulting services	100.00	100.00	100.00	

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in unconsolidated subsidiaries	\$ 768,487	\$ 696,540	\$ 733,173
Investments in associates	<u>30,829,530</u>	<u>30,177,764</u>	<u>29,011,918</u>
	<u>\$ 31,598,017</u>	<u>\$ 30,874,304</u>	<u>\$ 29,745,091</u>

Refer to Table 1 and Table 5 for the nature of business activities, main operating locations and countries of incorporation of the unconsolidated subsidiaries and associates.

a. Investments in unconsolidated subsidiaries

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cathay Securities Investment Consulting	<u>\$ 768,487</u>	<u>\$ 696,540</u>	<u>\$ 733,173</u>

b. Investments in associates

Aggregate information of associates that are not individually material

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
The Group' share of:		
Net income	\$ 601,734	\$ 689,405
Other comprehensive income (loss)	<u>153,047</u>	<u>(473,977)</u>
Total comprehensive income for the period	<u>\$ 754,781</u>	<u>\$ 215,428</u>

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

The investments in associates were not pledged as collateral.

14. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits	\$ 15,264,317	\$ 13,811,775	\$ 10,553,539
Financial debentures	19,944,214	19,445,871	21,951,055
Corporate bonds	20,698,983	19,948,861	21,148,407
Government bonds	23,980,765	25,793,052	26,783,088
Overseas bonds	4,130,746,798	3,975,209,682	3,908,133,010
Asset-backed securities	1,792,000	1,792,000	2,237,000
Less: Litigation deposits	(1,497,573)	(1,497,930)	(1,526,962)
Less: Deposits to Central Bank	(7,161,082)	(7,162,898)	(7,168,352)
Less: Derivative instrument collateral	(8,606,856)	(145,703)	(1,685,403)
Less: Loss allowance (Note)	<u>(3,245,926)</u>	<u>(3,382,841)</u>	<u>(3,295,345)</u>
	<u>\$ 4,191,915,640</u>	<u>\$ 4,043,811,869</u>	<u>\$ 3,977,130,037</u>

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of March 31, 2024, December 31, 2023 and March 31, 2023, the amounts were \$1,459 thousand, \$676 thousand and \$727 thousand, respectively.

- a. For the three months ended March 31, 2024 and 2023, the Group disposed of bonds before the maturity due to increases in credit risk, which resulted in losses on disposal of \$598,010 thousand and losses on disposal of \$121,917 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales that are insignificant in value (either individually or in aggregate) resulted in gains on disposal of \$790,177 thousand and \$2,185,872 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$35,940 thousand and losses on disposal of \$37,151 thousand, respectively.
- b. Refer to Note 38 for information relating to investments in financial assets at amortized cost pledged as security.
- c. Refer to Note 40 for information relating to the credit risk management and impairment of investments in debt instruments at amortized cost.

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

	Investment Property			Investment Property Under Construction	Prepayments for Buildings and Land - Investments
	Land	Buildings	Total		
Balance at January 1, 2023	\$ 388,050,348	\$ 132,842,980	\$ 520,893,328	\$ 5,747,767	\$ 1,501,343
Additions	-	-	-	1,295,136	249
Disposals	(28,998)	(24,312)	(53,310)	-	-
Reclassification	-	9,390	9,390	171,198	(180,588)
Loss on changes in fair value of investment property	-	(9,390)	(9,390)	-	-
Foreign exchange	178,140	309,979	488,119	11,440	20,537
Balance at March 31, 2023	<u>\$ 388,199,490</u>	<u>\$ 133,128,647</u>	<u>\$ 521,328,137</u>	<u>\$ 7,225,541</u>	<u>\$ 1,341,541</u>
Balance at January 1, 2024	\$ 392,203,252	\$ 136,430,132	\$ 528,633,384	\$ 8,983,487	\$ 4,188,723
Additions	-	-	-	2,583,481	3,305,382
Reclassification	-	3,143	3,143	1,229,208	(1,232,351)
Loss on changes in fair value of investment property	-	(3,143)	(3,143)	-	-
Foreign exchange	306,960	633,653	940,613	93,227	112,022
Balance at March 31, 2024	<u>\$ 392,510,212</u>	<u>\$ 137,063,785</u>	<u>\$ 529,573,997</u>	<u>\$ 12,889,403</u>	<u>\$ 6,373,776</u>

	For the Three Months Ended March 31	
	2024	2023
Rental income from investment properties	\$ 3,419,070	\$ 3,367,157
Direct operating expenses of investment properties that generate rental income	(170,456)	(179,193)
Direct operating expenses of investment properties that do not generate rental income	(43,408)	(4,472)
	<u>\$ 3,205,206</u>	<u>\$ 3,183,492</u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.

- b. As of March 31, 2024, investment properties of the Company amounted to \$494,336,309 thousand. The investment properties are held mainly for lease business. All the lease agreements of the Group's lease business are operating leases and the primary terms of lease agreements are the same with general lease agreement. Rents from investment property are received annually, semi-annually, quarterly, monthly or in lump sum. Investment properties held by the Group were not pledged.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.
- d. Valuation on the investment property of the Group has been carried out by the following appraisers of the joint appraisal firms meeting the qualification requirements for real estate appraisers in the R.O.C., with valuation dates of December 31, 2023 and 2022. The appraisers had reviewed the effectiveness of the original valuation reports and clarified that the fair values at December 31, 2023 and 2022 were still in effect on March 31, 2024 and 2023, respectively.

Name of Appraiser Firms	December 31	
	2023	2022
DTZ Real Estate Appraiser Firm	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	Yu-fen, Ye; Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-Yeh, Wu; Shih-Yu, Yeh	Yu-fen, Ye; Yi-zhi, Zhang; Hong-kai, Zhang
REPro KnightFrank Real Estate Appraiser Firm	Yu-hsiang, Tsai; Hsiang-yi, Hsu	Yu-hsiang, Tsai; Hsiang-yi, Hsu
V-LAND Real Estate Appraiser Firm	Xi-Zhong, Wang;	Xi-Zhong, Wang;
Shang-shang Real Estate Appraiser Firm	Hong-yuan, Wang; Jian-Hao, Huang	Hong-yuan, Wang; Jian-Hao, Huang
Sinyi Real Estate Appraiser Firm	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin, Chen; Yi-huei Luo; Siou-ying, Jhan	Yu-lin, Chen; Yi-huei Luo
CBRE Real Estate Appraiser Firm	Fu-xue, Shi	Fu-xue, Shi; Chih-wei, Li
China Credit Information Service Ltd.	Zhi-Hao, Wu; Wei-Ru, Li	Zhi-Hao, Wu; Wei-Ru, Li
LinkU Real Estate Appraisal and Consulting Services	Lin-Yu, Lian	Lin-Yu, Lian; Sheng-Feng, Lai
Colliers International Group Inc.	Feng-Ru, Ke; Jian-Huei Gu	Feng-Ru, Ke

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

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

The main inputs used are as follows:

	December 31	
	2023	2022
Direct capitalization rates (net)	0.43%-5.50%	0.44%-5.15%
Discount rates	2.82%-4.63%	2.82%-4.50%

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

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

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 499,000,922	\$ 496,638,049
Amount recognized in profit or loss		
Loss from investment property	(3,143)	(9,390)
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	940,613	488,119
Disposals	-	(53,310)
Transfers from investment property under construction	<u>3,143</u>	<u>9,390</u>
Ending balance	<u>\$ 499,941,535</u>	<u>\$ 497,072,858</u>

The above amounts did not include those measured at cost.

16. LOANS

	March 31, 2024	December 31, 2023	March 31, 2023
Life insurance policy loans (a)	\$ 158,736,575	\$ 159,276,467	\$ 153,000,173
Premium loans (b)	14,705,792	14,315,810	13,872,694
Secured loans (c)	226,160,068	232,364,383	266,790,780
Non-accrual receivables	<u>1,996,570</u>	<u>1,919,816</u>	<u>1,920,098</u>
	401,599,005	407,876,476	435,583,745
Less: Loss allowance	<u>(3,996,692)</u>	<u>(4,050,220)</u>	<u>(4,117,986)</u>
	<u>\$ 397,602,313</u>	<u>\$ 403,826,256</u>	<u>\$ 431,465,759</u>

- a. Life insurance policy loans were secured by policies issued by the Group.
- b. Policyholders may state on the application form or issue a written statement prior to end of grace period for premium payment to request the insurer to automatically deduct the premiums due and interest of the premium loan (as well as the principal and interest of the life insurance policy loan, if applicable) from the policyholders' policy value reserve after the second installment becomes overdue in order to maintain the effective insurance policy. Policyholders may also inform the insurer in writing to terminate the premium loan option prior to the next due date of premium payment.
- c. Secured loans are secured by government bonds, stocks, corporate bonds and real estate. The Group applied IFRS 9 and assessed impairment in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans Refer to Note 40 for related information of loss allowance for the three months ended March 31, 2024 and 2023.

17. REINSURANCE ASSETS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Due from reinsurers and ceding companies	\$ 719,559	\$ 592,591	\$ 636,949
Reinsurance reserve assets			
Ceded unearned premium reserve	1,092,599	1,241,869	1,079,093
Ceded loss reserve	70,967	117,196	131,292
Ceded policy reserve	352,966	348,004	370,064
Non-accrual receivables	<u>28,535</u>	<u>-</u>	<u>14,874</u>
	2,264,626	2,299,660	2,232,272
Less: Loss allowance	<u>(20,565)</u>	<u>-</u>	<u>(14,142)</u>
	<u>\$ 2,244,061</u>	<u>\$ 2,299,660</u>	<u>\$ 2,218,130</u>

CNY Co-reinsurance Business

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

a. Purpose, rationalization and expected benefit

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

b. Claims recovered from reinsurers and reinsurance commission income

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Claims recovered from reinsurers	\$ 5,104	\$ 4,084
Reinsurance commission income	429	455

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

Net income from reinsurance of \$8,083 thousand was recognized for the three months ended March 31, 2024 from CNY co-reinsurance business. The amount was calculated as follows:

Reinsurance commission of \$429 thousand + Claims recovered from reinsurers of \$5,104 thousand - Net changes in reinsurance reserve assets of \$3,428 thousand + Foreign exchange gain of \$5,978 thousand.

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

e. Accounting treatment for ceded CNY co-reinsurance business

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

f. Other notes designated by authorities: None.

18. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvement	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
Cost								
Balance at January 1, 2023	\$ 18,450,902	\$ 22,091,077	\$ 4,646,783	\$ 685,940	\$ 11,286	\$ 14,908,479	\$ 1,826,809	\$ 62,621,276
Acquisitions through business combinations (Note 44)	-	-	6,946	-	-	1,077	-	8,023
Additions	-	-	135,999	2,819	-	381,696	272,479	792,993
Disposals	-	-	(3,720)	-	-	(1,272)	-	(4,992)
Reclassification	-	15,313	-	-	-	758,648	(773,961)	-
Foreign exchange	-	2,043	(7,234)	(512)	12	(584)	-	(6,275)
Balance at March 31, 2023	<u>\$ 18,450,902</u>	<u>\$ 22,108,433</u>	<u>\$ 4,778,774</u>	<u>\$ 688,247</u>	<u>\$ 11,298</u>	<u>\$ 16,048,044</u>	<u>\$ 1,325,327</u>	<u>\$ 63,411,025</u>
Depreciation and impairment								
Balance at January 1, 2023	\$ 98,268	\$ 12,979,978	\$ 3,003,525	\$ 474,602	\$ 10,362	\$ 5,244,842	\$ -	\$ 21,811,577
Acquisitions through business combinations (Note 44)	-	-	5,618	-	-	1,043	-	6,661
Depreciation	-	97,719	95,201	12,045	65	187,218	-	392,248
Disposals	-	-	(2,117)	-	-	(1,222)	-	(3,339)
Foreign exchange	-	1,145	(1,535)	356	8	(307)	-	(333)
Balance at March 31, 2023	<u>\$ 98,268</u>	<u>\$ 13,078,842</u>	<u>\$ 3,100,692</u>	<u>\$ 487,003</u>	<u>\$ 10,435</u>	<u>\$ 5,431,574</u>	<u>\$ -</u>	<u>\$ 22,206,814</u>
Carrying amount at March 31, 2023	<u>\$ 18,352,634</u>	<u>\$ 9,029,591</u>	<u>\$ 1,678,082</u>	<u>\$ 201,244</u>	<u>\$ 863</u>	<u>\$ 10,616,470</u>	<u>\$ 1,325,327</u>	<u>\$ 41,204,211</u>
Cost								
Balance at January 1, 2024	\$ 18,447,922	\$ 22,110,597	\$ 5,162,725	\$ 680,070	\$ 11,236	\$ 17,524,383	\$ 919,143	\$ 64,856,076
Additions	-	-	96,930	1,924	558	118,983	287,858	506,253
Disposals	-	-	(17,632)	-	-	(3,485)	-	(21,117)
Reclassified as held for sale	-	-	(1,364,751)	(306,334)	-	(113,757)	-	(1,784,842)
Reclassification	-	683	-	-	-	312,206	(312,889)	-
Foreign exchange	-	13,297	57,497	19,081	76	4,037	-	93,988
Balance at March 31, 2024	<u>\$ 18,447,922</u>	<u>\$ 22,124,577</u>	<u>\$ 3,934,769</u>	<u>\$ 394,741</u>	<u>\$ 11,870</u>	<u>\$ 17,842,367</u>	<u>\$ 894,112</u>	<u>\$ 63,650,358</u>
Depreciation and impairment								
Balance at January 1, 2024	\$ 98,268	\$ 13,361,871	\$ 3,320,985	\$ 489,784	\$ 9,479	\$ 6,045,334	\$ -	\$ 23,325,721
Depreciation	-	97,488	114,403	13,364	156	214,261	-	439,672
Disposals	-	-	(17,552)	-	-	(3,449)	-	(21,001)
Reclassified as held for sale	-	-	(483,686)	(162,799)	-	(87,515)	-	(734,000)
Foreign exchange	-	4,683	21,605	12,892	42	3,023	-	42,245
Balance at March 31, 2024	<u>\$ 98,268</u>	<u>\$ 13,464,042</u>	<u>\$ 2,955,755</u>	<u>\$ 353,241</u>	<u>\$ 9,677</u>	<u>\$ 6,171,654</u>	<u>\$ -</u>	<u>\$ 23,052,637</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 18,349,654</u>	<u>\$ 8,748,726</u>	<u>\$ 1,841,740</u>	<u>\$ 190,286</u>	<u>\$ 1,757</u>	<u>\$ 11,479,049</u>	<u>\$ 919,143</u>	<u>\$ 41,530,355</u>
Carrying amount at March 31, 2024	<u>\$ 18,349,654</u>	<u>\$ 8,660,535</u>	<u>\$ 979,014</u>	<u>\$ 41,500</u>	<u>\$ 2,193</u>	<u>\$ 11,670,713</u>	<u>\$ 894,112</u>	<u>\$ 40,597,721</u>

a. For an explanation of the reclassification of assets and liabilities related to Conning Holdings Limited to disposal groups held for sale on March 31, 2024, please refer to Note 11.

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

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

c. Property and equipment pledged as collateral are set out in Note 38.

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Carrying amount</u>			
Land	\$ 254,515	\$ 258,198	\$ 254,604
Buildings	1,254,909	1,887,440	2,021,476
Office equipment	5,770	18,548	12,895
Transportation equipment	<u>8,779</u>	<u>12,836</u>	<u>15,739</u>
	<u>\$ 1,523,973</u>	<u>\$ 2,177,022</u>	<u>\$ 2,304,714</u>
Right-of-use assets presented as investment properties	<u>\$ 13,127,027</u>	<u>\$ 13,127,027</u>	<u>\$ 13,499,663</u>
		For the Three Months Ended March 31	
		<u>2024</u>	<u>2023</u>
Additions to right-of-use assets		<u>\$ 174,901</u>	<u>\$ 260,251</u>
Depreciation expense for right-of-use assets			
Land		\$ 3,661	\$ 3,497
Buildings		157,234	166,664
Office equipment		1,968	2,357
Transportation equipment		<u>1,819</u>	<u>2,158</u>
		<u>\$ 164,682</u>	<u>\$ 174,676</u>

b. Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount	<u>\$ 15,772,913</u>	<u>\$ 16,604,525</u>	<u>\$ 16,486,942</u>

Range of discount rates for lease liabilities is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	1.24%-2.63%	1.24%-2.63%	1.24%-2.63%
Buildings	1.11%-8.57%	1.11%-8.57%	1.11%-8.57%
Office equipment	4.75%	4.67%-4.76%	4.67%-4.76%
Transportation equipment	2.49%-3.66%	2.49%-3.66%	2.49%-3.66%
Investment property - right of superficies	2.82%-4.24%	2.82%-4.24%	2.82%-4.24%

20. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Other Intangible Assets	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 3,039,395	\$ 37,659,600	\$ 402,858	\$ 5,995,545	\$ 14,978,211	\$ 214,188	\$ 62,289,797
Acquisitions through business combinations (Note 44)	-	-	-	-	147,658	-	147,658
Additions - acquired separately	55,107	-	-	-	-	-	55,107
Foreign exchange	551	-	(3,332)	(49,592)	(95,456)	(1,771)	(149,600)
Balance at March 31, 2023	<u>\$ 3,095,053</u>	<u>\$ 37,659,600</u>	<u>\$ 399,526</u>	<u>\$ 5,945,953</u>	<u>\$ 15,030,413</u>	<u>\$ 212,417</u>	<u>\$ 62,342,962</u>
<u>Amortization and impairment</u>							
Balance at January 1, 2023	\$ 2,476,246	\$ 15,304,406	\$ -	\$ 2,914,844	\$ -	\$ 214,188	\$ 20,909,684
Amortization	51,019	447,103	-	95,799	-	-	593,921
Foreign exchange	486	-	-	(23,956)	-	(1,771)	(25,241)
Balance at March 31, 2023	<u>\$ 2,527,751</u>	<u>\$ 15,751,509</u>	<u>\$ -</u>	<u>\$ 2,986,687</u>	<u>\$ -</u>	<u>\$ 212,417</u>	<u>\$ 21,478,364</u>
Carrying amount at March 31, 2023	<u>\$ 567,302</u>	<u>\$ 21,908,091</u>	<u>\$ 399,526</u>	<u>\$ 2,959,266</u>	<u>\$ 15,030,413</u>	<u>\$ -</u>	<u>\$ 40,864,598</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 3,278,300	\$ 37,659,600	\$ 465,912	\$ 6,097,632	\$ 15,134,431	\$ 217,421	\$ 62,853,296
Acquisitions through business combinations (Note 44)	-	-	-	-	11,991	-	11,991
Additions - acquired separately	44,332	-	-	-	-	-	44,332
Reclassified as held for sale	(35,765)	-	(484,936)	(6,346,616)	(12,187,864)	(223,130)	(19,278,311)
Foreign exchange	7,625	-	19,024	248,984	478,253	8,753	762,639
Balance at March 31, 2024	<u>\$ 3,294,492</u>	<u>\$ 37,659,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 3,044</u>	<u>\$ 44,393,947</u>
<u>Amortization and impairment</u>							
Balance at January 1, 2024	\$ 2,712,727	\$ 17,092,822	\$ -	\$ 3,310,815	\$ -	\$ 214,377	\$ 23,330,741
Amortization	52,250	447,103	-	101,143	-	-	600,496
Reclassified as held for sale	(35,765)	-	-	(3,548,898)	-	(223,130)	(3,807,793)
Foreign exchange	6,826	-	-	136,940	-	8,753	152,519
Balance at March 31, 2024	<u>\$ 2,736,038</u>	<u>\$ 17,539,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,275,963</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 565,573</u>	<u>\$ 20,566,778</u>	<u>\$ 465,912</u>	<u>\$ 2,786,817</u>	<u>\$ 15,134,431</u>	<u>\$ 3,044</u>	<u>\$ 39,522,555</u>
Carrying amount at March 31, 2024	<u>\$ 558,454</u>	<u>\$ 20,119,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,436,811</u>	<u>\$ 3,044</u>	<u>\$ 24,117,984</u>

a. For an explanation of the reclassification of assets and liabilities related to Conning Holdings Limited to disposal groups held for sale on March 31, 2024, please refer to Note 11.

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

Computer software	1-10 years
Franchises	20 years
Customer relationships	5-15 years
Other	3-6 years

c. The Group recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd., on July 1, 2015; (2) 100% interest in Conning Holdings Limited on September 18, 2015; (3) 81.89% interest in Octagon Credit Investors, LLC (through Conning & Company, a 100% owned subsidiary of the Group) on February 1, 2016; and (4) 8% equity shares in Global Evolution Holding ApS by Conning Holdings Limited, which increased its ownership interest to 53% on June 25, 2020 ; (5) Cathay Power and its subsidiaries, which increased its ownership interest to 70% on November 25, 2022 ; (6) Chen Fong Power through CM Energy, a 70% owned subsidiary of the Group on December 28, 2022 ; (7) 55.5% equity interest in Pearlmark Real Estate LLC (through Conning & Company, a 100% owned subsidiary of the group) on March 28, 2023.

d. On May 2, 2023, CM Energy disposed of its shares of Chen Fong Power, and the goodwill arising from the acquisition was eliminated. Refer to Note 45 for related information.

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

21. OTHER ASSETS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Insurance Industry Stability Fund (a)	\$ 14,439,510	\$ 14,258,549	\$ 13,710,354
Less: Reserve for Insurance Industry Stability Fund (a)	(14,439,510)	(14,258,549)	(13,710,354)
Guarantee deposits paid (b)	39,959,751	26,082,321	35,203,771
Deferred acquisition costs (c)	280,461	289,733	1,205
Prepayments	656,337	985,406	1,255,938
Net defined benefit assets	8,510,070	8,446,927	7,875,588
Others	<u>2,685,180</u>	<u>4,052,829</u>	<u>1,202,952</u>
	<u>\$ 52,091,799</u>	<u>\$ 39,857,216</u>	<u>\$ 45,539,454</u>

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

- b. Guarantee deposits paid are comprised of:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Insurance operation guarantee deposit	\$ 11,902,841	\$ 11,893,967	\$ 11,927,806
Deposit for futures and options trading	4,802,769	5,511,189	8,418,222
Deposit for derivatives trading	21,354,875	6,753,349	12,703,633
Other guarantee deposits	<u>1,899,266</u>	<u>1,923,816</u>	<u>2,154,110</u>
	<u>\$ 39,959,751</u>	<u>\$ 26,082,321</u>	<u>\$ 35,203,771</u>

The Group provided cash, time deposits and government bonds as guarantees. Refer to Note 38 for related information.

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 289,733	\$ 1,263
Amortization	<u>(9,272)</u>	<u>(58)</u>
Ending balance	<u>\$ 280,461</u>	<u>\$ 1,205</u>

22. PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	\$ 833,213	\$ 1,463,909	\$ 1,432,789
Claims payable	1,045,328	1,062,040	1,006,979
Commissions payable	3,874,398	2,761,531	2,362,071
Due to reinsurers and ceding companies	1,394,069	1,289,508	1,181,140
Other payables	<u>16,958,741</u>	<u>16,339,487</u>	<u>11,217,914</u>
	<u>\$ 24,105,749</u>	<u>\$ 22,916,475</u>	<u>\$ 17,200,893</u>

23. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
First perpetual non-cumulative subordinated corporate bonds of 2016 (a)	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000
First perpetual cumulative subordinated corporate bonds of 2017 (b)	35,000,000	35,000,000	35,000,000
First perpetual cumulative subordinated corporate bonds of 2019 (c)	10,000,000	10,000,000	10,000,000
First unsecured cumulative subordinated corporate bonds of 2023 (d)	25,100,000	25,100,000	-
Second USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (e)	3,614,870	3,473,055	-
Third USD-denominated unsecured cumulative subordinated corporate bonds of 2023 (f)	799,750	768,375	-
Fourth unsecured cumulative subordinated corporate bonds of 2023 (g)	<u>5,500,000</u>	<u>5,500,000</u>	<u>-</u>
	<u>\$ 115,014,620</u>	<u>\$ 114,841,430</u>	<u>\$ 80,000,000</u>

- a. Pursuant to Jin Guan Bao Shou No. 10502133020 by the FSC, the Company issued first perpetual non-cumulative subordinated corporate bonds on December 13, 2016 through private placement. Key terms and conditions are as follows:
- 1) Issue amount: \$35,000,000 thousand.
 - 2) Principal amount and issue price: The face value is \$1,000,000 thousand each, and is issued at par.
 - 3) Years to maturity: Perpetual.
 - 4) Coupon rate: From the issue date to the tenth year, the coupon rate is 3.6%; from the day following the tenth year maturity and on every tenth year maturity from then on, if the bonds are not redeemed, the coupon rate will be adjusted to a fixed annual rate of Taiwan 10 years government bond plus the issue spread.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date. The Company may stop making interest payments and such interest payments will not be cumulated or deferred under the following circumstances: The Company has no earnings or the earnings are insufficient to make interest payments; the Company would fail to meet the required risk-based capital ratio or other minimum requirements from the authorities if making those interest payments; the Company has other essential considerations.
 - 6) Right of early redemption: The Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest. The Company may redeem the bond once a year.
 - 7) Forms of bonds: Physical certificate.
 - 8) Interest expense: Interest expense of \$313,278 thousand and \$310,685 thousand was recorded as finance costs for the three months ended March 31, 2024 and 2023, respectively.
- b. Pursuant to Order No. Securities-TPEX-Bond-10600099421 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. Key terms and conditions are as follows:
- 1) Issue amount: \$35,000,000 thousand.
 - 2) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - 3) Years to maturity: Perpetual.
 - 4) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year maturity.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

- 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$287,174 thousand and \$284,795 thousand was recorded as finance costs for the three months ended March 31, 2024 and 2023, respectively.
- c. Pursuant to Order No. Securities-TPEX-Bond-10800055731 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
- 1) Issue amount: \$10,000,000 thousand.
 - 2) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - 3) Years to maturity: Perpetual.
 - 4) Coupon rate: Fixed rate of 3%.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: If the Company's RBC ratio is greater than twice the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$74,590 thousand and \$73,980 thousand was recorded as finance costs for the three months ended March 31, 2024 and 2023, respectively.
- d. Pursuant to Order No. Securities-TPEX-Bond-11200070741 of the Taipei Exchange, the Company issued first unsecured cumulative subordinated corporate bonds on August 1, 2023. Key terms and conditions are as follows:
- 1) Issue amount: \$25,100,000 thousand, which is divided into Note A of \$17,600,000 thousand and Note B of \$7,500,000 thousand by issue terms.
 - 2) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - 3) Years to maturity: Note A is 10 years, and Note B is 15 years.
 - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.

- 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$233,718 thousand was recorded as finance costs for the three months ended March 31, 2024.
- e. Pursuant to Order No. Securities-TPEX-Bond-11200073801 of the Taipei Exchange, the Company issued second USD-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023. Key terms and conditions are as follows:
- 1) Issue amount: US\$113,000 thousand.
 - 2) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
 - 3) Years to maturity: 10 years.
 - 4) Coupon rate: Fixed rate of 6.1%.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: None.
 - 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$54,502 thousand was recorded as finance costs for the three months ended March 31, 2024.
- f. Pursuant to Order No. Securities-TPEX-Bond-11200097881 of the Taipei Exchange, the Company issued third USD-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023. Key terms and conditions are as follows:
- 1) Issue amount: US\$25,000 thousand.
 - 2) Principal amount and issue price: The face value is US\$100 thousand each and is issued at par.
 - 3) Years to maturity: 10 years.
 - 4) Coupon rate: Fixed rate of 6.1%.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: None.
 - 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$12,058 thousand was recorded as finance costs for the three months ended March 31, 2024.

- g. Pursuant to Order No. Securities-TPEX-Bond-11200099051 of the Taipei Exchange, the Company issued fourth USD-denominated unsecured cumulative subordinated corporate bonds on October 12, 2023. Key terms and conditions are as follows:
- 1) Issue amount: \$5,500,000 thousand, which is divided into Note A of \$2,500,000 thousand and Note B of \$3,000,000 thousand by issue terms.
 - 2) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - 3) Years to maturity: Note A is 10 years and Note B is 15 years.
 - 4) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - 5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - 6) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - 7) Forms of bonds: Book-entry securities.
 - 8) Interest expense: Interest expense of \$51,717 thousand was recorded as finance costs for the three months ended March 31, 2024.

24. INSURANCE LIABILITIES

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

a. The Company

1) Unearned premium reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance	\$ 81,134	\$ -	\$ 81,134	\$ 79,580	\$ -	\$ 79,580	\$ 81,554	\$ -	\$ 81,554
Individual injury insurance	7,958,628	-	7,958,628	8,230,736	-	8,230,736	7,513,773	-	7,513,773
Individual health insurance	11,186,820	-	11,186,820	11,752,319	-	11,752,319	10,516,519	-	10,516,519
Group insurance	1,426,597	-	1,426,597	1,049,514	-	1,049,514	1,196,798	-	1,196,798
Investment-linked insurance	124,326	-	124,326	126,000	-	126,000	124,008	-	124,008
	<u>20,777,505</u>	<u>-</u>	<u>20,777,505</u>	<u>21,238,149</u>	<u>-</u>	<u>21,238,149</u>	<u>19,432,652</u>	<u>-</u>	<u>19,432,652</u>
Less ceded unearned premium reserve:									
Individual life insurance	779,814	-	779,814	917,216	-	917,216	823,247	-	823,247
Individual injury insurance	19,046	-	19,046	22,636	-	22,636	22,535	-	22,535
Individual health insurance	293,210	-	293,210	302,017	-	302,017	232,919	-	232,919
Group insurance	529	-	529	-	-	-	392	-	392
	<u>1,092,599</u>	<u>-</u>	<u>1,092,599</u>	<u>1,241,869</u>	<u>-</u>	<u>1,241,869</u>	<u>1,079,093</u>	<u>-</u>	<u>1,079,093</u>
	<u>\$ 19,684,906</u>	<u>\$ -</u>	<u>\$ 19,684,906</u>	<u>\$ 19,996,280</u>	<u>\$ -</u>	<u>\$ 19,996,280</u>	<u>\$ 18,353,559</u>	<u>\$ -</u>	<u>\$ 18,353,559</u>

The changes in unearned premium reserve are summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 21,238,149	\$ -	\$ 21,238,149	\$ 20,063,023	\$ -	\$ 20,063,023
Provision	20,777,463	-	20,777,463	19,432,670	-	19,432,670
Recovery	(21,238,149)	-	(21,238,149)	(20,063,023)	-	(20,063,023)
Foreign exchange	42	-	42	(18)	-	(18)
Ending balance	<u>20,777,505</u>	<u>-</u>	<u>20,777,505</u>	<u>19,432,652</u>	<u>-</u>	<u>19,432,652</u>
Less ceded unearned premium reserve:						
Beginning balance	1,241,869	-	1,241,869	1,180,752	-	1,180,752
Decrease	<u>(149,270)</u>	<u>-</u>	<u>(149,270)</u>	<u>(101,659)</u>	<u>-</u>	<u>(101,659)</u>
Ending balance	<u>1,092,599</u>	<u>-</u>	<u>1,092,599</u>	<u>1,079,093</u>	<u>-</u>	<u>1,079,093</u>
Net ending balance	<u>\$ 19,684,906</u>	<u>\$ -</u>	<u>\$ 19,684,906</u>	<u>\$ 18,353,559</u>	<u>\$ -</u>	<u>\$ 18,353,559</u>

2) Loss reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Individual life insurance									
Filed but not paid	\$ 3,911,740	\$ 10,896	\$ 3,922,636	\$ 3,612,703	\$ 10,835	\$ 3,623,538	\$ 3,599,921	\$ 87,275	\$ 3,687,196
Not yet filed	36,646	-	36,646	23,952	-	23,952	53,344	-	53,344
Individual injury insurance									
Filed but not paid	81,212	-	81,212	79,315	-	79,315	75,177	-	75,177
Not yet filed	2,360,546	-	2,360,546	2,385,053	-	2,385,053	2,222,876	-	2,222,876
Individual health insurance									
Filed but not paid	911,554	-	911,554	898,217	-	898,217	879,742	-	879,742
Not yet filed	4,494,807	-	4,494,807	4,457,349	-	4,457,349	3,814,489	-	3,814,489
Group insurance									
Filed but not paid	64,842	-	64,842	66,110	-	66,110	65,606	-	65,606
Not yet filed	970,914	-	970,914	969,275	-	969,275	971,516	-	971,516
Investment-linked insurance									
Filed but not paid	187,828	-	187,828	196,654	-	196,654	152,326	-	152,326
Not yet filed	724	-	724	584	-	584	2,506	-	2,506
	<u>13,020,813</u>	<u>10,896</u>	<u>13,031,709</u>	<u>12,689,212</u>	<u>10,835</u>	<u>12,700,047</u>	<u>11,837,503</u>	<u>87,275</u>	<u>11,924,778</u>
Less ceded loss reserve									
Individual life insurance	58,302	-	58,302	102,672	-	102,672	117,735	-	117,735
Individual health insurance	2,408	-	2,408	4,565	-	4,565	2,909	-	2,909
	<u>60,710</u>	<u>-</u>	<u>60,710</u>	<u>107,237</u>	<u>-</u>	<u>107,237</u>	<u>120,644</u>	<u>-</u>	<u>120,644</u>
	<u>\$ 12,960,103</u>	<u>\$ 10,896</u>	<u>\$ 12,970,999</u>	<u>\$ 12,581,975</u>	<u>\$ 10,835</u>	<u>\$ 12,592,810</u>	<u>\$ 11,716,859</u>	<u>\$ 87,275</u>	<u>\$ 11,804,134</u>

The changes of loss reserve are summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 12,689,212	\$ 10,835	\$ 12,700,047	\$ 12,129,553	\$ 56,967	\$ 12,186,520
Provision	12,997,073	10,896	13,007,969	11,840,960	87,275	11,928,235
Recovery	(12,689,212)	(10,835)	(12,700,047)	(12,129,553)	(56,967)	(12,186,520)
Foreign exchange	23,740	-	23,740	(3,457)	-	(3,457)
Ending balance	<u>13,020,813</u>	<u>10,896</u>	<u>13,031,709</u>	<u>11,837,503</u>	<u>87,275</u>	<u>11,924,778</u>
Less ceded loss reserve						
Beginning balance	107,237	-	107,237	114,268	-	114,268
Increase	-	-	-	6,376	-	6,376
Decrease	<u>(46,527)</u>	<u>-</u>	<u>(46,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>60,710</u>	<u>-</u>	<u>60,710</u>	<u>120,644</u>	<u>-</u>	<u>120,644</u>
Net ending balance	<u>\$ 12,960,103</u>	<u>\$ 10,896</u>	<u>\$ 12,970,999</u>	<u>\$ 11,716,859</u>	<u>\$ 87,275</u>	<u>\$ 11,804,134</u>

3) Policy reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation			Financial Instruments with Discretionary Participation			Financial Instruments with Discretionary Participation		
	Insurance Contracts	Feature	Total	Insurance Contracts	Feature	Total	Insurance Contracts	Feature	Total
Life insurance (Note 1)	\$ 5,795,049,905	\$ 2,391	\$ 5,795,052,296	\$ 5,710,437,275	\$ 2,393	\$ 5,710,439,668	\$ 5,664,844,305	\$ 2,600	\$ 5,664,846,905
Injury insurance	7,686,600	-	7,686,600	7,656,551	-	7,656,551	7,544,469	-	7,544,469
Health insurance	1,023,025,004	-	1,023,025,004	1,008,730,124	-	1,008,730,124	950,236,076	-	950,236,076
Annuity insurance	1,056,732	5,262,068	6,318,800	1,052,875	5,624,513	6,677,388	1,083,188	7,262,957	8,346,145
Investment-linked insurance	1,047,301	-	1,047,301	989,369	-	989,369	856,182	-	856,182
Total (Note 2)	<u>6,827,865,542</u>	<u>5,264,459</u>	<u>6,833,130,001</u>	<u>6,728,866,194</u>	<u>5,626,906</u>	<u>6,734,493,100</u>	<u>6,624,564,220</u>	<u>7,265,557</u>	<u>6,631,829,777</u>
Less ceded policy reserve									
Life insurance	<u>342,366</u>	<u>-</u>	<u>342,366</u>	<u>339,816</u>	<u>-</u>	<u>339,816</u>	<u>361,937</u>	<u>-</u>	<u>361,937</u>
	<u>\$ 6,827,523,176</u>	<u>\$ 5,264,459</u>	<u>\$ 6,832,787,635</u>	<u>\$ 6,728,526,378</u>	<u>\$ 5,626,906</u>	<u>\$ 6,734,153,284</u>	<u>\$ 6,624,202,283</u>	<u>\$ 7,265,557</u>	<u>\$ 6,631,467,840</u>

Note 1: Allowance for doubtful account pertinent to 3% of business tax cut and recovery of reserve for catastrophic event are included.

Note 2: Total policy reserve including policy-reserve payables for the insured amounted to \$6,833,624,736 thousand, \$6,734,996,167 thousand and \$6,632,306,276 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The changes of policy reserve are summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 6,728,866,194	\$ 5,626,906	\$ 6,734,493,100	\$ 6,597,393,936	\$ 7,774,262	\$ 6,605,168,198
Provision	116,261,514	17,043	116,278,557	119,199,727	21,535	119,221,262
Recovery	(78,053,551)	(379,488)	(78,433,039)	(77,173,922)	(530,231)	(77,704,153)
Foreign exchange	<u>60,791,385</u>	<u>(2)</u>	<u>60,791,383</u>	<u>(14,855,521)</u>	<u>(9)</u>	<u>(14,855,530)</u>
Ending balance	<u>6,827,865,542</u>	<u>5,264,459</u>	<u>6,833,130,001</u>	<u>6,624,564,220</u>	<u>7,265,557</u>	<u>6,631,829,777</u>
Less ceded policy reserve						
Beginning balance	339,816	-	339,816	362,295	-	362,295
Decrease	(3,429)	-	(3,429)	(2,347)	-	(2,347)
Foreign exchange	<u>5,979</u>	<u>-</u>	<u>5,979</u>	<u>1,989</u>	<u>-</u>	<u>1,989</u>
Ending balance	<u>342,366</u>	<u>-</u>	<u>342,366</u>	<u>361,937</u>	<u>-</u>	<u>361,937</u>
Net ending balance	<u>\$ 6,827,523,176</u>	<u>\$ 5,264,459</u>	<u>\$ 6,832,787,635</u>	<u>\$ 6,624,202,283</u>	<u>\$ 7,265,557</u>	<u>\$ 6,631,467,840</u>

4) Special reserve

	March 31, 2024				December 31, 2023				March 31, 2023			
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total
Participating policies dividends reserve	\$ 13,364	\$ -	\$ -	\$ 13,364	\$ 7,215	\$ -	\$ -	\$ 7,215	\$ (7,882)	\$ -	\$ -	\$ (7,882)
Dividend risk reserve	-	-	-	-	-	-	-	-	10,448	-	-	10,448
Special reserve for revaluation increments of property	-	-	11,083,324	11,083,324	-	-	11,083,324	11,083,324	-	-	11,083,324	11,083,324
	<u>\$ 13,364</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,096,688</u>	<u>\$ 7,215</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,090,539</u>	<u>\$ 2,566</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,085,890</u>

The changes of special reserve are summarized below:

	For the Three Months Ended March 31							
	2024				2023			
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total
Beginning balance	\$ 7,215	\$ -	\$ 11,083,324	\$ 11,090,539	\$ 2,409	\$ -	\$ 11,083,324	\$ 11,085,733
Provision for participating policies dividends reserve	6,149	-	-	6,149	5,515	-	-	5,515
Recovery of dividend risk reserve	-	-	-	-	(5,358)	-	-	(5,358)
Ending balance	<u>\$ 13,364</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,096,688</u>	<u>\$ 2,566</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,085,890</u>

5) Premium deficiency reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Individual life insurance	\$ 5,101,347	\$ -	\$ 5,101,347	\$ 5,148,053	\$ -	\$ 5,148,053	\$ 6,377,487	\$ -	\$ 6,377,487
Individual injury insurance	3,781	-	3,781	3,975	-	3,975	4,298	-	4,298
Individual health insurance	1,447,420	-	1,447,420	1,546,245	-	1,546,245	1,332,575	-	1,332,575
Group insurance	103,497	-	103,497	72,335	-	72,335	36	-	36
	<u>\$ 6,656,045</u>	<u>\$ -</u>	<u>\$ 6,656,045</u>	<u>\$ 6,770,608</u>	<u>\$ -</u>	<u>\$ 6,770,608</u>	<u>\$ 7,714,396</u>	<u>\$ -</u>	<u>\$ 7,714,396</u>

The changes of premium deficiency reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total
Beginning balance	\$ 6,770,608	\$ -	\$ 6,770,608	\$ 8,130,466	\$ -	\$ 8,130,466
Provision	205,406	-	205,406	-	-	-
Recovery	(370,037)	-	(370,037)	(396,427)	-	(396,427)
Foreign exchange	50,068	-	50,068	(19,643)	-	(19,643)
Ending balance	<u>\$ 6,656,045</u>	<u>\$ -</u>	<u>\$ 6,656,045</u>	<u>\$ 7,714,396</u>	<u>\$ -</u>	<u>\$ 7,714,396</u>

6) Other reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Other	\$ 1,834,253	\$ -	\$ 1,834,253	\$ 1,834,253	\$ -	\$ 1,834,253	\$ 1,842,253	\$ -	\$ 1,842,253

The changes of other reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 1,834,253	\$ -	\$ 1,834,253	\$ 1,845,253	\$ -	\$ 1,845,253
Recovery	-	-	-	(3,000)	-	(3,000)
Ending balance	\$ 1,834,253	\$ -	\$ 1,834,253	\$ 1,842,253	\$ -	\$ 1,842,253

7) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2024	December 31, 2023	March 31, 2023
Unearned premium reserve	\$ 20,777,505	\$ 21,238,149	\$ 19,432,652
Policy reserve	6,833,624,736	6,734,996,167	6,632,306,276
Premium deficiency reserve	6,656,045	6,770,608	7,714,396
Other reserve	<u>1,834,253</u>	<u>1,834,253</u>	<u>1,842,253</u>
Book value of insurance liabilities	<u>\$ 6,862,892,539</u>	<u>\$ 6,764,839,177</u>	<u>\$ 6,661,295,577</u>
Estimated present value of cash flows	<u>\$ 6,352,895,012</u>	<u>\$ 6,250,314,949</u>	<u>\$ 6,240,036,007</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

Liability adequacy testing methodology is listed as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date (Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
b) Discount rate	Discount rates are calculated using the best estimated scenario investment return based on the actuary report of 2023 with neutral assumption for discount rates after 30 years.	Under assets allocation plan on September 30, 2023, discount rates are calculated using the best estimated scenario investment return based on actuary report of 2022 with neutral assumption for discount rates after 30 years.	Discount rates are calculated using the best estimated scenario investment return based on the actuary report of 2022 with neutral assumption for discount rates after 30 years. (Concluded)

b. Cathay Lujiazui Life

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

1) Unearned premium reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Individual injury insurance	\$ 4,001	\$ -	\$ 4,001	\$ 4,137	\$ -	\$ 4,137	\$ 4,104	\$ -	\$ 4,104
Individual health insurance	41,770	-	41,770	39,916	-	39,916	57,563	-	57,563
Group insurance	<u>313,085</u>	<u>-</u>	<u>313,085</u>	<u>366,515</u>	<u>-</u>	<u>366,515</u>	<u>327,399</u>	<u>-</u>	<u>327,399</u>
	<u>\$ 358,856</u>	<u>\$ -</u>	<u>\$ 358,856</u>	<u>\$ 410,568</u>	<u>\$ -</u>	<u>\$ 410,568</u>	<u>\$ 389,066</u>	<u>\$ -</u>	<u>\$ 389,066</u>

The changes of unearned premium reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total
Beginning balance	\$ 410,568	\$ -	\$ 410,568	\$ 418,820	\$ -	\$ 418,820
Provision	82,562	-	82,562	125,147	-	125,147
Recovery	(142,534)	-	(142,534)	(156,356)	-	(156,356)
Foreign exchange	<u>8,260</u>	<u>-</u>	<u>8,260</u>	<u>1,455</u>	<u>-</u>	<u>1,455</u>
Ending balance	<u>\$ 358,856</u>	<u>\$ -</u>	<u>\$ 358,856</u>	<u>\$ 389,066</u>	<u>\$ -</u>	<u>\$ 389,066</u>

2) Loss reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Individual life insurance									
Filed but not paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Not yet filed	-	-	-	-	-	-	-	-	-
Individual injury insurance									
Filed but not paid	-	-	-	-	-	-	31	-	31
Not yet filed	2,442	-	2,442	4,349	-	4,349	5,741	-	5,741
Individual health insurance									
Filed but not paid	1,114	-	1,114	160	-	160	1,013	-	1,013
Not yet filed	19,834	-	19,834	18,771	-	18,771	17,109	-	17,109
Group insurance									
Filed but not paid	38,677	-	38,677	12,788	-	12,788	16,157	-	16,157
Not yet filed	528,990	-	528,990	520,760	-	520,760	539,808	-	539,808
	<u>591,057</u>	<u>-</u>	<u>591,057</u>	<u>556,828</u>	<u>-</u>	<u>556,828</u>	<u>579,859</u>	<u>-</u>	<u>579,859</u>
Less ceded loss reserve									
Individual injury insurance	232	-	232	226	-	226	35	-	35
Individual health insurance	5,292	-	5,292	4,834	-	4,834	5,242	-	5,242
Group insurance	4,733	-	4,733	4,899	-	4,899	5,371	-	5,371
	<u>10,257</u>	<u>-</u>	<u>10,257</u>	<u>9,959</u>	<u>-</u>	<u>9,959</u>	<u>10,648</u>	<u>-</u>	<u>10,648</u>
	<u>\$ 580,800</u>	<u>\$ -</u>	<u>\$ 580,800</u>	<u>\$ 546,869</u>	<u>\$ -</u>	<u>\$ 546,869</u>	<u>\$ 569,211</u>	<u>\$ -</u>	<u>\$ 569,211</u>

The changes of loss reserve are summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 556,828	\$ -	\$ 556,828	\$ 517,359	\$ -	\$ 517,359
Provision	488,060	-	488,060	491,700	-	491,700
Recovery	(466,305)	-	(466,305)	(430,772)	-	(430,772)
Foreign exchange	<u>12,474</u>	<u>-</u>	<u>12,474</u>	<u>1,572</u>	<u>-</u>	<u>1,572</u>
Ending balance	<u>591,057</u>	<u>-</u>	<u>591,057</u>	<u>579,859</u>	<u>-</u>	<u>579,859</u>
Less ceded loss reserve						
Beginning balance	9,959	-	9,959	8,628	-	8,628
Increase	10,131	-	10,131	10,672	-	10,672
Decrease	(10,053)	-	(10,053)	(8,674)	-	(8,674)
Foreign exchange	<u>220</u>	<u>-</u>	<u>220</u>	<u>22</u>	<u>-</u>	<u>22</u>
Ending balance	<u>10,257</u>	<u>-</u>	<u>10,257</u>	<u>10,648</u>	<u>-</u>	<u>10,648</u>
Net ending balance	<u>\$ 580,800</u>	<u>\$ -</u>	<u>\$ 580,800</u>	<u>\$ 569,211</u>	<u>\$ -</u>	<u>\$ 569,211</u>

3) Policy reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Life insurance	\$ 72,275,559	\$ -	\$ 72,275,559	\$ 64,680,315	\$ -	\$ 64,680,315	\$ 53,084,512	\$ -	\$ 53,084,512
Health insurance	8,468,591	-	8,468,591	7,577,114	-	7,577,114	6,612,565	-	6,612,565
Investment-linked insurance	643	-	643	641	-	641	751	-	751
	<u>80,744,793</u>	<u>-</u>	<u>80,744,793</u>	<u>72,258,070</u>	<u>-</u>	<u>72,258,070</u>	<u>59,697,828</u>	<u>-</u>	<u>59,697,828</u>
Less ceded loss reserve									
Individual life insurance	2,839	-	2,839	2,240	-	2,240	2,832	-	2,832
Health insurance	<u>7,761</u>	<u>-</u>	<u>7,761</u>	<u>5,948</u>	<u>-</u>	<u>5,948</u>	<u>5,295</u>	<u>-</u>	<u>5,295</u>
	<u>10,600</u>	<u>-</u>	<u>10,600</u>	<u>8,188</u>	<u>-</u>	<u>8,188</u>	<u>8,127</u>	<u>-</u>	<u>8,127</u>
	<u>\$ 80,734,193</u>	<u>\$ -</u>	<u>\$ 80,734,193</u>	<u>\$ 72,249,882</u>	<u>\$ -</u>	<u>\$ 72,249,882</u>	<u>\$ 59,689,701</u>	<u>\$ -</u>	<u>\$ 59,689,701</u>

The changes of policy reserve are summarized below:

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contract	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 72,258,070	\$ -	\$ 72,258,070	\$ 54,873,602	\$ -	\$ 54,873,602
Provision	7,878,100	-	7,878,100	5,810,830	-	5,810,830
Recovery	(1,201,038)	-	(1,201,038)	(1,218,802)	-	(1,218,802)
Reclassification	141,547	-	141,547	61,314	-	61,314
Foreign exchange	<u>1,668,114</u>	<u>-</u>	<u>1,668,114</u>	<u>170,884</u>	<u>-</u>	<u>170,884</u>
Ending balance	<u>80,744,793</u>	<u>-</u>	<u>80,744,793</u>	<u>59,697,828</u>	<u>-</u>	<u>59,697,828</u>
Less ceded loss reserve						
Beginning balance	8,188	-	8,188	25,310	-	25,310
Increase	10,471	-	10,471	8,145	-	8,145
Decrease	(8,265)	-	(8,265)	(25,452)	-	(25,452)
Foreign exchange	<u>206</u>	<u>-</u>	<u>206</u>	<u>124</u>	<u>-</u>	<u>124</u>
Ending balance	<u>10,600</u>	<u>-</u>	<u>10,600</u>	<u>8,127</u>	<u>-</u>	<u>8,127</u>
Ending balance	<u>\$ 80,734,193</u>	<u>\$ -</u>	<u>\$ 80,734,193</u>	<u>\$ 59,689,701</u>	<u>\$ -</u>	<u>\$ 59,689,701</u>

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2024	December 31, 2023	March 31, 2023
Unearned premium reserve	\$ 358,856	\$ 410,568	\$ 389,066
Policy reserve	<u>80,744,793</u>	<u>72,258,070</u>	<u>59,697,828</u>
Book value of insurance liabilities	<u>\$ 81,103,649</u>	<u>\$ 72,668,638</u>	<u>\$ 60,086,894</u>
Estimated present value of cash flows	<u>\$ 64,882,919</u>	<u>\$ 58,134,910</u>	<u>\$ 48,069,515</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Liability adequacy testing methodology is listed as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Test method:	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups:	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date
b) Discount rate	Discount rates are calculated using the best estimated scenario investment return based on the actuary report of 2023 with neutral assumption for discount rates after 30 years.	Discount rates are calculated using the best estimated scenario investment return based on the actuary report of 2022 with neutral assumption for discount rates after 40 years.	Discount rates are calculated using the best estimated scenario investment return based on the actuary report of 2022 with neutral assumption for discount rates after 30 years.

c. Cathay Life (Vietnam)

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

1) Unearned premium reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Individual injury insurance	\$ 13,681	\$ -	\$ 13,681	\$ 14,021	\$ -	\$ 14,021	\$ 15,878	\$ -	\$ 15,878
Individual health insurance	<u>50,227</u>	<u>-</u>	<u>50,227</u>	<u>48,096</u>	<u>-</u>	<u>48,096</u>	<u>47,835</u>	<u>-</u>	<u>47,835</u>
	<u>\$ 63,908</u>	<u>\$ -</u>	<u>\$ 63,908</u>	<u>\$ 62,117</u>	<u>\$ -</u>	<u>\$ 62,117</u>	<u>\$ 63,713</u>	<u>\$ -</u>	<u>\$ 63,713</u>

The changes of unearned premium reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total
Beginning balance	\$ 62,117	\$ -	\$ 62,117	\$ 65,727	\$ -	\$ 65,727
Provision	757	-	757	-	-	-
Recovery	-	-	-	(1,702)	-	(1,702)
Foreign exchange	<u>1,034</u>	<u>-</u>	<u>1,034</u>	<u>(312)</u>	<u>-</u>	<u>(312)</u>
Ending balance	<u>\$ 63,908</u>	<u>\$ -</u>	<u>\$ 63,908</u>	<u>\$ 63,713</u>	<u>\$ -</u>	<u>\$ 63,713</u>

2) Loss reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total	Insurance Contracts		Total
Individual life insurance									
Filed but not paid	\$ 8,351	\$ -	\$ 8,351	\$ 6,378	\$ -	\$ 6,378	\$ 8,710	\$ -	\$ 8,710
Individual injury insurance									
Filed but not paid	1,740	-	1,740	1,660	-	1,660	3,309	-	3,309
Not yet filed	2,945	-	2,945	2,974	-	2,974	3,425	-	3,425
Individual health insurance									
Filed but not paid	14,381	-	14,381	15,650	-	15,650	26,443	-	26,443
Not yet filed	16,951	-	16,951	16,432	-	16,432	16,907	-	16,907
Investment-linked insurance									
Filed but not paid	<u>7,975</u>	<u>-</u>	<u>7,975</u>	<u>10,869</u>	<u>-</u>	<u>10,869</u>	<u>19,518</u>	<u>-</u>	<u>19,518</u>
	<u>\$ 52,343</u>	<u>\$ -</u>	<u>\$ 52,343</u>	<u>\$ 53,963</u>	<u>\$ -</u>	<u>\$ 53,963</u>	<u>\$ 78,312</u>	<u>\$ -</u>	<u>\$ 78,312</u>

The changes of loss reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Financial Instruments with Discretionary Participation Feature			Financial Instruments with Discretionary Participation Feature		
	Insurance Contracts		Total	Insurance Contracts		Total
Beginning balance	\$ 53,963	\$ -	\$ 53,963	\$ 56,182	\$ -	\$ 56,182
Provision	-	-	-	22,269	-	22,269
Recovery	(2,496)	-	(2,496)	-	-	-
Foreign exchange	<u>876</u>	<u>-</u>	<u>876</u>	<u>(139)</u>	<u>-</u>	<u>(139)</u>
Ending balance	<u>\$ 52,343</u>	<u>\$ -</u>	<u>\$ 52,343</u>	<u>\$ 78,312</u>	<u>\$ -</u>	<u>\$ 78,312</u>

3) Policy reserve

	March 31, 2024			December 31, 2023			March 31, 2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Life insurance	\$ 11,906,544	\$ -	\$ 11,906,544	\$ 11,224,655	\$ -	\$ 11,224,655	\$ 10,569,871	\$ -	\$ 10,569,871
Investment-linked insurance	<u>2,082,767</u>	<u>-</u>	<u>2,082,767</u>	<u>1,889,486</u>	<u>-</u>	<u>1,889,486</u>	<u>1,527,173</u>	<u>-</u>	<u>1,527,173</u>
	<u>\$ 13,989,311</u>	<u>\$ -</u>	<u>\$ 13,989,311</u>	<u>\$ 13,114,141</u>	<u>\$ -</u>	<u>\$ 13,114,141</u>	<u>\$ 12,097,044</u>	<u>\$ -</u>	<u>\$ 12,097,044</u>

The changes of policy reserve are summarized below:

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	\$ 13,114,141	\$ -	\$ 13,114,141	\$ 11,664,921	\$ -	\$ 11,664,921
Provision	653,386	-	653,386	483,215	-	483,215
Foreign exchange	<u>221,784</u>	<u>-</u>	<u>221,784</u>	<u>(51,092)</u>	<u>-</u>	<u>(51,092)</u>
Ending balance	<u>\$ 13,989,311</u>	<u>\$ -</u>	<u>\$ 13,989,311</u>	<u>\$ 12,097,044</u>	<u>\$ -</u>	<u>\$ 12,097,044</u>

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2024	December 31, 2023	March 31, 2023
Unearned premium reserve	\$ 63,908	\$ 62,117	\$ 63,713
Policy reserve	<u>13,989,311</u>	<u>13,114,141</u>	<u>12,097,044</u>
Book value of insurance liabilities	<u>\$ 14,053,219</u>	<u>\$ 13,176,258</u>	<u>\$ 12,160,757</u>
Estimated present value of cash flows	<u>\$ 7,048,213</u>	<u>\$ 6,590,822</u>	<u>\$ 4,913,310</u>
Balance of liability adequacy reserve	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Liability adequacy testing methodology is listed as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Test method:	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups:	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a) Information of policies	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.	Include insurance contracts and financial instruments with discretionary participation feature as of valuation date.
b) Discount rate	Discount rates are calculated using the 5-year financial forecast return of the investments of the current year with neutral assumption for discount rates after 5 years.	Discount rates are calculated using the 5-year financial forecast return of the investments of the current year with neutral assumption for discount rates after 5 years.	Discount rates are calculated using the 5-year financial forecast return of the investments of the current year with neutral assumption for discount rates after 5 years.

25. RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS

The Company and Cathay Lujiazui Life issued financial instruments without discretionary participation feature and recognized reserve for insurance contracts with the nature of financial products. As of March 31, 2024, December 31, 2023 and March 31, 2023, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

a. The Company

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Life insurance	\$ 68,058	\$ 68,168	\$ 70,368
Investment-linked insurance	<u>1,049,909</u>	<u>1,084,937</u>	<u>1,014,175</u>
	<u>\$ 1,117,967</u>	<u>\$ 1,153,105</u>	<u>\$ 1,084,543</u>
	For the Three Months Ended March 31		
		2024	2023
Beginning balance		\$ 1,153,105	\$ 1,196,119
Claims and payments		(371,685)	(252,165)
Net provision of statutory reserve		322,225	143,341
Foreign exchange		<u>14,322</u>	<u>(2,752)</u>
Ending balance		<u>\$ 1,117,967</u>	<u>\$ 1,084,543</u>

b. Cathay Lujiazui Life

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Life insurance	<u>\$ 24,307,681</u>	<u>\$ 22,371,094</u>	<u>\$ 18,772,840</u>
	For the Three Months Ended March 31		
		2024	2023
Beginning balance		\$ 22,371,094	\$ 17,299,350
Premiums received		1,882,892	2,047,252
Claims and payments		(663,030)	(812,846)
Net provision of statutory reserve		208,701	185,104
Foreign exchange		<u>508,024</u>	<u>53,980</u>
Ending balance		<u>\$ 24,307,681</u>	<u>\$ 18,772,840</u>

26. RESERVE FOR FOREIGN EXCHANGE VALUATION

a. The hedging strategy and risk exposure

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

b. Reconciliation for reserve for foreign exchange valuation

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 20,773,326	\$ 49,503,457
Provision		
Compulsory reserve	1,798,655	2,267,841
Additional reserve	<u>13,234,684</u>	<u>568,903</u>
	15,033,339	2,836,744
Recovery	<u>(3,244,613)</u>	<u>(10,173,280)</u>
Ending balance	<u>\$ 32,562,052</u>	<u>\$ 42,166,921</u>

c. Effects due to reserve for foreign exchange valuation

Items	For the Three Months Ended March 31, 2024		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net income attributable to owners of the Company	\$ 35,166,446	\$ 25,735,465	\$ (9,430,981)
Earnings per share	5.54	4.05	(1.49)
Reserve for foreign exchange valuation	-	32,562,052	32,562,052
Equity attributable to owners of the Company	699,806,001	677,359,256	(22,446,745)

Items	For the Three Months Ended March 31, 2023		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2)-(1)
Net loss attributable to owners of the Company	\$ (8,024,754)	\$ (2,155,525)	\$ 5,869,229
Loss per share	(1.26)	(0.34)	0.92
Reserve for foreign exchange valuation	-	42,166,921	42,166,921
Equity attributable to owners of the Company	556,896,687	526,766,047	(30,130,640)

27. RETAINED EARNED PREMIUM AND RETAINED CLAIM PAYMENTS

a. Retained earned premium

1) The Company

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 94,460,155	\$ 17,940	\$ 94,478,095	\$ 93,962,351	\$ 22,669	\$ 93,985,020
Reinsurance premium	<u>28,197</u>	-	<u>28,197</u>	<u>29,329</u>	-	<u>29,329</u>
Premium income	94,488,352	17,940	94,506,292	93,991,680	22,669	94,014,349
Less: Reinsurance expenses	(617,924)	-	(617,924)	(558,288)	-	(558,288)
Net changes in unearned premium reserve	<u>311,416</u>	-	<u>311,416</u>	<u>528,694</u>	-	<u>528,694</u>
Retained earned premium	<u>\$ 94,181,844</u>	<u>\$ 17,940</u>	<u>\$ 94,199,784</u>	<u>\$ 93,962,086</u>	<u>\$ 22,669</u>	<u>\$ 93,984,755</u>

2) Cathay Lujiazui Life

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 7,498,198	\$ -	\$ 7,498,198	\$ 6,254,575	\$ -	\$ 6,254,575
Reinsurance premium	-	-	-	-	-	-
Premium income	7,498,198	-	7,498,198	6,254,575	-	6,254,575
Less: Reinsurance expenses	(20,152)	-	(20,152)	(26,839)	-	(26,839)
Net changes in unearned premium reserve	59,972	-	59,972	31,209	-	31,209
Retained earned premium	<u>\$ 7,538,018</u>	<u>\$ -</u>	<u>\$ 7,538,018</u>	<u>\$ 6,258,945</u>	<u>\$ -</u>	<u>\$ 6,258,945</u>

3) Cathay Life (Vietnam)

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	\$ 1,029,190	\$ -	\$ 1,029,190	\$ 911,730	\$ -	\$ 911,730
Reinsurance premium	-	-	-	-	-	-
Premium income	1,029,190	-	1,029,190	911,730	-	911,730
Less: Reinsurance expenses	(8,341)	-	(8,341)	(17,724)	-	(17,724)
Net changes in unearned premium reserve	(757)	-	(757)	1,702	-	1,702
Retained earned premium	<u>\$ 1,020,092</u>	<u>\$ -</u>	<u>\$ 1,020,092</u>	<u>\$ 895,708</u>	<u>\$ -</u>	<u>\$ 895,708</u>

b. Retained claim payments

1) The Company

	For the Three Months Ended March 31					
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 97,102,330	\$ 400,108	\$ 97,502,438	\$ 95,438,099	\$ 504,373	\$ 95,942,472
Reinsurance claim payments	2,548	-	2,548	14,231	-	14,231
Insurance claim payments	97,104,878	400,108	97,504,986	95,452,330	504,373	95,956,703
Less: Claims recovered from reinsures	(527,950)	-	(527,950)	(426,529)	-	(426,529)
Retained claim payments	<u>\$ 96,576,928</u>	<u>\$ 400,108</u>	<u>\$ 96,977,036</u>	<u>\$ 95,025,801</u>	<u>\$ 504,373</u>	<u>\$ 95,530,174</u>

2) Cathay Lujiazui Life

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 1,104,026	\$ -	\$ 1,104,026	\$ 1,105,111	\$ -	\$ 1,105,111
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	1,104,026	-	1,104,026	1,105,111	-	1,105,111
Less: Claims recovered from reinsures	(12,237)	-	(12,237)	(39,234)	-	(39,234)
Retained claim payments	<u>\$ 1,091,789</u>	<u>\$ -</u>	<u>\$ 1,091,789</u>	<u>\$ 1,065,877</u>	<u>\$ -</u>	<u>\$ 1,065,877</u>

3) Cathay Life (Vietnam)

For the Three Months Ended March 31						
	2024			2023		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	\$ 153,012	\$ -	\$ 153,012	\$ 130,903	\$ -	\$ 130,903
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	153,012	-	153,012	130,903	-	130,903
Less: Claims recovered from reinsures	-	-	-	-	-	-
Retained claim payments	<u>\$ 153,012</u>	<u>\$ -</u>	<u>\$ 153,012</u>	<u>\$ 130,903</u>	<u>\$ -</u>	<u>\$ 130,903</u>

28. PROVISIONS

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 56,245	\$ 56,245
Changes in the period	-	-
Ending balance	<u>\$ 56,245</u>	<u>\$ 56,245</u>

29. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Advance receipts	\$ 185,185	\$ 499,920	\$ 549,745
Deferred fee income	342,752	357,180	2,679
Guarantee deposits received	3,183,603	15,864,062	3,010,777
Others (Note)	<u>4,599,680</u>	<u>3,928,769</u>	<u>8,596,263</u>
	<u>\$ 8,311,220</u>	<u>\$ 20,649,931</u>	<u>\$ 12,159,464</u>

Note: CHL recognized liabilities for put options on subsidiaries' shares, amounting to \$1,559,868 thousand, \$1,510,416 thousand and \$2,015,247 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. For an explanation of the reclassification of assets and liabilities related to CHL to disposal groups held for sale on March 31, 2024, please refer to Note 11.

Deferred fee income

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 357,180	\$ 2,865
Amortization	(11,268)	(130)
Foreign exchange	<u>(3,160)</u>	<u>(56)</u>
Ending balance	<u>\$ 342,752</u>	<u>\$ 2,679</u>

30. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022, and recognized as follows:

	For the Three Months Ended March 31	
	2024	2023
General expenses	<u>\$ 23,233</u>	<u>\$ 31,324</u>

31. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Shares authorized	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>6,351,527</u>	<u>6,351,527</u>	<u>6,351,527</u>
Shares issued	<u>\$ 63,515,274</u>	<u>\$ 63,515,274</u>	<u>\$ 63,515,274</u>

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

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 89,550,000	\$ 89,550,000	\$ 89,550,000
Differences between share price and book value from acquisition or disposal of subsidiaries	29,142	29,142	29,142
Changes in amount of associates accounted for using the equity method	1,428,522	1,386,888	729,575
Share-based payments granted by the parent company to the Company's employees	<u>622,273</u>	<u>622,273</u>	<u>622,273</u>
	<u>\$ 91,629,937</u>	<u>\$ 91,588,303</u>	<u>\$ 90,930,990</u>

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

On November 18, 2022, Cathay Financial Holdings, board of directors resolved to increase its capital and retained 10% of the capital increase in accordance with the law for employees of the parent company and subsidiaries subscribing. As of February 2023, the Company recognized salary expenses and a capital surplus of \$5,914 thousand, respectively, for share-based payments at the fair value of the options at the grant date.

The capital surplus arising from investments accounted for using the equity method and share-based payments granted by the parent company to the Company's employees may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in No. 37 of the Company's Article of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends also takes precedence in accordance with the dividends policy of the preferred share, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 33(d).

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

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

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

The appropriations of earnings for 2023 and 2022 had been approved by the board of directors (on behalf of shareholders) on April 30, 2024 and April 27, 2023, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 3,305,975	\$ 4,854,778
Special reserve	24,224,528	25,036,354

d. Special reserves

	March 31, 2024	December 31, 2023	March 31, 2023
Special reserve for catastrophic events and fluctuation of risks (1)	\$ 14,412,891	\$ 14,412,891	\$ 14,043,862
Special reserve for the foreign exchange valuation reserve (2)	38,731,694	38,731,694	36,304,306
Special reserve appropriated at the first-time adoption of IFRS Accounting Standards (3)	47,327,860	47,327,860	47,327,860
Special reserve for investment properties at fair value model in subsequent measurement (4)	149,796,291	149,796,291	149,344,667
Special reserve for gains or losses on disposal of immature debt instruments (5)	99,537,427	99,537,427	103,261,225
Others (6)	<u>128,269,737</u>	<u>128,269,737</u>	<u>108,271,495</u>
	<u>\$ 478,075,900</u>	<u>\$ 478,075,900</u>	<u>\$ 458,553,415</u>

1) Special reserve for catastrophic events and fluctuation of risks

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

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

a) Special reserve for catastrophic events

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

b) Special reserve for fluctuation of risks

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

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

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

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

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

	March 31, 2024		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts		Total
Life insurance	\$ 83,364	\$ -	\$ 83,364
Injury insurance	4,978,800	-	4,978,800
Health insurance	6,064,993	-	6,064,993
Group insurance	<u>3,285,734</u>	<u>-</u>	<u>3,285,734</u>
	<u>\$ 14,412,891</u>	<u>\$ -</u>	<u>\$ 14,412,891</u>
	December 31, 2023		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts		Total
Life insurance	\$ 83,364	\$ -	\$ 83,364
Injury insurance	4,978,800	-	4,978,800
Health insurance	6,064,993	-	6,064,993
Group insurance	<u>3,285,734</u>	<u>-</u>	<u>3,285,734</u>
	<u>\$ 14,412,891</u>	<u>\$ -</u>	<u>\$ 14,412,891</u>
	March 31, 2023		
	Financial Instruments with Discretionary Participation Features		
	Insurance Contracts		Total
Life insurance	\$ 82,281	\$ -	\$ 82,281
Injury insurance	4,888,144	-	4,888,144
Health insurance	5,865,714	-	5,865,714
Group insurance	<u>3,207,723</u>	<u>-</u>	<u>3,207,723</u>
	<u>\$ 14,043,862</u>	<u>\$ -</u>	<u>\$ 14,043,862</u>

2) Special reserve for foreign exchange valuation reserve

According to Jin Guan Bao Tsai No. 10102501551 issued on February 7, 2012 and Article 9 of the Direction for Reserve for Foreign Exchange Reserve, the Company should appropriate a special reserve of 10% of the profit after tax in order to strengthen the foreign exchange reserve and capital.

According to Jin Guan Bao Tsai No. 10102501551 issued on February 7, 2012 and Jin Guan Bao Tsai No. 10402026901 issued on May 8, 2015 and Article 8 of the Direction for Reserve for Foreign Exchange Reserve, the Company should set aside special reserve as the amount of hedging expense saved. This special reserve should be set aside in later years if there are no sufficient earnings, and it should only be used for transferring to capital or offsetting deficit.

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

At the first-time adoption of IFRS Accounting Standards, the Company chose to use fair values as the deemed costs of investment properties and in accordance with Article 32 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the increments on property revaluation should be offset by other negative effects at the first-time adoption of IFRS Accounting Standards. The remaining increments on property revaluation should be recovered as special reserve under liabilities and the portion of increments on property revaluation used for offsetting other negative effects is recognized as retained earnings. According to Bao (Tsai) No. 10202508140, the abovementioned adjustments of retained earnings amounting to \$2,994,565 thousand should be set aside as special reserve under equity following Jin Guan Bao Tsai No. 10102508861.

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

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

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

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

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

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

According to Jin Guan Bao Tsai No. 10804501381 starting from January 1, 2019, a life insurance enterprise should make a special reserve from gains or losses after a tax of 20% on disposals of the following immature debt instruments, which should be amortized and released to distributable earnings in the remaining maturity periods of the disposed debt instruments or in 10 years for those whose remaining maturity periods cannot be determined:

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

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

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

e. Other equity

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (10,989,545)	\$ (11,365,195)
Recognized for the period	2,184,227	235,398
Share of associates accounted for using the equity method	181,889	(29,336)
Tax effects	(20,795)	5,804
Other comprehensive income recognized for the period	<u>2,345,321</u>	<u>211,866</u>
Ending balance	<u>\$ (8,644,224)</u>	<u>\$ (11,153,329)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (13,995,150)	\$ (47,338,891)
Recognized for the period	5,047,046	19,441,921
Share of associates accounted for using the equity method	(24,331)	(300,859)
Reclassification adjustment		
Disposal of investments in debt instruments	(757,744)	(249,717)
Tax effects	<u>1,814,662</u>	<u>(2,174,805)</u>
Other comprehensive income recognized for the period	<u>6,079,633</u>	<u>16,716,540</u>
Cumulative unrealized income of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>37,179</u>
Ending balance	<u>\$ (7,915,517)</u>	<u>\$ (30,585,172)</u>

3) Gain on hedging instruments

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 510,499	\$ 950,265
Recognized for the period	(483,496)	(100,610)
Reclassification adjustment		
Hedged item that affects profit or loss	111,445	228,625
Tax effects	74,329	(26,281)
Other comprehensive (loss) income recognized for the period	(297,722)	101,734
Ending balance	<u>\$ 212,777</u>	<u>\$ 1,051,999</u>

4) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 1,690,843	\$ 1,464,900
Share of associates accounted for using the equity method	(294)	(143,283)
Tax effects	59	28,657
Other comprehensive loss recognized for the period	(235)	(114,626)
Ending balance	<u>\$ 1,690,608</u>	<u>\$ 1,350,274</u>

5) Property revaluation surplus

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 405,764	\$ 402,058
Recognized for the period	(3,706)	-
Ending balance	<u>\$ 402,058</u>	<u>\$ 402,058</u>

6) Other comprehensive income on reclassification using overlay approach

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (60,621,148)	\$ (170,788,822)
Recognized for the period	64,414,394	72,842,144
Reclassification adjustment		
Disposal of investments in financial instruments	(38,257,936)	(13,011,900)
Tax effects	(971,698)	(4,647,503)
Other comprehensive income recognized for the period	<u>25,184,760</u>	<u>55,182,741</u>
Ending balance	<u>\$ (35,436,388)</u>	<u>\$ (115,606,081)</u>

7) Other equity - other

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ (1,762,024)	\$ (2,493,326)
Others	<u>-</u>	<u>-</u>
Ending balance	<u>\$ (1,762,024)</u>	<u>\$ (2,493,326)</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 9,456,250	\$ 8,971,902
Net income attributed to non-controlling interests		
Net (loss) profit for the period	(615,608)	108,252
Other comprehensive income (loss) recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	170,378	(8,423)
Other comprehensive income reclassified using overlay approach	1,162,172	341,194
Acquisition of non-controlling interests in subsidiaries (Note 44)	-	15,585
Others	<u>(278,561)</u>	<u>(34,233)</u>
Ending balance	<u>\$ 9,894,631</u>	<u>\$ 9,394,277</u>

32. EARNINGS (LOSS) PER SHARE

	For the Three Months Ended March 31	
	2024	2023
Basic earnings (loss) per share		
From continuing operations	\$ 4.09	\$ (0.30)
From discontinued operations	<u>(0.04)</u>	<u>(0.04)</u>
Total basic earnings (loss) per share	<u>\$ 4.05</u>	<u>\$ (0.34)</u>

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

Net Profit (Loss) for the Period

	For the Three Months Ended March 31	
	2024	2023
Profit (loss) for the year attributable to owners of the Company	\$ 25,735,465	\$ (2,155,525)
Losses used in the computation of basic earnings (loss) per share from discontinued operations	<u>261,273</u>	<u>248,524</u>
Earnings (losses) used in the computation of basic earnings (loss) per share from continuing operations	<u>\$ 25,996,738</u>	<u>\$ (1,907,001)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	<u>6,351,527</u>	<u>6,351,527</u>

If reserve for foreign exchange valuation was not applicable, earnings (loss) per share would be \$5.54 and \$(1.26) for the three months ended March 31, 2024 and 2023, respectively.

33. NET (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Financial assets at FVTOCI	\$ 4,845,375	\$ 4,082,711
Financial assets measured at amortized cost	39,469,525	37,812,482
Loans	3,438,289	3,606,879
Others	<u>1,947,140</u>	<u>1,844,230</u>
	<u>\$ 49,700,329</u>	<u>\$ 47,346,302</u>

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

	For the Three Months Ended March 31	
	2024	2023
Operating revenues - expected credit impairment losses and gains on reversal from investments		
Debt instrument investments at FVTOCI	\$ (115,227)	\$ 77,456
Financial assets measured at amortized cost	189,728	172,166
Interest receivables	(450,940)	(326,347)
Loans	<u>84,096</u>	<u>227,536</u>
	<u>(292,343)</u>	<u>150,811</u>
Operating expenses - expected credit impairment losses and gains on reversal from non-investments		
Receivables	(3,923)	330
Reinsurance assets	<u>(20,565)</u>	<u>1,145</u>
	<u>(24,488)</u>	<u>1,475</u>
	<u>\$ (316,831)</u>	<u>\$ 152,286</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term benefits		
Salaries	\$ 10,427,308	\$ 7,060,240
Labor and health insurance expenses	700,805	667,481
Post-employment benefits		
Defined contribution plans	297,030	259,182
Defined benefit plans (Note 30)	23,233	31,324
Remuneration of directors	6,259	7,365
Other employee benefits	<u>173,285</u>	<u>168,204</u>
	<u>\$ 11,627,920</u>	<u>\$ 8,193,796</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 9,385,708	\$ 6,143,335
Operating expenses	<u>2,242,212</u>	<u>2,050,461</u>
	<u>\$ 11,627,920</u>	<u>\$ 8,193,796</u>

As of March 31, 2024 and 2023, the total numbers of the Group's employees were 36,533 and 38,469 (excluding CHL's employees), respectively, including 19, non-executive directors in both years.

d. Compensation of employees and remuneration of directors and supervisors

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

In compliance with the Company's Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors and supervisors for the three months ended March 31, 2024 and 2023, respectively, as follows:

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 2,794	\$ -
Remuneration of directors and supervisors	1,350	-

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

The compensation and remuneration of directors and supervisors for the years ended 2023 and 2022, which were resolved by the board of directors on March 5, 2024 and March 9, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 1,805	\$ 4,053
Remuneration of directors and supervisors	5,400	5,400

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

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property and equipment	\$ 398,758	\$ 351,916
Right-of-use assets	133,154	143,502
Intangible assets	<u>499,353</u>	<u>497,060</u>
	<u>\$ 1,031,265</u>	<u>\$ 992,478</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 531,912</u>	<u>\$ 495,418</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 499,353</u>	<u>\$ 497,060</u>

f. Non-operating income and expenses

	For the Three Months Ended March 31	
	2024	2023
Loss on disposal of property and equipment	\$ (116)	\$ (104)
Others	<u>548,588</u>	<u>493,542</u>
	<u>\$ 548,472</u>	<u>\$ 493,438</u>

34. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 2,188,481	\$ 1,137,136
Adjustments for prior years	(213)	(217)
Deferred tax		
In respect of the current period	(4,012,672)	1,519,179
Adjustments for prior years	-	544
Other		
Additional income tax under the Alternative Minimum Tax Act	-	(238,366)
Tax effect under integrated income tax system	<u>(603,076)</u>	<u>(606,877)</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (2,427,480)</u>	<u>\$ 1,811,399</u>

Foreign withholding taxes in the amounts of \$263,749 thousand and \$193,788 thousand were recognized in current tax expense for the three months ended March 31, 2024 and 2023, respectively, since the Company evaluated that foreign withholding taxes cannot be used as deduction of taxes.

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2024	2023
Current tax		
Derecognition of equity instruments at FVTOCI	\$ 10,967	\$ 17,905
Deferred tax		
Derecognition of equity instruments at FVTOCI	<u>(10,967)</u>	<u>(17,905)</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax</u>		
Recognized in other comprehensive (income) loss		
Exchange differences on translation of the financial statements of foreign operations	\$ 20,795	\$ (5,804)
(Losses) gains on hedging instruments	(74,329)	26,281
Unrealized gains on equity instruments at FVTOCI	9,615	46,851
Unrealized (losses) gains on debt instruments at FVTOCI	(1,810,810)	2,155,465
Share of other comprehensive losses of subsidiaries, associates, and joint ventures accounted for using the equity method	(13,526)	(56,168)
Other comprehensive income reclassified using overlay approach	<u>971,698</u>	<u>4,647,503</u>
Total income tax recognized in other comprehensive (income) loss	<u>\$ (896,557)</u>	<u>\$ 6,814,128</u>

d. Income tax assessments

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

e. Pillar Two income tax legislation

The countries where some of the Company's subsidiaries are domiciled, including Vietnam, the United Kingdom, Germany, Japan, Denmark and Luxembourg, have enacted legislation for the Pillar II Income Tax Act, effective January 1, 2024. The Pillar II Income Tax Act does not have a significant impact to the Group.

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

(Continued)

Related Party Name	Related Party Category
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
CHL	Subsidiary
Cathay Industrial Research and Design Center Co., Ltd.	Subsidiary
Global Evolution Holding ApS	Subsidiary
Cathay Power	Subsidiary
Sunrise Pv One	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Neo Cathay Power	Subsidiary
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Cathay Wind Power	Subsidiary
Chen Fong Power	Subsidiary from December 2022 to April 2023
Symphox Information Co., Ltd.	Associate
PSS Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
Seaward Card Co., Ltd.	Subsidiary of associate
Yua-Yung Marketing (Taiwan) Co., Ltd.	Subsidiary of associate
Hong-Sui Co., Ltd.	Subsidiary of associate
Cathay United Bank Co., Ltd.	Fellow subsidiary
Cathay Century Insurance Co., Ltd.	Fellow subsidiary
Cathay Securities Corporation	Fellow subsidiary
Cathay Securities Investment Trust Co., Ltd.	Fellow subsidiary
Cathay Insurance (Vietnam) Co., Ltd.	Subsidiary of fellow subsidiary
Indovina Bank Limited	Subsidiary of fellow subsidiary
Cathay Futures Co., Ltd.	Subsidiary of fellow subsidiary
ThinkPower Information Co., Ltd.	Other related party (subsidiary of associate before October 2023)
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Other related party
Private Equity Fund managed by Cathay Private Equity	Other related party
Funds managed by Global Evolution Holdings ApS	Other related party
Funds managed by Octagon Credit Investors, LLC	Other related party
Bonds managed by Octagon Credit Investors, LLC	Other related party
Ally Logistic Property Co., Ltd.	Other related party

(Continued)

Related Party Name	Related Party Category
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Hsin Chung Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Srisawad Corporation Public Company Limited	Other related party
Other (including directors, supervisors, key management personnel and their spouses and relatives within the second-degree of kinship)	Other related party

(Concluded)

b. Significant transactions with related parties:

1) Property transactions

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

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

Name	For the Three Months Ended March 31			
	2024		2023	
	Items	Amount	Items	Amount
Associate				
PSS Co., Ltd.	Tucheng East Building etc.	\$ 25,862	-	\$ -
Lin Yuan Property Management Co., Ltd.	Hualien League of Nations Building etc.	<u>696</u>	Duun-Nang Xin-Yi Building, etc.	<u>5,627</u>
		<u>26,558</u>		<u>5,627</u>
Other related party				
Ally Logistic Property Co., Ltd.	Taoyuan Daxi Ruixing Section etc.	1,187,169	Yangmei Erchongxi Warehousing, etc.	356,055
San Ching Engineering Co., Ltd.	Taoyuan Sanmin Section etc.	<u>1,044,743</u>	Tucheng East Building etc.	<u>711,521</u>
		<u>2,231,912</u>		<u>1,067,576</u>
		<u>\$ 2,258,470</u>		<u>\$ 1,073,203</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the total amounts of contracted projects for real estate between the Group and PSS Co., Ltd. were \$38,543 thousand, \$38,543 thousand and \$0 thousand, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the total amounts of contracted projects for real estate between the Group and Lin Yuan Property Management Co., Ltd. were 12,181 thousand, \$7,438 thousand and \$5,427 thousand, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the total amounts of contracted projects for real estate between the Group and Ally Logistic Property Co., Ltd. were \$4,005,983 thousand, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were \$13,631,619 thousand, \$13,631,619 thousand and \$15,579,228 thousand, respectively.

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

Name	Rental Income	
	For the Three Months Ended	
	March 31	
	2024	2023
Parent company		
Cathay Financial Holdings	\$ 39,291	\$ 37,597
Associate and its subsidiary		
Yua-Yung Marketing (Taiwan) Co., Ltd.	14,167	12,842
Symphox Information Co., Ltd.	7,830	8,280
Hong-Sui Co., Ltd.	6,475	8,569
Lin Yuan Property Management Co., Ltd.	6,221	5,688
	<u>34,693</u>	<u>35,379</u>
Fellow subsidiary		
Cathay United Bank Co., Ltd.	172,984	152,079
Cathay Century Insurance Co., Ltd.	33,958	33,961
Cathay Securities Corporation	16,267	15,682
Cathay Securities Investment Trust Co., Ltd.	14,865	14,786
	<u>238,074</u>	<u>216,508</u>
Other related party		
Ally Logistic Property Co., Ltd.	255,637	252,177
Cathay Hospitality Consulting Co., Ltd.	54,333	48,258
Cathay Hospitality Management Co., Ltd.	50,946	50,434
Cathay Medical Care Corp.	50,342	49,264
Cathay Healthcare Management Co., Ltd.	24,907	22,525
Cathay Real Estate Development Co., Ltd.	4,691	4,491
	<u>440,856</u>	<u>427,149</u>
	<u>\$ 752,914</u>	<u>\$ 716,633</u>

Name	Guarantee Deposits Received		
	March 31, 2024	December 31, 2023	March 31, 2023
Parent company			
Cathay Financial Holdings	\$ 39,455	\$ 39,455	\$ 34,325
Associate and its subsidiary			
Yua-Yang Marketing (Taiwan) Co., Ltd.	8,568	9,178	7,330
Symphox Information Co., Ltd.	7,723	7,723	11,708
Lin Yuan Property Management Co., Ltd.	5,454	5,454	2,325
Hong-Sui Co., Ltd.	4,260	4,260	5,612
	<u>26,005</u>	<u>26,615</u>	<u>26,975</u>
Fellow subsidiary			
Cathay United Bank Co., Ltd.	198,687	196,542	191,579
Cathay Century Insurance Co., Ltd.	38,140	35,818	34,630
Cathay Securities Corporation	17,673	17,673	14,725
Cathay Securities Investment Trust Co., Ltd.	13,393	13,293	13,293
	<u>267,893</u>	<u>263,326</u>	<u>254,227</u>
Other related party			
Ally Logistic Property Co., Ltd.	269,841	269,694	210,928
Cathay Hospitality Management Co., Ltd.	193,620	192,488	191,702
Cathay Hospitality Consulting Co., Ltd.	186,848	186,848	184,100
Cathay Medical Care Corp.	61,508	61,508	61,208
Cathay Healthcare Management Co., Ltd.	28,088	27,174	24,942
Cathay Real Estate Development Co., Ltd.	4,339	4,264	4,086
Cymlin Co., Ltd.	4,081	4,081	4,081
Hsin Chung Co., Ltd.	-	-	3,072
	<u>748,325</u>	<u>746,057</u>	<u>684,119</u>
	<u>\$ 1,081,678</u>	<u>\$ 1,075,453</u>	<u>\$ 999,646</u>

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

c) Lease arrangements

i. Lease liabilities

Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary			
Cathay United Bank Co., Ltd.	\$ -	\$ 7,084	\$ 30,902

ii. Guarantee deposits paid

Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary Cathay United Bank Co., Ltd.	\$ 7,555	\$ 7,283	\$ 7,694

d) Acquisition of equipment-computer equipment and software

Name	For the Three Months Ended March 31	
	2024	2023
Subsidiary of associate ThinkPower Information Co., Ltd.	\$ -	4,501
Other related party ThinkPower Information Co., Ltd.	3,070	-
	<u>\$ 3,070</u>	<u>\$ 4,501</u>

2) Shares transactions

Balance of shares issued by the related parties

Name	Nature of Transaction	March 31, 2024	December 31, 2023	March 31, 2023
Other related party Srisawad Corporation Public Company	Ordinary shares	\$ 2,327,650	\$ 2,279,574	\$ 2,952,277
Cathay Real Estate Development Co., Ltd.	Ordinary shares	1,472,469	1,245,936	1,173,857
CDIB&PARTNERS Investment	Ordinary shares	894,240	822,420	717,660
Daiwa-Cathay Capital Market Co., Ltd.	Ordinary shares	<u>150,700</u>	<u>146,500</u>	<u>143,200</u>
		<u>\$ 4,845,059</u>	<u>\$ 4,494,430</u>	<u>\$ 4,986,994</u>

Refer to Note 13, Table 1 and Table 5 for the balance of investment in associates.

3) Cash in banks

Continuing operations

Name	Nature of Transaction	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	\$ 3,011,890	\$ 2,032,367	\$ 2,109,783
	Demand deposit	43,379,060	34,479,507	43,462,024
	Checking deposit	244,363	202,681	186,803
	Security deposit	<u>733,691</u>	<u>144,600</u>	<u>195,510</u>
		<u>47,369,004</u>	<u>36,859,155</u>	<u>45,954,120</u>
Subsidiary of fellow subsidiary				
Indovina Bank Limited	Time deposit	2,689,241	2,623,130	3,294,534
	Demand deposit	<u>31,454</u>	<u>17,070</u>	<u>20,700</u>
		<u>2,720,695</u>	<u>2,640,200</u>	<u>3,315,234</u>
		<u>\$ 50,089,699</u>	<u>\$ 39,499,355</u>	<u>\$ 49,269,354</u>

For the three months ended March 31, 2024 and 2023, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to \$107,170 thousand and \$99,397 thousand, respectively.

For the three months ended March 31, 2024 and 2023, the interest income earned from above bank deposits in Indovina Bank Limited amounted to \$51,843 thousand and \$51,210 thousand, respectively.

Discontinued operations

Name	Nature of Transaction	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	\$ 86,890	\$ -	\$ -
	Demand deposit	<u>518</u>	<u>-</u>	<u>-</u>
		<u>\$ 87,408</u>	<u>\$ -</u>	<u>\$ -</u>

For the three months ended March 31, 2024 and 2023, the interest income earned from above bank deposits in Cathay United Bank amounted to \$979 thousand and \$310 thousand, respectively.

4) Loans

Name	For the Three Months Ended March 31, 2024		
	Maximum Balance	Rate	Ending Balance
Other related party	<u>\$ 861,839</u>	1.57%-8.19%	<u>\$ 733,065</u>

Name	For the Three Months Ended March 31, 2023		
	Maximum Balance	Rate	Ending Balance
Other related party	\$ <u>893,626</u>	1.45%-6.51%	\$ <u>885,515</u>

For the three months ended March 31, 2024 and 2023, the interest income earned from above loans to other related party amounted to \$4,365 thousand and \$4,477 thousand, respectively.

5) Balance of bonds managed by related parties

Name	March 31, 2024	December 31, 2023	March 31, 2023
Other related party			
Bonds managed by Octagon Credit Investors, LLC	\$ <u>5,298,825</u>	\$ <u>5,125,541</u>	\$ <u>5,151,521</u>

6) Balance of funds managed by related parties

Name	Item	March 31, 2024	December 31, 2023	March 31, 2023
Other related party				
Funds managed by Octagon Credit Investors, LLC	Market value	\$ <u>2,660,857</u>	\$ <u>2,462,850</u>	\$ <u>2,258,117</u>
	Cost	\$ <u>2,507,273</u>	\$ <u>2,393,204</u>	\$ <u>2,327,107</u>
Funds managed by Global Evolution Holding ApS	Market value	\$ <u>3,193,888</u>	\$ <u>2,964,311</u>	\$ <u>2,702,162</u>
	Cost	\$ <u>2,732,855</u>	\$ <u>2,655,675</u>	\$ <u>2,613,310</u>
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Market value	\$ <u>85,203,860</u>	\$ <u>80,617,725</u>	\$ <u>64,052,803</u>
	Cost	\$ <u>95,404,904</u>	\$ <u>90,802,663</u>	\$ <u>76,826,667</u>
Private Equity Fund managed by Cathay Private Equity	Market value	\$ <u>1,783,048</u>	\$ <u>1,963,793</u>	\$ <u>1,453,891</u>
	Cost	\$ <u>1,718,707</u>	\$ <u>1,718,707</u>	\$ <u>1,469,983</u>

7) Balance of discretionary management investments

Name	March 31, 2024	December 31, 2023	March 31, 2023
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	\$ <u>302,232,516</u>	\$ <u>258,244,838</u>	\$ <u>254,796,202</u>

8) Other receivables

Continuing operations

Name	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Parent company			
Cathay Financial Holdings (Note)	\$ 20,458,394	\$ 18,321,042	\$ 14,950,253
Fellow subsidiary and its subsidiary			
Indovina Bank Limited	171,438	116,324	151,607
Cathay Century Insurance Co., Ltd.	92,616	80,749	80,891
Cathay United Bank Co., Ltd.	90,767	83,429	56,012
Cathay Securities Investment Trust Co., Ltd.	24,998	37,459	31,095
Cathay Insurance (Vietnam) Co., Ltd.	3,142	5,038	-
	<u>382,961</u>	<u>322,999</u>	<u>319,605</u>
	<u>\$ 20,841,355</u>	<u>\$ 18,644,041</u>	<u>\$ 15,269,858</u>

Discontinued operations

Name	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	\$ 15,675	\$ -	\$ -

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

9) Guarantee deposits paid (for future transactions)

Name	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Subsidiary of fellow subsidiary			
Cathay Futures Co., Ltd.	\$ 1,940,675	\$ 2,307,880	\$ 3,675,302

10) Guarantee deposits received

Name	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associate			
Lin Yuan Property Management Co., Ltd.	\$ 5,000	\$ 5,000	\$ 5,000
Other related party			
San Ching Engineering Co., Ltd.	1,877,040	\$ 1,877,040	1,638,977
Ally Logistic Property Co., Ltd.	1,817,376	1,817,376	1,458,873
	<u>3,694,416</u>	<u>3,694,416</u>	<u>3,097,850</u>
	<u>\$ 3,699,416</u>	<u>\$ 3,699,416</u>	<u>\$ 3,102,850</u>

11) Other payables

Continuing operations

Name	March 31, 2024	December 31, 2023	March 31, 2023
Parent company			
Cathay Financial Holdings (Note)	\$ 384,089	\$ 70,810	\$ 381,674
Subsidiary			
Cathay Securities Investment Consulting	-	25,650	27,248
Associate			
Lin Yuan Property Management Co., Ltd.	57,172	-	18,515
Symphox Information Co., Ltd.	21,161	3,232	15,498
	78,333	3,232	34,013
Fellow subsidiary			
Cathay United Bank Co., Ltd.	835,926	249,593	559,694
Cathay Securities Investment Trust Co., Ltd.	16,335	13,953	13,548
Cathay Century Insurance Co., Ltd.	180	8,011	-
	852,441	271,557	573,242
	\$ 1,314,863	\$ 371,249	\$ 1,016,177

Discontinued operations

Name	March 31, 2024	December 31, 2023	March 31, 2023
Subsidiary			
Cathay Securities Investment Consulting	\$ 28,750	\$ -	\$ -

Note: The payables are comprised of remuneration of directors and supervisors and accrued interests of bonds payable.

12) Bonds payable

Name	March 31, 2024	December 31, 2023	March 31, 2023
Parent company			
Cathay Financial Holdings	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000

13) Premium income

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ 41,738	\$ 403
Cathay Century Insurance Co., Ltd.	8,037	4,959
Cathay Securities Corporation	<u>4,667</u>	<u>4,383</u>
	<u>54,442</u>	<u>9,745</u>
Other related party		
Cathay Medical Care Corp.	14,518	14,840
Other	<u>27,017</u>	<u>16,331</u>
	<u>41,535</u>	<u>31,171</u>
	<u>\$ 95,977</u>	<u>\$ 40,916</u>

14) Fee income

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	<u>\$ 21,117</u>	<u>\$ 15,728</u>

15) Insurance expenses

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay Century Insurance Co., Ltd.	<u>\$ 113,801</u>	<u>\$ 105,686</u>

16) Other operating revenue

Discontinued operations

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	<u>\$ 16,770</u>	<u>\$ 12,889</u>

17) Other operating costs

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ 261,213	\$ 240,071
Cathay Securities Investment Trust Co., Ltd.	<u>58,651</u>	<u>39,496</u>
	<u>\$ 319,864</u>	<u>\$ 279,567</u>

18) Finance costs

Name	For the Three Months Ended March 31	
	2024	2023
Parent company		
Cathay Financial Holdings	<u>\$ 313,279</u>	<u>\$ 310,685</u>

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

19) Operating expenses

Continuing operations

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay United Bank Co., Ltd.	\$ 2,092,139	\$ 1,792,449
Associate and its subsidiary		
Lin Yuan Property Management Co., Ltd.	259,308	258,724
Symphox Information Co., Ltd.	44,775	43,030
Seaward Card Co., Ltd.	21,409	20,151
ThinkPower Information Co., Ltd.	<u>-</u>	<u>3,509</u>
	<u>325,492</u>	<u>325,414</u>
Other related party		
ThinkPower Information Co., Ltd.	<u>998</u>	<u>-</u>
	<u>\$ 2,418,629</u>	<u>\$ 2,117,863</u>

Discontinued operations

Name	For the Three Months Ended March 31	
	2024	2023
Subsidiary		
Cathay Securities Investment Consulting	\$ 28,020	\$ 27,320
Subsidiary of associate		
ThinkPower Information Co., Ltd.	-	5,200
Other related party		
ThinkPower Information Co., Ltd.	4,817	-
	<u>\$ 32,837</u>	<u>\$ 32,520</u>

20) Non-operating income

Name	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiary		
Cathay Century Insurance Co., Ltd.	\$ 212,820	\$ 209,561
Cathay United Bank Co., Ltd.	48,880	30,470
Cathay Securities Corporation	41,935	27,878
Cathay Securities Investment Trust Co., Ltd.	9,192	7,888
	<u>\$ 312,827</u>	<u>\$ 275,797</u>

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

21) Others

As of March 31, 2024, December 31, 2023 and March 31, 2023, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands):

	March 31, 2024	December 31, 2023	March 31, 2023
SWAP	US\$ -	US\$ 1,390,000	US\$ 4,208,000
CCS	US\$ -	US\$ -	US\$ 100,000

c. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 22,483	\$ 22,754
Post-employment benefits	701	711
	<u>\$ 23,184</u>	<u>\$ 23,465</u>

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

36. SEPARATE ACCOUNT INSURANCE PRODUCTS

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Separate account insurance product assets</u>			
Cash in bank	\$ 908,487	\$ 1,038,043	\$ 1,858,378
Financial assets at FVTPL	768,912,655	723,320,173	663,768,768
Other receivables	<u>6,672,823</u>	<u>3,215,773</u>	<u>5,999,908</u>
	<u>\$ 776,493,965</u>	<u>\$ 727,573,989</u>	<u>\$ 671,627,054</u>
<u>Separate account insurance product liabilities</u>			
Other payables	\$ 1,369,712	\$ 919,721	\$ 406,901
Reserve for separate account - insurance contracts	288,076,872	271,247,558	263,605,345
Reserve for separate account - investment contracts	<u>487,047,381</u>	<u>455,406,710</u>	<u>407,614,808</u>
	<u>\$ 776,493,965</u>	<u>\$ 727,573,989</u>	<u>\$ 671,627,054</u>
		For the Three Months Ended	
		March 31	
		<u>2024</u>	<u>2023</u>
<u>Separate account insurance product income</u>			
Premium income		\$ 4,435,953	\$ 5,617,582
Interest income		1,549	3,522
Gains from financial assets at FVTPL		13,866,910	12,408,680
Foreign exchange gains (losses)		<u>8,327,603</u>	<u>(1,912,194)</u>
		<u>\$ 26,632,015</u>	<u>\$ 16,117,590</u>
<u>Separate account insurance product expenses</u>			
Claims and payments		\$ 2,973,802	\$ 4,688,623
Cash surrender value		7,676,293	4,162,212
Provision of separate account reserve		15,025,143	6,269,111
Administrative expenses		998,784	1,035,224
Non-operating income and expenses		<u>(42,007)</u>	<u>(37,580)</u>
		<u>\$ 26,632,015</u>	<u>\$ 16,117,590</u>

For the three months ended March 31, 2024 and 2023, the rebates earned from counterparties due to the business of separate account insurance products amounted to \$157,775 thousand and \$160,753 thousand, respectively, which were recorded under fee income.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Separate account insurance product assets</u>			
Cash in bank	\$ 9,972	\$ 10,410	\$ 9,532
Financial assets at FVTPL	81,249	81,187	99,353
Other	<u>12</u>	<u>13</u>	<u>16</u>
	<u>\$ 91,233</u>	<u>\$ 91,610</u>	<u>\$ 108,901</u>
<u>Separate account insurance product liabilities</u>			
Reserve for separate account	<u>\$ 91,233</u>	<u>\$ 91,610</u>	<u>\$ 108,901</u>
	For the Three Months Ended March 31		
	<u>2024</u>	<u>2023</u>	
<u>Separate account insurance product income</u>			
Premium income		\$ 13	\$ 13
Losses from financial assets at FVTPL		(1,699)	-
Interest income		<u>5</u>	<u>-</u>
		<u>\$ (1,681)</u>	<u>\$ 13</u>
<u>Separate account insurance product expenses</u>			
(Recovery) provision of separate account reserve		\$ (2,350)	\$ 13
Other		<u>669</u>	<u>-</u>
		<u>\$ (1,681)</u>	<u>\$ 13</u>

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

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

38. PLEDGED ASSETS

a. The Company

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee deposits paid - government bonds	\$ 10,069,067	\$ 10,118,406	\$ 10,125,004
Guarantee deposits paid - time deposits	705,361	705,331	705,250
Guarantee deposits paid - others	<u>26,000</u>	<u>28,113</u>	<u>25,474</u>
	<u>\$ 10,800,428</u>	<u>\$ 10,851,850</u>	<u>\$ 10,855,728</u>

b. Cathay Lujiazui Life

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee deposits paid - time deposits	<u>CNY 600,000</u>	<u>CNY 600,000</u>	<u>CNY 600,000</u>

c. Cathay Life (Vietnam)

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee deposits paid - time deposits	<u>VND 15,000,000</u>	<u>VND 15,000,000</u>	<u>VND 12,000,000</u>

d. Cathay Power

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

<u>Item of Asset</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>Use of Guarantee</u>
Demand deposits	\$ 538,807	\$ 419,275	\$ 299,929	Reserve accounts
Time deposits	181,477	181,765	195,701	Performance securities
Other equipments	<u>8,862,053</u>	<u>8,448,391</u>	<u>7,799,686</u>	Pledge for borrowings
	<u>\$ 9,582,337</u>	<u>\$ 9,049,431</u>	<u>\$ 8,295,316</u>	

39. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. The Company has its own formal control and response policies to manage legal claims. Once the losses can be reasonably estimated based on professional advices, the Company will recognize the losses and adjust negative impacts on financial figures resulting from the claims.
- b. As of March 31, 2024, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT\$196,015 thousand, US\$3,396,731 thousand, EUR362,152 thousand and GBP1,518 thousand.
- c. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company has entered into irrevocable corporate finance and consumer lending loans with the amounts as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
NTD	\$ 8,123,358	\$ 8,048,035	\$ 11,212,475

40. FINANCIAL INSTRUMENTS

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

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

- 1) The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to their short maturities.
- 2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- 3) Fair value of equity instruments without an active market (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of liquidity, P/E ratio of similar entities and P/B ratio of similar entities).
- 4) Fair value of debt instruments without an active market is determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for fixed rate commercial paper published by Reuters and credit risk information).
- 5) The fair values of derivatives which are not options and without an active market is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivatives is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

- 6) The Group evaluates the credit risk of the derivative contract traded over-the-counter through the following calculation. Under the assumption that the Group will not default, the Group determines their credit value adjustment by multiplying three factors, specifically probability of default, loss given default, and exposure at default, of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Group calculates their debit value adjustment by multiplying three factors, specifically probability of default, loss given default, and exposure at default, of the Group. The Group decides the estimated probability of default by referring to the probability of default announced by external credit rating agencies. The Group sets estimated loss given default at 60% by considering the experience of Jon Gregory, a scholar, and foreign financial institutions. The estimated exposure at default for current period is evaluated by considering the fair value of the derivative instruments traded at Taipei Exchange.

b. Financial instruments not measured at fair value

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

March 31, 2024

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 4,209,179,692	\$ 21,535,904	\$ 3,371,734,701	\$ -	\$ 3,393,270,605

December 31, 2023

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 4,052,617,724	\$ 23,509,067	\$ 3,321,343,148	\$ -	\$ 3,344,852,215

March 31, 2023

	Carrying Amount	Fair Values			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at amortized cost (Note)	\$ 3,987,510,027	\$ 20,553,801	\$ 3,270,207,565	\$ -	\$ 3,290,761,366

Note: Including those serving as refundable deposits.

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

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

1) Fair value hierarchy

Items	March 31, 2024				December 31, 2023				March 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>												
Assets												
Financial assets at FVTPL												
Stocks	\$ 495,331,605	\$ 492,381,704	\$ 337,452	\$ 2,612,449	\$ 490,969,478	\$ 487,974,435	\$ 376,902	\$ 2,618,141	\$ 421,223,259	\$ 417,319,151	\$ 700,777	\$ 3,203,331
Bonds	317,245,989	2,738,600	306,792,724	7,714,665	305,790,700	2,624,811	295,080,986	8,084,903	298,586,867	2,380,542	290,961,319	5,245,006
Other	816,543,579	608,116,408	33,962,056	174,465,115	817,870,392	577,691,951	36,628,039	203,550,402	726,699,613	490,248,403	30,739,470	205,711,740
Financial assets at FVTOCI												
Stocks	166,256,909	164,151,601	-	2,105,308	141,018,617	139,045,718	-	1,972,899	113,001,918	111,325,622	-	1,676,296
Bonds (Note)	444,463,781	46,196,814	398,266,967	-	431,429,448	47,321,270	384,108,178	-	361,330,791	25,358,750	335,972,041	-
<u>Derivative instruments</u>												
Assets	5,591,676	2,534	5,589,142	-	51,857,673	10,448	51,847,225	-				
Financial assets at FVTPL	70,944	-	70,944	-	1,109	-	1,109	-	8,957,539	7,612	8,949,927	-
Financial assets for hedging									103,678	-	103,678	-
Liabilities												
Financial liabilities at FVTPL	64,626,753	-	64,626,753	-	24,070,611	-	24,070,611	-	27,558,722	-	27,558,722	-
Financial liabilities for hedging	1,498,788	-	1,498,788	-	2,038,001	-	2,038,001	-	3,436,279	-	3,436,279	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the three months ended March 31, 2024, the equity investments at FVTPL of \$38,536 thousand were transferred from Level 2 to Level 1 due to available market quotes. For the three months ended March 31, 2023, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

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

	For the Three Months Ended March 31, 2024	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ 214,253,446	\$ 1,972,899
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	3,700,153	-
Gain on reclassification using overlay approach	5,691,587	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	141,238	72
Other comprehensive loss reclassified using the overlay approach	(5,691,587)	-
Gain on equity instruments at FVTOCI	-	135,527
Purchases	5,224,483	-
Disposals	(37,625,593)	-
Reclassified as held for sale	<u>(901,498)</u>	<u>(3,190)</u>
Ending balance	<u>\$ 184,792,229</u>	<u>\$ 2,105,308</u>

	For the Three Months Ended March 31, 2023	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ 208,860,223	\$ 1,639,198
Recognized in profit or loss		
Loss on financial assets and liabilities at FVTPL	(1,521,125)	-
Gain on reclassification using overlay approach	2,037,194	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	(766)	(27)
Other comprehensive loss reclassified using the overlay approach	(2,037,194)	-
Gain on equity instruments at FVTOCI	-	37,125
Purchases	10,335,741	-
Disposals	(3,224,014)	-
Transfers out of Level 3	<u>(289,982)</u>	<u>-</u>
Ending balance	<u>\$ 214,160,077</u>	<u>\$ 1,676,296</u>

Regarding the above amounts recognized in profit or loss for the three months ended March 31, 2024 and 2023, unrealized gains of \$242,132 thousand and losses of \$729,127 thousand were related to financial assets held at the end of the period, respectively.

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

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

March 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	12%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity discount and minority interest	20%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates
December 31, 2023				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	12%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity and discount for minority interest	20%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates

March 31, 2023				
Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	3%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity discount and minority interest	15%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	57%-140%	The higher the dividend payout ratio, the higher the fair value estimates

4) Valuation process for Level 3 fair value measurement

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

d. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL (Note 3)	\$ 1,636,405,986	\$ 1,666,488,243	\$ 1,455,467,278
Financial assets at FVTOCI (Note 3)	601,472,066	568,986,970	468,002,388
Measured at amortized cost			
Cash and cash equivalents (Notes 1 and 3)	270,943,563	251,223,090	375,924,360
Receivables (Notes 2 and 3)	126,892,970	93,932,873	82,085,300
Financial assets measured at amortized cost	4,191,915,640	4,043,811,869	3,977,130,037
Loans	397,602,313	403,826,256	431,465,759
Guarantee deposits paid (Note 3)	40,000,376	26,082,321	35,203,771
Financial assets for hedging	70,944	1,109	103,678
			(Continued)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	\$ 64,626,753	\$ 24,070,611	\$ 27,558,722
Financial liabilities at amortized cost			
Payables	24,105,749	22,916,475	17,200,893
Bonds payable	115,014,620	114,841,430	80,000,000
Other financial liabilities	7,790,916	7,675,139	7,049,740
Lease liabilities	15,772,913	16,604,525	16,486,942
Guarantee deposits received	3,183,603	15,864,062	3,010,777
Payables and lease liabilities directly associated with disposal groups held for sale	4,025,361	-	-
Financial liabilities for hedging	1,498,788	2,038,001	3,436,279
			(Concluded)

Note 1: Cash on hand was excluded.

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

Note 3: This balance includes the balance of the related assets reclassified to held-for-sale disposal groups.

e. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Value at Risk

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

b) Stress testing

In addition to the VaR model, the Group carries out regular stress testing to measure the potential risk in the case of extreme and abnormal events.

The Group performs stress testing on positions regularly by applying the simple sensitivity test and scenario analysis. Such tests cover the losses on positions which resulted from changes in specific risk factors in various kinds of historical scenarios.

i. Simple sensitivity test

The simple sensitivity test is to measure the changes in the value of the investment portfolio caused by changes in specific risk factors.

ii. Scenario analysis

The scenario analysis is to measure the changes in the total value of the investment positions caused by hypothetical stress events, including the following scenarios:

i) Historical scenario

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

ii) Hypothetical scenario

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

The risk management department regularly performs stress testing with historical and hypothetical scenarios to serve as a basis for risk analysis, early warning for risk and business management.

Table of Stress Testing

Risk Factor	Variable (+/-)	For the Three Months Ended March 31	
		2024	2023
Equity risk (stock price index)	-10%	\$ (86,046,411)	\$ (73,496,866)
Interest rate risk (yield curve)	+100bps	(129,694,934)	(105,259,508)
Foreign currency risk (foreign exchange rate)	Appreciation of NTD to all foreign currencies by 1%	(20,152,553)	(18,146,444)

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

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

Note 3: Provision or reversal of reserves for foreign exchange fluctuations was not considered in profit or loss due to foreign currency risk.

Note 4: Change in equity was included in the impact on the change in profit or loss.

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

c) Sensitivity analysis

Summary of Sensitivity Analysis

For the Three Months Ended March 31, 2024

Risk Factor	Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 10,669,636	\$ 4,658,073
	Appreciation of CNY/USD by 1%	(37,485)	295,319
	Appreciation of HKD/USD by 1%	1,146	199,639
	Appreciation of EUR/USD by 1%	422,310	144,968
	Appreciation of GBP/USD by 1%	78,555	237,890
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1 bp	-	(1,214,397)
	Upward parallel shift of the yield curve (CNY) by 1 bp	-	(1,657)
	Upward parallel shift of the yield curve (EUR) by 1 bp	-	(4,314)
	Upward parallel shift of the yield curve (GBP) by 1 bp	-	(3,723)
	Upward parallel shift of the yield curve (NTD) by 1 bp	-	(63,150)
	Increase in equity price by 1%	(2,267)	8,606,908

For the Three Months Ended March 31, 2023

Risk Factor	Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 9,921,802	\$ 5,050,571
	Appreciation of CNY/USD by 1%	(16,911)	360,866
	Appreciation of HKD/USD by 1%	1,229	270,174
	Appreciation of EUR/USD by 1%	76,091	263,039
	Appreciation of GBP/USD by 1%	(61,426)	212,901
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1 bp	-	(967,909)
	Upward parallel shift of the yield curve (CNY) by 1 bp	-	(1,785)
	Upward parallel shift of the yield curve (EUR) by 1 bp	-	(4,262)
	Upward parallel shift of the yield curve (GBP) by 1 bp	-	(3,063)
	Upward parallel shift of the yield curve (NTD) by 1 bp	-	(64,880)
	Increase in equity price by 1%	1,182	7,348,505

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

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

Note 3: Provision or reversal of reserves for foreign exchange fluctuations was not considered in the change in profit or loss due to foreign currency risk.

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

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

2) Credit risk

a) Sources of credit risk

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

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

b) Concentration of credit risk

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

March 31, 2024						
Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 159,938,995	\$ 25,734,298	\$ 143,024	\$ 61,820,563	\$ 9,500,000	\$ 257,136,880
Financial assets at FVTPL	51,185,651	2,598,062	98,584,875	90,156,927	11,922,019	254,447,534
Financial assets at FVTOCI	22,522,640	24,311,245	43,677,978	232,977,353	111,722,697	435,211,913
Financial assets for hedging	530	-	13,872	56,542	-	70,944
Financial assets measured at amortized cost	<u>115,792,271</u>	<u>238,461,653</u>	<u>632,955,747</u>	<u>2,130,731,993</u>	<u>1,059,467,992</u>	<u>4,177,409,656</u>
	<u>\$ 349,440,087</u>	<u>\$ 291,105,258</u>	<u>\$ 775,375,496</u>	<u>\$ 2,515,743,378</u>	<u>\$ 1,192,612,708</u>	<u>\$ 5,124,276,927</u>
Proportion	6.8%	5.7%	15.1%	49.1%	23.3%	100%
December 31, 2023						
Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 141,809,444	\$ 19,193,627	\$ 114,898	\$ 65,530,250	\$ 8,400,000	\$ 235,048,219
Financial assets at FVTPL	70,969,669	10,043,910	107,723,192	97,631,619	11,308,593	297,676,983
Financial assets at FVTOCI	24,810,380	23,246,952	45,273,886	226,078,827	108,558,308	427,968,353
Financial assets for hedging	674	-	-	435	-	1,109
Financial assets measured at amortized cost	<u>121,449,268</u>	<u>234,471,649</u>	<u>609,316,281</u>	<u>2,045,910,809</u>	<u>1,019,543,754</u>	<u>4,030,691,761</u>
	<u>\$ 359,039,435</u>	<u>\$ 286,956,138</u>	<u>\$ 762,428,257</u>	<u>\$ 2,435,151,940</u>	<u>\$ 1,147,810,655</u>	<u>\$ 4,991,386,425</u>
Proportion	7.2%	5.7%	15.3%	48.8%	23.0%	100%
March 31, 2023						
Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 228,821,032	\$ 16,887,329	\$ 175,306	\$ 97,409,409	\$ 16,000,000	\$ 359,293,076
Financial assets at FVTPL	53,369,093	9,460,508	97,312,460	89,072,981	10,984,540	260,199,582
Financial assets at FVTOCI	17,327,843	21,537,266	39,337,425	171,488,732	105,309,204	355,000,470
Financial assets for hedging	27,013	-	65,549	4,049	-	96,611
Financial assets measured at amortized cost	<u>123,272,020</u>	<u>231,748,917</u>	<u>604,393,628</u>	<u>1,998,347,576</u>	<u>1,009,506,024</u>	<u>3,967,268,165</u>
	<u>\$ 422,817,001</u>	<u>\$ 279,634,020</u>	<u>\$ 741,284,368</u>	<u>\$ 2,356,322,747</u>	<u>\$ 1,141,799,768</u>	<u>\$ 4,941,857,904</u>
Proportion	8.6%	5.7%	15.0%	47.6%	23.1%	100%

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

March 31, 2024					
Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 144,776,067	\$ 34,589,716	\$ 46,534,737	\$ 259,548	\$ 226,160,068
Non-accrual receivables	<u>514,579</u>	<u>18,297</u>	<u>26,608</u>	<u>1,437,086</u>	<u>1,996,570</u>
	<u>\$ 145,290,646</u>	<u>\$ 34,608,013</u>	<u>\$ 46,561,345</u>	<u>\$ 1,696,634</u>	<u>\$ 228,156,638</u>
Proportion	63.7%	15.2%	20.4%	0.7%	100%

December 31, 2023					
Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 149,313,689	\$ 35,329,719	\$ 47,460,225	\$ 260,750	\$ 232,364,383
Non-accrual receivables	<u>502,771</u>	<u>14,812</u>	<u>21,525</u>	<u>1,380,708</u>	<u>1,919,816</u>
	<u>\$ 149,816,460</u>	<u>\$ 35,344,531</u>	<u>\$ 47,481,750</u>	<u>\$ 1,641,458</u>	<u>\$ 234,284,199</u>
Proportion	63.9%	15.1%	20.3%	0.7%	100%

March 31, 2023					
Location of Collateral	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 172,256,804	\$ 40,207,491	\$ 53,104,265	\$ 1,222,220	\$ 266,790,780
Non-accrual receivables	<u>518,181</u>	<u>13,836</u>	<u>19,997</u>	<u>1,368,084</u>	<u>1,920,098</u>
	<u>\$ 172,774,985</u>	<u>\$ 40,221,327</u>	<u>\$ 53,124,262</u>	<u>\$ 2,590,304</u>	<u>\$ 268,710,878</u>
Proportion	64.2%	15.0%	19.8%	1.0%	100%

iii. Categories for credit risk quality

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

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

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

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

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

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

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

vi. Measurement of expected credit loss

- i) The methodology and assumptions applied

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

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

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

ii) Forward-looking information considerations

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

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

i) Financial assets of the Company

	March 31, 2024					
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 424,097,710	\$ -	\$ -	\$ -	\$ -	\$ 424,097,710
Financial assets measured at amortized cost	4,152,278,667	-	-	-	(1,412,715)	4,150,865,952
Non-investment grade						
Debt instruments at FVTOCI	5,323,878	1,212,399	4,577,926	-	-	11,114,203
Financial assets measured at amortized cost	8,849,793	-	19,527,122	-	(1,833,211)	26,543,704
December 31, 2023						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses		Lifetime Expected Credit Losses		Purchased or Originated Credit-impaired Financial Assets	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 417,136,556	\$ 8,174	\$ -	\$ -	\$ -	\$ 417,144,730
Financial assets measured at amortized cost	4,005,535,303	-	-	-	(1,428,846)	4,004,106,457
Non-investment grade						
Debt instruments at FVTOCI	7,151,032	278,022	3,394,569	-	-	10,823,623
Financial assets measured at amortized cost	8,276,741	1,491,789	18,770,769	-	(1,953,995)	26,585,304

March 31, 2023						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Investment grade						
Debt instruments at FVTOCI	\$ 343,786,856	\$ -	\$ -	\$ -	\$ -	\$ 343,786,856
Financial assets measured at amortized cost	3,941,109,051	-	-	-	(1,463,613)	3,939,645,438
Non-investment grade						
Debt instruments at FVTOCI	7,292,660	139,740	3,781,214	-	-	11,213,614
Financial assets measured at amortized cost	9,345,621	1,480,727	18,628,111	-	(1,831,732)	27,622,727

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

ii) Secured loans and overdue receivables of the Company

March 31, 2024						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 222,678,012	\$ 372,382	\$ 5,106,244	\$ -	\$ (1,300,759)	\$ 224,159,946
December 31, 2023						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 228,911,070	\$ 351,261	\$ 5,021,868	\$ -	\$ (1,277,067)	\$ 230,233,979
March 31, 2023						
	Stage 1	Stage 2	Stage 3		Loss Allowance	Gross Carrying Amount
	12-month Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets		
Secured loans and non-accrual receivables	\$ 262,013,594	\$ 1,275,594	\$ 5,421,690	\$ -	\$ (1,437,833)	\$ 264,592,892

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2024	\$ 150,965	\$ 55,541	\$ 924,816	\$ -	\$ 1,131,322
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(2,449)	2,449	-	-	-
New financial assets originated or purchased	5,607	-	-	-	5,607
Financial assets that have been derecognized during the period	(6,043)	(1,162)	-	-	(7,205)
Changes in models/risk parameters	(8,314)	166,491	(59,918)	-	98,259
Foreign exchange and other movements	5,620	5,348	36,320	-	47,288
March 31, 2024	<u>\$ 145,386</u>	<u>\$ 228,667</u>	<u>\$ 901,218</u>	<u>\$ -</u>	<u>\$ 1,275,271</u>
	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2023	\$ 144,268	\$ 33,000	\$ 917,054	\$ -	\$ 1,094,322
Changes due to financial instruments recognized as at January 1					
New financial assets originated or purchased	6,564	-	-	-	6,564
Financial assets that have been derecognized during the period	(9,170)	(2,302)	-	-	(11,472)
Changes in models/risk parameters	(795)	(2,918)	(61,033)	-	(64,746)
Foreign exchange and other movements	(1,037)	(372)	(11,420)	-	(12,829)
March 31, 2023	<u>\$ 139,830</u>	<u>\$ 27,408</u>	<u>\$ 844,601</u>	<u>\$ -</u>	<u>\$ 1,011,839</u>

ii) Financial assets measured at amortized cost

	Lifetime Expected Credit Losses				
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2024	\$ 1,453,074	\$ 122,532	\$ 1,807,235	\$ -	\$ 3,382,841
New financial assets originated or purchased	13,512	-	-	-	13,512
Financial assets that have been derecognized during the period	(13,517)	(279,593)	-	-	(293,110)
Changes in models/risk parameters	(71,692)	151,091	(72,247)	-	7,152
Foreign exchange and other movements	55,766	5,970	73,795	-	135,531
March 31, 2024	<u>\$ 1,437,143</u>	<u>\$ -</u>	<u>\$ 1,808,783</u>	<u>\$ -</u>	<u>\$ 3,245,926</u>
	Lifetime Expected Credit Losses				
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2023	\$ 1,489,750	\$ 215,409	\$ 1,758,854	\$ -	\$ 3,464,013
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(48)	48	-	-	-
Transferred to 12-month expected credit losses	75,463	(75,463)	-	-	-
New financial assets originated or purchased	17,502	-	-	-	17,502
Financial assets that have been derecognized during the period	(13,385)	(45)	-	-	(13,430)
Changes in models/risk parameters	(73,536)	(874)	(69,348)	-	(143,758)
Foreign exchange and other movements	(13,168)	(1,265)	(14,549)	-	(28,982)
March 31, 2023	<u>\$ 1,482,578</u>	<u>\$ 137,810</u>	<u>\$ 1,674,957</u>	<u>\$ -</u>	<u>\$ 3,295,345</u>

For debt instruments at FVTOCI and financial assets measured at amortized cost in foreign bonds, the Company transferred the 12-month expected credit losses to lifetime expected credit losses when assessing the loss allowance as the Russian-Ukrainian War broke out in February 2022, international economic sanctions were imposed on Russia and its credit ratings were largely downgraded, which was evaluated as a credit-impaired event.

iii) Secured loans and non-accrual receivables

		Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2024	\$ 45,765	\$ 5,416	\$ 1,225,886	\$ -	\$ 1,277,067	\$ 2,773,153	\$ 4,050,220
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(11)	11	-	-	-	-	-
Transferred to credit-impaired financial assets	(24)	(8)	32	-	-	-	-
Transferred to 12-month expected credit losses	210	(117)	(93)	-	-	-	-
New financial assets originated or purchased	670	-	2,868	-	3,538	-	3,538
Financial assets that have been derecognized during the period	(1,031)	(54)	(12,289)	-	(13,374)	-	(13,374)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(77,220)	(77,220)
Changes in models/risk parameters	(532)	96	33,964	-	33,528	-	33,528
March 31, 2024	<u>\$ 45,047</u>	<u>\$ 5,344</u>	<u>\$ 1,250,368</u>	<u>\$ -</u>	<u>\$ 1,300,759</u>	<u>\$ 2,695,933</u>	<u>\$ 3,996,692</u>

		Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2023	\$ 125,823	\$ 5,008	\$ 1,069,644	\$ -	\$ 1,200,475	\$ 3,147,892	\$ 4,348,367
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(21)	21	-	-	-	-	-
Transferred to credit-impaired financial assets	(30)	(8)	38	-	-	-	-
Transferred to 12-month expected credit losses	122	(122)	-	-	-	-	-
New financial assets originated or purchased	341	-	496	-	837	-	837
Financial assets that have been derecognized during the period	(4,526)	(72)	(22,708)	-	(27,306)	-	(27,306)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(467,739)	(467,739)
Changes in models/risk parameters	82,643	(4)	181,188	-	263,827	-	263,827
March 31, 2023	<u>\$ 204,352</u>	<u>\$ 4,823</u>	<u>\$ 1,228,658</u>	<u>\$ -</u>	<u>\$ 1,437,833</u>	<u>\$ 2,680,153</u>	<u>\$ 4,117,986</u>

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

ix. Exposure to credit risk and loss allowance of receivables

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

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>March 31, 2024</u>					
Gross carrying amount (Note)	\$ 69,828,945	\$ 60,020	\$ 454	\$ -	\$ 69,889,419
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,200	46	-	1,246

Note: Notes receivable of \$8,756 thousand and other receivables of \$69,880,663 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>December 31, 2023</u>					
Gross carrying amount (Note)	\$ 38,809,549	\$ 61,429	\$ 363	\$ 172	\$ 38,871,513
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,229	36	86	1,351

Note: Notes receivable of \$21,480 thousand and other receivables of \$38,850,033 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
<u>March 31, 2023</u>					
Gross carrying amount (Note)	\$ 29,432,102	\$ 62,951	\$ 459	\$ -	\$ 29,495,512
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,259	46	-	1,305

Note: Notes receivable of \$1,513 thousand and other receivables of \$29,493,999 thousand were included.

The loss allowance was reconciled as follows:

	For the Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 1,351	\$ 1,292
Provision for the current period	<u>(105)</u>	<u>13</u>
Ending balance	<u>\$ 1,246</u>	<u>\$ 1,305</u>

3) Liquidity risk analysis

a) Sources of liquidity risk

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

b) Liquidity risk management

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

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

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

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

	March 31, 2024				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 23,729,476	\$ 376,273	\$ -	\$ -	\$ -
Other financial liabilities	1,055,461	469,333	2,424,420	2,333,349	2,119,154
Bonds payable (Note 1)	591,516	1,140,511	4,132,242	8,721,725	124,422,079
Lease liabilities (Note 2)	177,946	447,344	798,045	2,284,554	32,699,148
<u>Derivative financial liabilities</u>					
SWAP	52,706,999	4,864,798	-	-	-
Forward	25,231,019	834,300	1,524,100	-	-
CCS	1,212,467	-	-	-	-
Bond forward contract	992,423	2,319,243	-	-	-

December 31, 2023					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 20,690,322	\$ 725,449	\$ 1,127,487	\$ 351,664	\$ 21,553
Other financial liabilities	950,766	940,275	2,295,625	2,254,257	1,800,308
Bonds payable (Note 1)	559,620	2,066,062	4,121,677	8,690,032	124,196,066
Lease liabilities (Note 2)	372,954	450,324	751,386	2,607,699	33,211,417
<u>Derivative financial liabilities</u>					
SWAP	21,269,335	230,350	226,390	-	-
Forward	6,916,547	147,000	1,408,200	-	-
CCS	1,154,232	-	-	-	-
March 31, 2023					
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 15,554,889	\$ 1,187,888	\$ 246,840	\$ 211,276	\$ -
Other financial liabilities	765,660	378,182	1,387,393	3,504,368	1,576,457
Bonds payable (Note 1)	200,235	883,726	2,715,000	6,885,000	80,600,000
Lease liabilities (Note 2)	257,027	497,285	728,972	2,589,308	33,595,836
<u>Derivative financial liabilities</u>					
SWAP	17,066,427	15,114,104	234,150	-	-
Forward	7,460,770	2,971,200	358,000	-	-
CCS	7,185,244	238,760	480,795	-	-

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

Note 2: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 70 years.

f. Hedge accounting disclosures

Cash flow hedges

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

1) Hedging instruments

March 31, 2024					
<u>Hedging Instrument</u>	<u>Nominal Amount of the Hedging Instrument</u>	<u>Carrying Amount of the Hedging Instrument</u>		<u>Line Items in Balance Sheet Where the Hedging Instrument Is Included</u>	<u>Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period</u>
		<u>Assets</u>	<u>Liabilities</u>		
IRS	\$ 3,000,000	\$ 832	\$ -	Financial assets for hedging	\$ 1,101
Bond forward contract	4,030,740	70,112	-	Financial assets for hedging	70,112
Bond forward contract	4,766,510	-	91,508	Financial liabilities for hedging	(91,508)
IRS	-	-	-	Financial assets for hedging	102

December 31, 2023					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 3,000,000	\$ 1,109	\$ -	Financial assets for hedging	\$ (8,387)
IRS	-	-	-	Financial assets for hedging	(12,277)
March 31, 2023					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities		
IRS	\$ 4,000,000	\$ 9,409	\$ -	Financial assets for hedging	\$ (6,228)
IRS	666,181	7,067	-	Financial assets for hedging	(4,194)

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

Period Till Maturity						
3 Months -						
1 Month	1-3 Months	1 Year	1-5 Years	Over 5 Years		
<u>March 31, 2024</u>						
IRS						
Nominal principal	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	-
Average fixed rate	-	1.7%	-	-	-	-
Bond forward contract						
Nominal principal	-	-	8,797,250	-	-	-
Average price	-	-	73.34	-	-	-
Period Till Maturity						
3 Months -						
1 Month	1-3 Months	1 Year	1-5 Years	Over 5 Years		
<u>December 31, 2023</u>						
IRS						
Nominal principal	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	-
Average fixed rate	-	-	1.7%	-	-	-
Period Till Maturity						
3 Months -						
1 Month	1-3 Months	1 Year	1-5 Years	Over 5 Years		
<u>March 31, 2023</u>						
IRS						
Nominal principal	\$ -	\$ -	\$ 1,666,181	\$ 3,000,000	\$ -	-
Average fixed rate	-	-	1.7%-2.5%	1.7%	-	-

3) Hedged items

For the Three Months Ended March 31, 2024								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate bonds	\$ (1,101)	\$ 832	N/A	\$ 1,101	\$ -	\$ -	\$ (1,379)	Finance costs
Payables	(102)	-	N/A	102	-	-	-	Finance costs
Discontinued hedge	2,205	-	-	(897)	897	Finance costs	-	-
Expected Investment	18,779	(18,322)	N/A	(18,322)	(3,074)	Finance costs	-	-

For the Three Months Ended March 31, 2023								
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Year	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Changes in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Items Affected in Profit or Loss Because of the Reclassification
Floating-rate bonds	\$ 6,228	\$ 9,409	N/A	\$ (6,228)	\$ -	\$ -	\$ (3,556)	Finance costs
Payables	4,194	7,067	N/A	(4,194)	-	-	-	Finance costs
Discontinued hedge - bond investments	N/A	N/A	-	N/A	N/A	N/A	-	Finance costs

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

			For the Three Months Ended March 31	
			2024	2023
Beginning balance			\$ (4,513)	\$ 18,799
Gross amount recognized in other comprehensive income				
Changes in the values of the hedging instruments				
recognized in other comprehensive loss			(18,016)	(10,424)
Amount reclassified from cash flow hedge reserve to profit or loss			(1,379)	(3,556)
Tax effect			<u>3,798</u>	<u>2,118</u>
Ending balance			<u>\$ (20,110)</u>	<u>\$ 6,937</u>

Fair value hedges

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

1) Hedging instruments

March 31, 2024					Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	
		Assets	Liabilities		
Forward	\$ 13,959,300	\$ -	\$ 1,407,280	Financial liabilities for hedging	\$ (1,041,399)

December 31, 2023					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
		Assets	Liabilities		
Forward	\$ 27,603,100	\$ -	\$ 2,038,001	Financial liabilities for hedging	\$ (1,108,966)
March 31, 2023					
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
		Assets	Liabilities		
Forward	\$ 49,153,550	\$ 87,202	\$ 3,436,279	Financial assets for hedging/ financial liabilities for hedging	\$ 457,200

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

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
<u>March 31, 2024</u>					
Forward					
Nominal principal	\$ -	\$ -	\$ 2,687,400	\$ 11,271,900	\$ -
Exchange rate (USD/TWD)	-	-	26.874	28.1654	-
	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
<u>December 31, 2023</u>					
Forward					
Nominal principal	\$ -	\$ 13,643,800	\$ -	\$ 13,959,300	\$ -
Exchange rate (USD/TWD)	-	27.2876	-	27.9502	-
	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
<u>March 31, 2023</u>					
Forward					
Nominal principal	\$ -	\$ -	\$ -	\$ 49,153,550	\$ -
Exchange rate (USD/TWD)	-	-	-	27.2701	-

3) Hedged items

For the Three Months Ended March 31, 2024								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position That Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Oversea bonds	\$ 13,959,300	\$ -	\$ 1,041,399	\$ -	Financial assets measured at amortized cost	\$ 1,041,399	\$ -	\$ -

For the Three Months Ended March 31, 2023								
	Book Value of Hedged Items		Cumulative Adjustment for Changes in Fair Value of Hedged Items Included in Book Value of Hedged Items		Line Item in Statement of Financial Position That Includes Hedged Items	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Period	Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
Oversea bonds	\$ 49,153,550	\$ -	\$ (457,200)	\$ -	Financial assets measured at amortized cost	\$ (457,200)	\$ -	\$ -

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

	For the Three Months Ended March 31	
	2024	2023
<u>Foreign currency basis - related period</u>		
Beginning balance	\$ 515,012	\$ 931,466
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments		
recognized in other comprehensive loss	(465,480)	(90,186)
Amount reclassified to profit or loss	112,824	232,181
Tax effects	70,531	(28,399)
Ending balance	<u>\$ 232,887</u>	<u>\$ 1,045,062</u>

g. Offsetting of financial assets and financial liabilities

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

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

March 31, 2024

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 5,660,086	\$ -	\$ 5,660,086	\$ 5,602,900	\$ 147,714	\$ (90,528)

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 66,125,541	\$ -	\$ 66,125,541	\$ 5,602,900	\$ 17,901,270	\$ 42,621,371

December 31, 2023

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 51,848,334	\$ -	\$ 51,848,334	\$ 24,226,850	\$ 12,973,500	\$ 14,647,984

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 26,108,612	\$ -	\$ 26,108,612	\$ 24,226,850	\$ 1,409,662	\$ 472,100

March 31, 2023

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on Balance Sheet (b)	Net Financial Assets Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Received	
Derivative financial instruments	\$ 9,046,538	\$ -	\$ 9,046,538	\$ 8,590,969	\$ 42,635	\$ 412,934

Financial Liabilities Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on Balance Sheet (b)	Net Financial Liabilities Recognized on Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	\$ 30,995,001	\$ -	\$ 30,995,001	\$ 8,590,969	\$ 11,579,668	\$ 10,824,364

h. Other financial liabilities

Item	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 7,666,146	\$ 7,512,773	\$ 6,967,888
<u>Unsecured borrowings</u>			
Bank loans	<u>124,770</u>	<u>162,366</u>	<u>81,852</u>
	<u>\$ 7,790,916</u>	<u>\$ 7,675,139</u>	<u>\$ 7,049,740</u>
Borrowing rate	1.98%-2.74%	2.00%-2.74%	2.02%-2.82%

The amount of capitalized borrowing costs was \$4,800 thousand as of March 31, 2024, and the rate for the amount of borrowing costs that meet the capitalized conditions was determined to be 2.29% to 2.65%.

The secured borrowings of Cathay Power and its subsidiaries were secured by time deposits, NTD demand deposits and other equipment. Refer to Note 38.

Neo Cathay Power and its subsidiaries entered into a syndicated loan agreement with First Commercial Bank. According to the loan agreement, Si Yi, Da Li and Yong Han are obligated to maintain the financial ratios in the annual audited financial statements and the tangible equity (total equity - intangible assets) should not be negative within the contract period.

As a joint guarantor, Neo Cathay Power Corp. is required to maintain the following financial ratios and requirements in its annual audited consolidated financial statements:

- 1) The current ratio (current assets/current liabilities) should not be lower than 100%.
- 2) The debt ratio (total liabilities/tangible equity) should not exceed 350%.
- 3) The principal and interest coverage ratio [(profit before income tax + Interest expense + Depreciation + Amortization)/(Bank Loan repayments within 1 year under the agreement + Interest expense)] should not be lower than 110%.
- 4) The tangible equity (total equity - intangible asset) should not be lower than 1.3 billion.

As of December 31, 2023, Neo Cathay Power Corp. and its subsidiaries met the aforementioned financial ratios and requirements.

41. RISK MANAGEMENT AND INSURANCE RISK INFORMATION

a. Risk management objectives, policies, procedures and methods

1) Objectives of risk management

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

2) Framework, organizational structure and responsibilities of risk management

a) The board of directors

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

b) Risk management committee

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

c) Chief risk officer

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

d) Risk management department

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

e) Business units

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

f) Audit department

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

g) Subsidiary

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

3) Range and nature of risk assessment or risk reporting

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

a) Market risk

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

b) Credit risk

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

c) Country risk

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

d) Liquidity risk

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

e) Operational risk

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

f) Insurance risk

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

g) Asset and liability matching risk

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

h) Capital adequacy

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

i) Risk of information security

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

j) Risk of personal data management

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

k) Emerging risks

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

l) ESG and climate risks

ESG risks include environmental (issues such as climate and nature), social and corporate governance risks. Climate risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate changes, including transformation risk (a wide range of risks resulting from the trend of low-carbon economy, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to immediacy extreme weather events or long-term climate pattern change). The Company has formulated a qualitative climate risk appetite and developed a related quota management mechanism. In addition, the Company conducts climate scenario analysis on a regular basis to monitor and control the related risks.

m) Reputation risks

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

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

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

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

ii. Establish methods to evaluate insurance risks.

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

- iii. Develop related response in consideration of the Company's growth strategy and changes in the domestic and global economic and financial environments.
 - iv. Determine methods to measure insurance risks.
 - v. Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategy.
 - vi. Other insurance risk management issues.
- 6) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

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

7) Asset/liability management

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

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

- a) Capital adequacy management
 - i. Regularly provide capital adequacy management reports and analysis to the finance department of Cathay Financial Holdings.
 - ii. Regularly provide the analysis report to the risk management committee.
 - iii. Conduct simulation analysis to figure out the use of funding, the changes of the financial environment or the amendments to applicable laws and regulations affecting RBC ratio and net worth ratio.

iv. Regularly review RBC ratio, net worth ratio and related control standards to ensure a solid capital adequacy management.

b) Exception management process

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

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

- a) The Company enters into derivative transactions to reduce market risk and credit risk of the asset positions including stock index options, index futures, individual stock futures, interest rate futures, IRS, forwards, CCS and credit default swaps for hedging the equity risk, interest rate risk, cash flow risk, foreign exchange risk and credit risk from the Company's investments; in addition, bond forward contracts are used to hedge the expected investment. However, the derivatives not qualified for hedge accounting are classified as financial assets at FVTPL.
- b) Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk-taking abilities. The Company executes hedge and exercises authorized financial instruments to adjust the overall risk level to the tolerance levels based on the market dynamics, business strategies, the characteristics of products and risk management policies.
- c) The Company assesses and reviews the effectiveness of the hedge instruments and hedged items regularly. The assessment report is issued and forwarded to the management which is delegated by the board of directors; meanwhile, a copy of the assessment report is delivered to the audit department for future reference.

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

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

b. Information of insurance risk

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

a) The Company

For the Three Months Ended March 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 904,124	Decrease (increase)	\$ 723,299
Expense	×1.05 (×0.95)	Decrease (increase)	909,078	Decrease (increase)	727,262
Surrender rate	×1.05 (×0.95)	Increase (decrease)	99,167	Increase (decrease)	79,334
Rate of return	+0.1%	Increase	1,885,633	Increase	1,508,506
Rate of return	-0.1%	Decrease	1,886,102	Decrease	1,508,881

For the Three Months Ended March 31, 2023					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 884,591	Decrease (increase)	\$ 707,673
Expense	×1.05 (×0.95)	Decrease (increase)	708,434	Decrease (increase)	566,747
Surrender rate	×1.05 (×0.95)	Increase (decrease)	99,998	Increase (decrease)	79,998
Rate of return	+0.1%	Increase	1,790,098	Increase	1,432,078
Rate of return	-0.1%	Decrease	1,790,544	Decrease	1,432,435

b) Cathay Lujiazui Life

For the Three Months Ended March 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	\$ 41,643	Decrease (increase)	\$ 31,232
Expense	×1.05 (×0.95)	Decrease (increase)	26,777	Decrease (increase)	20,083
Surrender rate	×1.10 (×0.90)	Increase (decrease)	18,160	Increase (decrease)	13,620
Rate of return	+0.25%	Increase	295,060	Increase	221,295
Rate of return	-0.25%	Decrease	295,798	Decrease	221,848

For the Three Months Ended March 31, 2023					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	\$ 42,283	Decrease (increase)	\$ 31,713
Expense	×1.05 (×0.95)	Decrease (increase)	27,189	Decrease (increase)	20,392
Surrender rate	×1.10 (×0.90)	Increase (decrease)	18,439	Increase (decrease)	13,829
Rate of return	+0.25%	Increase	227,063	Increase	170,297
Rate of return	-0.25%	Decrease	227,625	Decrease	170,719

c) Cathay Life (Vietnam)

For the Three Months Ended March 31, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 2,243	Decrease (increase)	\$ 1,795
Expense	×1.05 (×0.95)	Decrease (increase)	20,155	Decrease (increase)	16,124
Surrender rate	×1.05 (×0.95)	Increase (decrease)	8,807	Increase (decrease)	7,045
Rate of return	+0.1%	Increase	9,817	Increase	7,853
Rate of return	-0.1%	Decrease	9,819	Decrease	7,855

For the Three Months Ended March 31, 2023					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 1,615	Decrease (increase)	\$ 1,292
Expense	×1.05 (×0.95)	Decrease (increase)	20,752	Decrease (increase)	16,602
Surrender rate	×1.05 (×0.95)	Increase (decrease)	7,207	Increase (decrease)	5,765
Rate of return	+0.1%	Increase	8,341	Increase	6,673
Rate of return	-0.1%	Decrease	8,343	Decrease	6,674

- i. Changes in income before tax listed above referred to the effects of income before tax for the three months ended March 31, 2024 and 2023. The changes in equity of the Company, Cathay Lujiazui Life and Cathay Life (Vietnam) were assumed that the income tax was calculated at rates of 20%, 25% and 20% of pre-tax income, respectively.
- ii. As an increase (decrease) of 0.1% in discount rates is applied to liability adequacy test, the result of the test is still adequate for the Company and there is no impact on income before tax and equity. However, if the discount rate keeps declining significantly, income before tax and equity may be affected.

iii. Sensitivity test

- i) Mortality/morbidity sensitivity test is executed by multiplying the mortality rate, and the morbidity rate of injury insurance by changes in scenarios, resulting in the corresponding changes in income before tax.
- ii) Expense sensitivity test is executed by multiplying all expense items listed in statements of comprehensive income (Note 1) by changes in scenarios, resulting in the corresponding changes in income before tax.
- iii) Surrender rate sensitivity test is executed by multiplying surrender rate by changes in scenarios, resulting in the corresponding changes in income before tax.
- iv) Rate of return sensitivity test is executed by adjusting the rate of return (Note 2) to increase (decrease) by changes in scenarios, resulting in the corresponding changes in income before tax.

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

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

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

2) Concentration of insurance risks

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

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

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

3) Claim development trend

a) The Company

i. Direct business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2017Q2-2018Q1	\$ 18,053,552	\$ 22,165,756	\$ 22,599,662	\$ 22,725,699	\$ 22,788,851	\$ 22,827,584	\$ 22,851,799	\$ -	\$ -
2018Q2-2019Q1	19,772,926	24,473,350	24,936,006	25,060,594	25,134,197	25,190,171	25,216,813	26,642	26,695
2019Q2-2020Q1	21,629,876	26,416,547	26,912,746	27,043,247	27,118,714	27,175,333	27,203,545	84,831	85,001
2020Q2-2021Q1	21,519,671	26,414,084	26,945,956	27,078,393	27,149,866	27,204,066	27,232,689	154,296	154,604
2021Q2-2022Q1	19,958,874	24,847,487	25,368,889	25,488,020	25,550,906	25,601,256	25,628,903	260,014	260,534
2022Q2-2023Q1	22,124,552	27,694,214	28,222,913	28,354,005	28,422,782	28,478,340	28,509,092	814,878	816,507
2023Q2-2024Q1	24,511,061	30,119,441	30,681,108	30,821,471	30,895,315	30,954,227	30,986,810	6,475,749	6,488,700
Expected future payments									7,832,041
Add: Inwards reinsurance assumed reserve for claims not yet filed									31,596
Reserve for claims not yet filed									7,863,637
Add: Claims filed but not yet paid									5,168,072
Loss reserve balance									<u>\$ 13,031,709</u>

ii. Retained business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2017Q2-2018Q1	\$ 18,178,871	\$ 22,338,162	\$ 22,773,148	\$ 22,899,477	\$ 22,962,805	\$ 23,001,893	\$ 23,026,260	\$ -	\$ -
2018Q2-2019Q1	19,868,253	24,577,847	25,041,729	25,166,684	25,240,783	25,296,993	25,323,945	26,952	27,007
2019Q2-2020Q1	21,660,206	26,456,297	26,954,291	27,085,610	27,161,342	27,218,185	27,246,576	85,234	85,404
2020Q2-2021Q1	21,550,442	26,460,898	26,998,015	27,130,873	27,202,686	27,257,182	27,286,039	155,166	155,476
2021Q2-2022Q1	19,992,547	24,923,343	25,446,935	25,566,798	25,630,178	25,680,958	25,708,945	262,010	262,534
2022Q2-2023Q1	22,200,750	27,788,794	28,321,470	28,453,474	28,522,867	28,578,960	28,610,136	821,342	822,985
2023Q2-2024Q1	24,552,456	30,178,216	30,742,410	30,883,352	30,957,587	31,016,841	31,049,692	6,497,236	6,510,231
Expected future payments									7,863,637
Add: Claims filed but not yet paid									5,107,362
Loss reserve balance less ceded loss reserve									<u>\$ 12,970,999</u>

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

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

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

b) Cathay Lujiazui Life

i. Direct business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2017Q2-2018Q1	\$ 350,664	\$ 380,890	\$ 460,409	\$ 460,409	\$ 460,409	\$ 460,409	\$ 460,409	\$ -
2018Q2-2019Q1	411,121	766,293	851,437	851,437	851,437	851,437	851,437	-
2019Q2-2020Q1	396,023	561,036	825,050	825,050	825,050	825,050	825,050	-
2020Q2-2021Q1	525,663	753,454	1,052,770	1,052,770	1,052,770	1,052,770	1,052,770	-
2021Q2-2022Q1	459,001	657,903	919,261	919,261	919,261	919,261	919,261	-
2022Q2-2023Q1	837,371	1,200,232	1,580,877	1,580,877	1,580,877	1,580,877	1,580,877	380,645
2023Q2-2024Q1	849,418	1,231,382	1,621,906	1,621,906	1,621,906	1,621,906	1,621,906	772,488
Expected future payments								1,153,133
Less: Expected claims filed but not yet paid								(601,867)
Reserve for claims not yet filed								551,266
Add: Claims filed but not yet paid								39,791
Loss reserve balance								<u>\$ 591,057</u>

ii. Retained business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2017Q2-2018Q1	\$ 338,533	\$ 364,238	\$ 441,188	\$ 441,188	\$ 441,188	\$ 441,188	\$ 441,188	\$ -
2018Q2-2019Q1	404,336	746,160	838,381	838,381	838,381	838,381	838,381	-
2019Q2-2020Q1	396,023	561,036	813,097	813,097	813,097	813,097	813,097	-
2020Q2-2021Q1	525,663	744,689	1,079,263	1,079,263	1,079,263	1,079,263	1,079,263	-
2021Q2-2022Q1	459,001	650,250	942,391	942,391	942,391	942,391	942,391	-
2022Q2-2023Q1	837,371	1,125,646	1,510,341	1,510,341	1,510,341	1,510,341	1,510,341	384,695
2023Q2-2024Q1	849,418	1,202,589	1,613,579	1,613,579	1,613,579	1,613,579	1,613,579	764,161
Expected future payments								1,148,856
Less: Expected claims filed but not yet paid								(601,867)
Add: Claims filed but not yet paid								33,811
Loss reserve balance less ceded reserve								<u>\$ 580,800</u>

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

Cathay Lujiazui Life provides loss reserve for claims filed but not paid and claims not yet filed. Due to uncertainty, estimation, and judgment, there is a high degree of complexity in provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to Cathay Lujiazui Life may be delayed in certain cases, and estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

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

c) Cathay Life (Vietnam)

i. Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2019Q2-2020Q1	\$ 13,592	\$ 16,645	\$ 16,712	\$ 16,712	\$ 16,712
2020Q2-2021Q1	23,508	27,122	27,126	27,126	27,126
2021Q2-2022Q1	48,089	56,536	56,539	56,547	56,547
2022Q2-2023Q1	77,974	90,237	90,604	90,619	90,619
2023Q2-2024Q1	73,961	86,571	86,924	86,937	86,937

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2019Q2-2020Q1	\$ 13,592	\$ 16,645	\$ 16,712	\$ 16,712	\$ 16,712
2020Q2-2021Q1	23,508	27,122	27,126	27,126	27,126
2021Q2-2022Q1	48,089	56,536	56,539	56,547	56,547
2022Q2-2023Q1	77,974	90,237	90,604	90,619	90,619
2023Q2-2024Q1	73,961	86,571	86,924	86,937	86,937

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

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

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

1) Credit risk

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

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

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

2) Liquidity risk

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

Unit: In 100 Millions of NTD

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	Within 1 Year	1 to 5 Years	Over 5 Years
March 31, 2024	\$ 883	\$ 4,556	\$ 191,383
December 31, 2023	310	4,869	188,818
March 31, 2023	667	4,605	185,890

Note: Separate account products were not included.

3) Market risk

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

42. SEGMENT INFORMATION

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

43. CAPITAL MANAGEMENT

a. Management objectives

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

b. Management policies

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

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

1) Owned capital

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

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

2) Risk-based capital

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

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

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

c. Management procedures

1) Periodical calculation

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

2) Aperiodic calculation

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

d. Current status of RBC ratio

The Company's RBC ratio, which is calculated in accordance with Regulations Governing Capital Adequacy of Insurance Companies, is above 200% during the past three years, and the net worth ratios are above 3% as of the end of the year and semi-period of 2023, which complies with the regulations.

44. BUSINESS COMBINATIONS - SUBSIDIARIES ACQUIRED

a. Subsidiaries acquired

<u>Subsidiary</u>	<u>Principal Activity</u>	<u>Date of Acquisition</u>	<u>Proportion of Voting Equity Interests Acquired (%)</u>	<u>Consideration Transferred</u>
Pearlmark and its subsidiaries	Real estate investment and operation management	March 28, 2023	55.5	<u>\$ 241,453</u>

On March 28, 2023, C&C acquired 55.5% of Pearlmark shares in cash and obtained the control of Pearlmark and its subsidiaries.

b. Assets acquired and liabilities assumed at the date of acquisition

	<u>Pearlmark and its Subsidiaries</u>
Assets	
Cash and cash equivalents	\$ 3,167
Receivables	-
Property and equipment	1,362
Intangible assets	158,056
Others	<u>32,003</u>
Liabilities	
Others	<u>(43,646)</u>
	<u>\$ 150,942</u>

c. Non-controlling interests

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

d. Goodwill recognized on acquisitions

	<u>Pearlmark and its Subsidiaries</u>
Consideration transferred	\$ 241,453
Add: Non-controlling interests	<u>67,169</u>
	308,622
Less: Fair value of identifiable net assets acquired	<u>(150,942)</u>
Goodwill recognized on acquisition	<u>\$ 157,680</u>

The goodwill recognized in the acquisition of Pearlmark and its subsidiaries mainly represents the control premiums. However, these benefits did not meet the recognition criteria for identifiable intangible assets and were not separately recognized. The goodwill was increased by \$11,991 thousand from January 1 to March 31, 2024 as a result of the adjustments to the identifiable net assets acquired during the measurement period.

e. Net cash outflow on the acquisition of subsidiaries

	<u>Pearlmark and its Subsidiaries</u>
Consideration paid in cash	\$ 241,453
Less: Cash and cash equivalent balances acquired	<u>(3,167)</u>
	<u>\$ 238,286</u>

f. Impact of acquisitions on the results of the Group

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

45. DISPOSAL OF SUBSIDIARIES

On May 2, 2023, CM Energy signed an agreement to dispose of Chen Fong Power and lost control of the subsidiary.

a. Consideration received from disposals

	<u>Chen Fong Power</u>
Cash and cash equivalents	<u>\$ 31,000</u>

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

	Chen Fong Power
Assets	
Cash	\$ 256
Property, plant and equipment	1,097
Goodwill	961
Guarantee deposits paid	62,979
Other	35,845
Liabilities	
Payables	<u>(70,536)</u>
Net assets disposed of	<u>\$ 30,602</u>

c. Gain on disposal of subsidiary

	Chen Fong Power
Consideration received	\$ 31,000
Net assets disposed of	<u>(30,602)</u>
Gain on disposals	<u>\$ 398</u>

d. Net cash inflow on disposals of subsidiary

	Chen Fong Power
Consideration received in cash	\$ 31,000
Less: Cash balances disposed of	<u>(256)</u>
	<u>\$ 30,744</u>

46. OTHERS

a. Significant assets and liabilities denominated in foreign currencies

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

	March 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 153,451,070	31.990000	\$ 4,908,899,951
AUD	5,842,888	20.823891	121,671,664
			(Continued)

March 31, 2024			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Non-monetary items			
USD	\$ 9,179,163	31.990000	\$ 293,641,412
Investments accounted for using the equity method			
CNY	465,573	4.428800	2,061,931
PHP	33,186,152	0.569000	18,882,920
<u>Financial liabilities</u>			
Monetary items			
USD	944,744	31.990000	30,222,368 (Concluded)

December 31, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 152,040,867	30.735000	\$ 4,672,976,040
AUD	5,861,414	21.002762	123,105,884
Non-monetary items			
USD	10,326,279	30.735000	317,378,179
Investments accounted for using the equity method			
CNY	454,279	4.333800	1,968,756
PHP	33,651,324	0.554900	18,673,120
<u>Financial liabilities</u>			
Monetary items			
USD	806,164	30.735000	24,777,439

March 31, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 149,364,222	30.454000	\$ 4,548,738,010
AUD	6,130,738	20.343272	124,719,267
Non-monetary items			
USD	10,427,314	30.454000	317,553,411
Investments accounted for using the equity method			
CNY	469,146	4.432100	2,079,302
PHP	30,439,376	0.560100	17,049,095 (Continued)

March 31, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 922,199	30.454000	\$ 28,084,649 (Concluded)

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

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

March 31, 2024			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 266,930,328	\$ -	\$ 266,930,328
Receivables	142,227,678	2,996,125	145,223,803
Current tax assets	8,564	-	8,564
Disposal groups held for sale	26,055,849	-	26,055,849
Investments			
Financial assets at FVTPL	46,667,799	1,588,045,050	1,634,712,849
Financial assets at FVTOCI	15,488,800	585,980,022	601,468,822
Financial assets measured at amortized cost	49,236,911	4,142,678,729	4,191,915,640
Financial assets for hedging	70,944	-	70,944
Investments accounted for using the equity method	-	31,598,017	31,598,017
Investment property	-	529,573,997	529,573,997
Investment property under construction	-	12,889,403	12,889,403
Prepayments for buildings and land - investments	-	6,373,776	6,373,776
Loans	7,018,420	390,583,893	397,602,313
Total investments	118,482,874	7,287,722,887	7,406,205,761
Reinsurance assets	735,500	1,508,561	2,244,061
Property and equipment	-	40,597,721	40,597,721
Right-of-use assets	-	1,523,973	1,523,973
Intangible assets	-	24,117,984	24,117,984
Deferred tax assets	-	76,721,854	76,721,854
Other assets	8,953,970	43,137,829	52,091,799
Separate account insurance product assets	7,591,294	768,993,904	776,585,198
Total assets	\$ 570,986,057	\$ 8,247,320,838	\$ 8,818,306,895 (Continued)

March 31, 2024			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Payables	\$ 24,105,749	\$ -	\$ 24,105,749
Current tax liabilities	381,031	-	381,031
Liabilities directly associated with disposal groups held for sale	7,615,778	-	7,615,778
Financial liabilities at FVTPL	64,626,753	-	64,626,753
Financial liabilities for hedging	504,122	994,666	1,498,788
Bonds payable	-	115,014,620	115,014,620
Other financial liabilities	1,347,845	6,443,071	7,790,916
Insurance liabilities			
Unearned premium reserve	-	21,200,269	21,200,269
Loss reserve	-	13,675,109	13,675,109
Policy reserve	-	6,928,358,840	6,928,358,840
Special reserve	-	11,096,688	11,096,688
Premium deficiency reserve	-	6,656,045	6,656,045
Other reserve	-	1,834,253	1,834,253
Total insurance liabilities	-	6,982,821,204	6,982,821,204
Reserve for insurance contracts with the nature of financial products	-	25,425,648	25,425,648
Reserve for foreign exchange valuation	-	32,562,052	32,562,052
Provisions	-	56,245	56,245
Lease liabilities	585,088	15,187,825	15,772,913
Deferred tax liabilities	-	68,484,893	68,484,893
Other liabilities	13,650	8,297,570	8,311,220
Separate account insurance product liabilities	1,369,712	775,215,486	776,585,198
Total liabilities	<u>\$ 100,549,728</u>	<u>\$ 8,030,503,280</u>	<u>\$ 8,131,053,008</u>

(Concluded)

December 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 251,247,088	\$ -	\$ 251,247,088
Receivables	109,709,182	2,544,733	112,253,915
Current tax assets	41,681	-	41,681
Investments			
Financial assets at FVTPL	91,715,743	1,574,772,500	1,666,488,243
Financial assets at FVTOCI	8,793,267	560,193,703	568,986,970
Financial assets measured at amortized cost	36,864,349	4,006,947,520	4,043,811,869
Financial assets for hedging	1,109	-	1,109
Investments accounted for using the equity method	-	30,874,304	30,874,304

(Continued)

December 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Investment property	\$ -	\$ 528,633,384	\$ 528,633,384
Investment property under construction	-	8,983,487	8,983,487
Prepayments for buildings and land - investments	-	4,188,723	4,188,723
Loans	<u>7,080,803</u>	<u>396,745,453</u>	<u>403,826,256</u>
Total investments	<u>144,455,271</u>	<u>7,111,339,074</u>	<u>7,255,794,345</u>
Reinsurance assets	592,591	1,707,069	2,299,660
Property and equipment	-	41,530,355	41,530,355
Right-of-use assets	-	2,177,022	2,177,022
Intangible assets	-	39,522,555	39,522,555
Deferred tax assets	-	63,612,183	63,612,183
Other assets	8,977,263	30,879,953	39,857,216
Separate account insurance product assets	<u>4,264,239</u>	<u>723,401,360</u>	<u>727,665,599</u>
Total assets	<u>\$ 519,287,315</u>	<u>\$ 8,016,714,304</u>	<u>\$ 8,536,001,619</u>
Payables	\$ 21,415,771	\$ 1,500,704	\$ 22,916,475
Current tax liabilities	191,723	-	191,723
Financial liabilities at FVTPL	24,060,833	9,778	24,070,611
Financial liabilities for hedging	1,526,348	511,653	2,038,001
Bonds payable	-	114,841,430	114,841,430
Other financial liabilities	2,014,370	5,660,769	7,675,139
Insurance liabilities			
Unearned premium reserve	-	21,710,834	21,710,834
Loss reserve	-	13,310,838	13,310,838
Policy reserve	-	6,820,368,378	6,820,368,378
Special reserve	-	11,090,539	11,090,539
Premium deficiency reserve	-	6,770,608	6,770,608
Other reserve	<u>-</u>	<u>1,834,253</u>	<u>1,834,253</u>
Total insurance liabilities	<u>-</u>	<u>6,875,085,450</u>	<u>6,875,085,450</u>
Reserve for insurance contracts with the nature of financial products	-	23,524,199	23,524,199
Reserve for foreign exchange valuation	-	20,773,326	20,773,326
Provisions	-	56,245	56,245
Lease liabilities	822,544	15,781,981	16,604,525
Deferred tax liabilities	-	52,033,960	52,033,960
Other liabilities	2,088,410	18,561,521	20,649,931
Separate account insurance product liabilities	<u>919,721</u>	<u>726,745,878</u>	<u>727,665,599</u>
Total liabilities	<u>\$ 53,039,720</u>	<u>\$ 7,855,086,894</u>	<u>\$ 7,908,126,614</u>

(Concluded)

March 31, 2023			
Items	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	\$ 375,950,836	\$ -	\$ 375,950,836
Receivables	95,483,918	1,551,635	97,035,553
Current tax assets	213,424	-	213,424
Investments			
Financial assets at FVTPL	43,388,276	1,412,079,002	1,455,467,278
Financial assets at FVTOCI	5,428,591	462,573,797	468,002,388
Financial assets measured at amortized cost	27,782,206	3,949,347,831	3,977,130,037
Financial assets for hedging	1,196	102,482	103,678
Investments accounted for using the equity method	-	29,745,091	29,745,091
Investment property	-	521,328,137	521,328,137
Investment property under construction	-	7,225,541	7,225,541
Prepayments for buildings and land - investments	-	1,341,541	1,341,541
Loans	7,576,084	423,889,675	431,465,759
Total investments	84,176,353	6,807,633,097	6,891,809,450
Reinsurance assets	638,414	1,579,716	2,218,130
Property and equipment	-	41,204,211	41,204,211
Right-of-use assets	-	2,304,714	2,304,714
Intangible assets	-	40,864,598	40,864,598
Deferred tax assets	-	65,651,616	65,651,616
Other assets	8,419,644	37,119,810	45,539,454
Separate account insurance product assets	7,867,832	663,868,123	671,735,955
Total assets	\$ 572,750,421	\$ 7,661,777,520	\$ 8,234,527,941
Payables	\$ 16,742,777	\$ 458,116	\$ 17,200,893
Current tax liabilities	179,325	-	179,325
Financial liabilities at FVTPL	27,075,002	483,720	27,558,722
Financial liabilities for hedging	3,299,147	137,132	3,436,279
Bonds payable	-	80,000,000	80,000,000
Other financial liabilities	980,747	6,068,993	7,049,740
Insurance liabilities			
Unearned premium reserve	-	19,885,431	19,885,431
Loss reserve	-	12,582,949	12,582,949
Policy reserve	-	6,704,101,148	6,704,101,148
Special reserve	-	11,085,890	11,085,890
Premium deficiency reserve	-	7,714,396	7,714,396
Other reserve	-	1,842,253	1,842,253
Total insurance liabilities	-	6,757,212,067	6,757,212,067
Reserve for insurance contracts with the nature of financial products	-	19,857,383	19,857,383
Reserve for foreign exchange valuation	-	42,166,921	42,166,921
Provisions	-	56,245	56,245

(Continued)

Items	March 31, 2023		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Lease liabilities	\$ 4,446,826	\$ 12,040,116	\$ 16,486,942
Deferred tax liabilities	-	43,267,681	43,267,681
Other liabilities	2,859,177	9,300,287	12,159,464
Separate account insurance product liabilities	<u>406,900</u>	<u>671,329,055</u>	<u>671,735,955</u>
Total liabilities	<u>\$ 55,989,901</u>	<u>\$ 7,642,377,716</u>	<u>\$ 7,698,367,617</u>

(Concluded)

c. Information on discretionary investments

- 1) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

Items	March 31, 2024	December 31, 2023	March 31, 2023
Domestic stocks	\$ 190,455,493	\$ 174,433,694	\$ 152,571,638
Overseas stocks	57,777,647	55,935,334	43,144,918
Notes and bonds purchased under resale agreements	12,112,000	7,914,000	6,659,000
Cash in banks	41,757,798	19,848,409	51,781,174
Beneficiary certificates	129,529	113,354	639,425
Futures and options	<u>49</u>	<u>47</u>	<u>47</u>
	<u>\$ 302,232,516</u>	<u>\$ 258,244,838</u>	<u>\$ 254,796,202</u>

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

- 2) As of March 31, 2024, December 31, 2023 and March 31, 2023, the discretionary investment limits are as follows (in thousands):

	March 31, 2024	December 31, 2023	March 31, 2023
Monetary items			
NTD	\$ 137,948,000	\$ 122,948,000	\$ 103,052,367
USD	322,800	375,400	452,400

e. Structured entities

- 1) Consolidated structured entities

The consolidated structured entities in the Group's consolidated financial statements are the real estate investment and management organizations. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group provided loans amounting to GBP331,300 thousand, as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

- a) The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

Types 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
Securitization vehicle	Investment in securitization vehicle to receive returns	Investment in asset-backed securities issued by the entities

- b) As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	March 31, 2024	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 174,465,115	\$ 24,725,852
Financial assets at FVTOCI	-	43,611,171
Financial assets measured at amortized cost	-	174,368,167
	<u>\$ 174,465,115</u>	<u>\$ 242,705,190</u>
	December 31, 2023	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 203,524,086	\$ 25,601,733
Financial assets at FVTOCI	-	43,354,338
Financial assets measured at amortized cost	-	167,183,734
	<u>\$ 203,524,086</u>	<u>\$ 236,139,805</u>
	March 31, 2023	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	\$ 205,707,586	\$ 27,117,455
Financial assets at FVTOCI	-	37,093,749
Financial assets measured at amortized cost	-	161,476,914
	<u>\$ 205,707,586</u>	<u>\$ 225,688,118</u>

47. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On January 5, 2024, the Company's board of directors resolved the issuance of corporate bonds, which was approved by the competent authority on January 18, 2024.
 - 1) Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, the Company issued first unsecured cumulative subordinated corporate bonds on April 24, 2024. The key terms and conditions are as follows:
 - a) Issue amount: \$44,000,000 thousand, which is divided into Note A of \$32,350,000 thousand and Note B of \$11,650,000 thousand by issue periods.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each and is issued at par.
 - c) Years to maturity: Note A is 10 years and Note B is 15 years.
 - d) Coupon rate: Fixed rate of 3.70% for Note A and 3.85% for Note B.
 - e) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every year from the issue date.
 - f) Right of early redemption: If the Company's RBC ratio is greater than the minimum RBC ratio required for insurance companies, the Company may, with the approval of the authorities, redeem the Note B bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Form of bonds: Book-entry securities.
 - 2) Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, the Company issued U.S. dollar-denominated unsecured cumulative subordinated common bonds on May 9, 2024. The key terms and conditions are as follows:
 - a) Issue amount: US\$187,000 thousand.
 - b) Principal amount and issue price: The face value is US\$100 thousand and is issued at par.
 - c) Years to maturity: 10 years.
 - d) Coupon rate: Fixed rate of 5.8%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: None.
 - g) Form of bonds: Book-entry securities.
- b. On March 5, 2024, the Company's board of directors resolved to approve the proposed establishment of a 100% owned specific purpose foreign operation in Singapore.

48. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

No.	Description	Explanation
1	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
2	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
3	Engage in core business transactions with related parties amounting over \$100 million or 20% of the paid-in capital.	Note 35
4	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 7
5	Trading in derivative instruments.	Notes 8, 10 and 40

b. Information of investees

No.	Description	Explanation
1	Information on investee, including name, location, etc.	Table 1
2	Financing provided to others.	Table 2
3	Endorsements/guarantees provided.	Table 3
4	Marketable securities held.	Table 4
5	Marketable securities acquired or disposed of at accumulated amounts over \$100 million or 20% of the paid-in capital.	N/A
6	Acquisition of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
7	Disposal of individual real estate at price over \$100 million or 20% of the paid-in capital.	N/A
8	Engage in core business transactions with related parties and transaction amounting over \$100 million or 20% of the paid-in capital	Note 35
9	Receivables from related parties amounting over \$100 million or 20% of the paid-in capital.	Table 7
10	Trading in derivative instruments.	N/A

c. Information on investments in mainland China

No.	Description	Explanation
1	Name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in mainland China. If the investee belongs to the insurance industry, the location, status of capital funds and related income, provision methodology and balances of insurance policy reserves, percentage of insurance income and percentage of insurance benefits and claims should also be revealed.	Table 5
2	Significant transactions, with investees in mainland China, either directly or indirectly through a third region including transaction prices, payment conditions, and unrealized gains or losses.	N/A
3	Mutual transactions in core business areas, such as the underwriting of insurance policy contracts where the policyholder is the investee, the amount of such transactions and their percentages, and the end-of-period balances of the related payables and receivables and their percentages.	N/A
4	The amount of property transactions and the amount of the resulting gains or losses.	N/A
5	The highest balance, the end-of-period balance, the interest rate range, and total interest in the current period with respect to the financing of funds.	N/A
6	Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.	N/A

- d. The important intercompany transactions among the Group are disclosed in Table 6 following the notes to the consolidated financial statements.
- e. Information on major shareholders: For all shareholders with ownership of 5% or greater, the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder should be disclosed: N/A.

TABLE 1

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Life Insurance Co., Ltd.	Conning Holdings Limited	UK	Holding company	\$ -	\$ 15,723,539	2,029	100.00	\$ -	\$ 127,091	\$ 76,173	Subsidiary (Notes 2 and 3)
	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	20,370,930	20,370,930	-	100.00	27,170,521	450,428	450,428	Subsidiary (Note 2)
	Cathay Woolgate Exchange Holding 1 Limited	Jersey Island	Real estate investment and operation management	21,323,210	21,323,210	445,500	100.00	17,410,385	33,893	33,893	Subsidiary (Note 1)
	Cathay Woolgate Exchange Holding 2 Limited	Jersey Island	Real estate investment and operation management	215,386	215,386	4,500	100.00	170,371	(46)	(46)	Subsidiary (Note 1)
	Cathay Walbrook Holding 1 Limited	Jersey Island	Real estate investment and operation management	10,189,090	10,189,090	213,750	100.00	5,588,471	(81,983)	(81,983)	Subsidiary (Note 1)
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	536,268	536,268	11,250	100.00	283,355	(4,969)	(4,969)	Subsidiary (Note 1)
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate services	2,475,000	2,475,000	247,500	99.00	2,252,083	(11,429)	(11,315)	Subsidiary (Note 1)
	Cathay Power Inc.	Taiwan	Energy technical services	3,222,862	3,222,862	259,264	70.00	3,363,968	32,496	19,804	Subsidiary (Note 2)
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	18.68	18,882,920	928,459	173,454	Associate (Note 2)
	Cathay Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment consulting services	300,000	300,000	30,000	100.00	768,487	71,436	71,436	Subsidiary (Note 1)
	Symphox Information Co., Ltd	Taiwan	Wholesale of information software	404,432	404,432	24,511	49.12	479,493	467,788	229,779	Associate (Note 2)
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	357,007	357,007	35,701	25.00	406,299	(28,197)	(7,049)	Associate (Note 2)
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	598,886	598,886	59,889	21.43	733,281	(23,559)	(5,048)	Associate (Note 2)
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	1,575,000	1,575,000	157,500	45.00	1,546,570	(9,287)	(4,179)	Associate (Note 2)
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	1,800,000	1,800,000	180,000	45.00	1,757,647	(10,659)	(4,796)	Associate (Note 2)
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	49,875	27.36	945,448	35,261	9,648	Associate (Note 2)
	PSS Co., Ltd.	Taiwan	Parking space management	785,505	785,505	20,238	33.60	1,132,886	124,591	41,863	Associate (Note 2)
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	1,984,140	556,106	139,027	Associate (Note 1)
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	81,460	21,483	10,526	Associate (Note 2)
	TaiYang Solar Power Co., Ltd.	Taiwan	Energy technical services	495,000	495,000	49,500	45.00	575,804	40,216	18,097	Associate (Note 2)
	ThrivEnergy Co., Ltd.	Taiwan	Energy technical services	216,000	216,000	21,600	30.00	224,175	(10,542)	(3,163)	Associate (Note 2)
Cathay Power Inc.	Sunrise Pv One Co., Ltd	Taiwan	Energy technical services	1,000,000	1,000,000	100,000	100.00	1,055,480	8,568	Note 4	Subsidiary (Note 2)
	Cathy Sunrise Two Co., Ltd.	Taiwan	Energy technical services	20,000	20,000	2,000	100.00	21,700	307	Note 4	Subsidiary (Note 2)
	Bai Yang Energy Co., Ltd.	Taiwan	Energy technical services	144,241	144,241	6,500	100.00	140,932	1,478	Note 4	Subsidiary (Note 2)
	Cathy Sunrise Electric Power Two Co., Ltd.	Taiwan	Energy technical services	125,000	125,000	12,500	100.00	125,551	(822)	Note 4	Subsidiary (Note 2)
	Hong Cheng Sing Tech. Co., Ltd.	Taiwan	Energy technical services	5,000	5,000	500	100.00	1,976	(251)	Note 4	Subsidiary (Note 2)
	Shen Lyu Co., Ltd.	Taiwan	Energy technical services	100	100	10	100.00	(9,942)	(965)	Note 4	Subsidiary (Note 2)
	Nan Yang Power Co., Ltd.	Taiwan	Energy technical services	75,645	75,645	7,564	80.00	83,823	2,467	Note 4	Subsidiary (Note 2)
	CM Energy, Co., Ltd.	Taiwan	Energy technical services	754,709	754,709	70,000	70.00	777,813	13,237	Note 4	Subsidiary (Note 2)
	Neo Cathay Power Corp.	Taiwan	Energy technical services	1,601,400	1,601,400	150,000	100.00	1,547,020	8,870	Note 4	Subsidiary (Note 2)
	Southern Electricity Corp.	Taiwan	Green electricity purchase and sale service industry	20,000	20,000	2,000	20.00	17,476	(3,835)	(406)	Associate (Note 2)
	Cathay Wind Power Holdings Co., Ltd.	Taiwan	Energy technical services	100	100	10	100.00	62	(38)	Note 4	Subsidiary (Note 2)
Sunrise Pv One Co., Ltd.	Shu Guang Energy Co., Ltd.	Taiwan	Energy technical services	35,000	35,000	3,500	70.00	36,385	393	Note 5	Subsidiary (Note 2)
CM Energy, Co., Ltd.	Hong Tai Energy Co., Ltd.	Taiwan	Energy technical services	150,000	150,000	15,000	100.00	169,797	2,536	Note 6	Subsidiary (Note 2)
	Tian Ji Energy Co., Ltd.	Taiwan	Energy technical services	10,000	10,000	1,000	100.00	12,159	358	Note 6	Subsidiary (Note 2)
	Tian Ji Power Co., Ltd.	Taiwan	Energy technical services	400,000	400,000	40,000	100.00	420,024	10,232	Note 6	Subsidiary (Note 2)
Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	Taiwan	Energy technical services	50,000	50,000	5,000	100.00	55,014	425	Note 7	Subsidiary (Note 2)
Neo Cathay Power Corp.	Si Yi Co., Ltd.	Taiwan	Energy technical services	707,617	707,617	70,000	100.00	729,650	4,487	Note 8	Subsidiary (Note 2)
	Da Li Energy Co., Ltd.	Taiwan	Energy technical services	402,958	402,958	40,000	100.00	417,741	4,118	Note 8	Subsidiary (Note 2)
	Yong Han Co., Ltd.	Taiwan	Energy technical services	272,336	272,336	25,000	100.00	274,001	656	Note 8	Subsidiary (Note 2)
Cathay Wind Power Co. Ltd.	Cathay Wind Power Co., Ltd.	Taiwan	Energy technical services	50	50	5	100.00	24	(26)	Note 9	Subsidiary (Note 2)

(Continued)

Note 1: Share of profit or loss is recognized on the basis of the financial statements which have been reviewed by an independent auditor.

Note 2: Share of profit or loss is recognized on the basis of the financial statements which have not been reviewed by an independent auditor.

Note 3: The investment accounted for using the equity method in Conning Holdings Limited was reclassified to the disposal groups held for sale on March 31, 2024.

Note 4: The share of profit or loss is recognized with the equity method by Cathay Power Inc.

Note 5: The share of profit or loss is recognized with the equity method by Sunrise Pv One Co., Ltd.

Note 6: The share of profit or loss is recognized with the equity method by CM Energy Co., Ltd.

Note 7: The share of profit or loss is recognized with the equity method by Hong Tai Energy Co., Ltd.

Note 8: The share of profit or loss is recognized with the equity method by Neo Cathay Power Corp.

Note 9: The share of profit or loss is recognized with the equity method by Cathay Wind Power Holdings Co., Ltd.

(Concluded)

TABLE 2

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

FINANCE PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Cathay Power Inc.	Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables - from related parties	Y	\$ 370,000	\$ 370,000	\$ 130,000	2.1	Short-term financing	\$ -	Operating cycle	\$ -	-	\$ -	\$ 1,651,786	\$ 1,651,786
		Shu Guang Energy Co., Ltd.	Other receivables - from related parties	Y	22,000	22,000	20,164	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
		Nan Yang Power Co., Ltd.	Other receivables - from related parties	Y	30,000	30,000	8,000	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
		Hong Tai Energy Co., Ltd.	Other receivables - from related parties	Y	100,000	100,000	70,000	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
		Tian Ji Energy Co., Ltd.	Other receivables - from related parties	Y	2,000	2,000	-	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
		Tian Ji Power Co., Ltd.	Other receivables - from related parties	Y	70,000	70,000	37,500	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
		Cathay Sunrise Two Co., Ltd	Other receivables - from related parties	Y	2,200	2,200	2,200	2.1	Short-term financing	-	Operating cycle	-	-	-	1,651,786	1,651,786
2	Neo Cathay Power Corp.	Shen Lyu Co., Ltd.	Other receivables - from related parties	Y	15,000	15,000	11,532	2.1	Short-term financing	-	Operating cycle	-	-	-	640,983	640,983
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables - from related parties	Y	12,000	12,000	3,100	2.1	Short-term financing	-	Operating cycle	-	-	-	640,983	640,983
3	Yong Han Co., Ltd.	Si Yi Co., Ltd.	Other receivables - from related parties	Y	25,600	25,600	-	2.1	Short-term financing	-	Operating cycle	-	-	-	106,527	106,527
4	CM Energy, Co., Ltd.	Cathay Power Inc.	Other receivables - from related parties	Y	230,000	230,000	37,500	2.1	Short-term financing	-	Operating cycle	-	-	-	439,170	439,170

Note: The total amount of external funds provided by Cathay Power, Neo Cathay Power, Yong Han and CM Energy are limited to 40% of the net value of the most recent, and individual loans are limited to 40% of the net value financial statement audited by an independent auditor.

TABLE 3

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	b	\$ 10,323,665	\$ 3,774,296	\$ 3,774,296	\$ 1,877,179	\$ -	91.40	\$ 10,323,665	(Note 2)	(Note 2)	N	(Note 3)
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,323,665	215,412	215,412	150,812	-	5.22	10,323,665	(Note 2)	(Note 2)	N	(Note 3)
		Hong Cheng Sing Tech. Co., Ltd.	b	10,323,665	53,000	53,000	51,000	-	1.28	10,323,665	(Note 2)	(Note 2)	N	(Note 3)
		Nan Yang Power Co., Ltd.	b	10,323,665	380,000	380,000	250,000	-	9.20	10,323,665	(Note 2)	(Note 2)	N	(Note 3)
2	Sunrise Pv One Co., Ltd.	Cathay Power Inc.	c	2,828,919	1,005,590	1,005,590	125,000	-	88.87	2,828,919	(Note 2)	(Note 2)	N	(Note 4)
		Shen Lyu Co., Ltd.	d	2,828,919	354,410	354,410	354,410	-	31.32	2,828,919	(Note 2)	(Note 2)	N	(Note 4)
3	Neo Cathay Power Corp.	Si Yi Co., Ltd.	b	4,006,145	2,220,000	2,220,000	1,200,797	-	138.54	4,006,145	(Note 2)	(Note 2)	N	(Note 5)
		Da Li Energy Co., Ltd.	b	4,006,145	1,017,500	1,017,500	509,373	-	63.50	4,006,145	(Note 2)	(Note 2)	N	(Note 5)
		Yong Han Co., Ltd.	b	4,006,145	462,500	462,500	294,549	-	28.86	4,006,145	(Note 2)	(Note 2)	N	(Note 5)
4	CM Energy, Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,744,813	23,521	21,921	20,412	-	2.00	3,293,776	(Note 2)	(Note 2)	N	(Note 6)
		Hong Tai Energy Co., Ltd.	b	2,744,813	427,860	325,132	320,486	-	29.61	3,293,776	(Note 2)	(Note 2)	N	(Note 6)

Note 1: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

- a. The Company and guarantee party have business deals.
- b. The Company directly and indirectly owned over 50% of the guaranteed party’s voting stocks.
- c. The guaranteed party owned directly and indirectly over 50% of the Company’s voting stocks.
- d. The Company directly and indirectly owned over 90% of the guaranteed party’s voting stocks.
- e. The guarantor and guaranteed party are peers in contract projects or co-builders in accordance with contract provisions that require mutual insurance company.
- f. Owing to the joint venture funded by all shareholders on the endorsement of its holding company.
- g. Peers in performance bond joint security of pre-sale house contract under Consumer Protection Act.

Note 2: Non-listed parent company endorsement of subsidiaries or subsidiaries endorsement of listed parent company.

Note 3: The total amount of endorsement provided by Cathay Power was 250% of Cathay Power’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of Cathay Power’s net value in the end of the previous year.

Note 4: The total amount of endorsement provided by Sunrise Pv One was 250% of Sunrise Pv One’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of Sunrise Pv One’s net value in the end of the previous year.

Note 5: The total amount of endorsement provided by Neo Cathy Power was 250% of Neo Cathay Power’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of Neo Cathay Power’s net value in the end of the previous year.

Note 6: The total amount of endorsement provided by CM Energy was 300% of CM Energy’s net value in the end of the previous year, and the endorsement limit for a single company is 250% of CM Energy’s net value in the end of the previous year.

TABLE 4

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars/In Thousands of Ordinary Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Conning, Inc.	<u>Preference shares</u> Centerprise Services Inc.	N/A	Financial assets at FVTOCI (Note)	400	\$ 3,244	1.76	\$ 3,244	
Symphox Information Co., Ltd.	<u>Stocks</u> Asia Skin Cosmetics Company (formerly as Fashionguide Co., Ltd.)	N/A	Financial assets at FVTOCI	1,293	33,795	7.72	33,795	
	Buyforyou Co., Ltd.	N/A	Financial assets at FVTOCI	117	-	10.00	-	
	Seaward Card Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	3,000	61,161	100.00	61,161	
	Thinkpower Information Co., Ltd.	Associate	Investments accounted for using the equity method	172,245	682,101	34.49	682,101	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	2,688	34,906	100.00	34,906	
Southern Electricity Corp.	Nan Yuan Tai Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	100	953	100.00	953	

Note: For an explanation of the reclassification of assets and liabilities related to Conning Holdings Limited to disposal groups held for sale on March 31, 2024, please refer to Note 11.

TABLE 5

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	(a)	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ (1,358,962)	50.0	\$ (679,481) (Note 2, b, 2)	\$ 7,751,963	\$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	(a)	2,943,663	-	-	2,943,663	16,252	24.5	3,981 (Note 2, b, 3)	2,061,931	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	(a)	7,223,435	-	-	7,223,435	34,959	100.0	31,662 (Note 2, b, 2)	8,337,092	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$16,915,676 (Including the amounts of CNY2,845,000 thousand and US\$106,352 thousand)	\$406,415,554

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through the third-region companies.
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. If it is in preparation, there are no investment gains and losses, it should be noted.
- b. The recognition basis for investment gain (loss) are as follows:
 - 1) Financial statement is reviewed by an international. CPA firm with the cooperation of the ROC CPA firm.
 - 2) Financial statement is reviewed by the parent company’s CPA firm in Taiwan.
 - 3) Other.

Note 3: Information on investments in mainland China:

On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized the Company to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand approved by MOEAIC on December 20, 2010. Also, MOEAIC authorized the Company to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized the Company to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. The Company’s subsidiary, Cathay Life Insurance Ltd. (China) acquired a business license of an enterprise as legal person on December 29, 2004 and changed its name to Cathay Lujiazui Life Insurance Company Ltd. following approval by the National Financial Regulatory Administration on August 12, 2014. The Company remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. The Company injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized the Company to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of March 31, 2024, the Company’s remittances to the subsidiary amounted to a total of approximately CNY900,000 thousand and US\$78,210 thousand.

(Continued)

On October 17, 2007, MOEAIC authorized the Company to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by National Financial Regulatory Administration on October 8, 2007. On March 6, 2008, MOEAIC authorized the Company to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized the Company to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by the Company and Cathay Century Insurance in Shanghai acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized the Company to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized the Company to remit CNY245,000 thousand on December 6, 2018. On November 26, 2019, MOEAIC authorized the Company to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, the Company’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized the Company to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of March 31, 2024, the Company’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.

On November 1, 2011 and April 11, 2012, MOEAIC authorized the Company to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. The Company’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized the Company to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of March 31, 2024, the Company’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. amounted to approximately CNY1,500,000 thousand.

Note 4: The relevant information regarding Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:

- a. The location: Shanghai, China.
- b. Status of capital funds and related income: As of March 31, 2024, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$114,977,657 thousand and \$9,040,125 thousand, respectively, and net investment income (loss) was \$177,097 thousand and (\$123,796) thousand, respectively.
- c. Provision methodology and balances of insurance policy reserves.

As of December 31, 2024, the balances of reserves of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) were as follows:

	Cathay Lujiazui Life Insurance Co., Ltd.	Cathay Insurance Company Limited (China)
Unearned premium reserve	\$ 358,856	\$ 7,698,967
Loss reserve	591,057	4,250,936
Policy reserve	<u>80,744,793</u>	<u>59,682</u>
	<u>\$ 81,694,706</u>	<u>\$ 12,009,585</u>

Provision methodology of insurance policy reserves:

- 1) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of unearned premium reserve is based on the unexpired risk.
- 2) Loss reserve: The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with actuarial principles.
- 3) Policy reserve: Reserve in accordance with the life table and interest rates by reserves regulations and laws of the mainland China and Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.
- d. Percentage of premium income: As of March 31, 2024, the premium income of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$7,498,198 thousand and \$7,369,289 thousand, respectively, and the percentage of premium income was 7.93% and 7.8%, respectively.
- e. Percentage of insurance claim payments: As of March 31, 2024, the insurance claim payments of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amounted to \$1,104,026 thousand and \$4,508,682 thousand, respectively, and the percentage of insurance claim payments was 1.13% and 4.62%, respectively.

(Concluded)

TABLE 6

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenue or Assets (Note 3)
0	Cathay Life Insurance Co., Ltd.	Cathay Walbrook Holding 1 Limited	a	Other loans	\$ 12,697,308	Equivalent to general conditions of transactions	0.14
		Cathay Walbrook Holding 1 Limited	a	Interest income	256,933	Equivalent to general conditions of transactions	0.12
		Cathay Walbrook Holding 1 Limited	a	Other receivables	34,191	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Other loans	676,140	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 2 Limited	a	Interest income	13,682	Equivalent to general conditions of transactions	0.01
		Conning Holdings Limited	a	Processing fee expense	314,335	Equivalent to general conditions of transactions	0.14
		Conning Holdings Limited	a	Other payables	319,123	Equivalent to general conditions of transactions	-
		Global Evolution Holding ApS	a	Processing fee expense	21,311	Equivalent to general conditions of transactions	0.01
		Global Evolution Holding ApS	a	Other payables	21,433	Equivalent to general conditions of transactions	-
1	Cathay Power Inc.	Sunrise Pv One Co., Ltd.	c	Other receivables	220,983	Equivalent to general conditions of transactions	-
		Sunrise Pv One Co., Ltd.	c	Administrative revenue	4,441	Equivalent to general conditions of transactions	-
		Cathy Sunrise Electric Power Two Co., Ltd.	c	Other receivables	5,514	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	c	Other receivables	38,985	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Other receivables	71,350	Equivalent to general conditions of transactions	-
		Nan Yang Power Co., Ltd.	c	Other receivables	8,333	Equivalent to general conditions of transactions	-
		Bai Yang Energy Co., Ltd.	c	Other receivables	7,165	Equivalent to general conditions of transactions	-
		Cathy Sunrise Two Co., Ltd.	c	Other receivables	4,307	Equivalent to general conditions of transactions	-
		Shu Guang Energy Co., Ltd.	c	Other receivables	20,535	Equivalent to general conditions of transactions	-
		Neo Cathay Power Corp.	c	Other receivables	64,338	Equivalent to general conditions of transactions	-
2	CM Energy, Co., Ltd.	Cathay Power Inc.	c	Other receivables	37,528	Equivalent to general conditions of transactions	-
		Hong Tai Energy Co., Ltd.	c	Other receivables	30,208	Equivalent to general conditions of transactions	-
		Tian Ji Power Co., Ltd.	c	Other receivables	34,242	Equivalent to general conditions of transactions	-
3	Neo Cathay Power Corp.	Shen Lyu Co., Ltd.	c	Other receivables	11,663	Equivalent to general conditions of transactions	-
		Cathy Sunrise Electric Power Two Co., Ltd.	c	Other receivables	3,117	Equivalent to general conditions of transactions	-
		Da Li Energy Co., Ltd.	c	Other receivables	25,059	Equivalent to general conditions of transactions	-
		Si Yi Corp.	c	Other receivables	30,525	Equivalent to general conditions of transactions	-
		Yong Han Co., Ltd.	c	Other receivables	9,234	Equivalent to general conditions of transactions	-
4	Hong Tai Energy Co., Ltd.	Hong Tai Power Co., Ltd.	c	Other receivables	9,050	Equivalent to general conditions of transactions	-

(Continued)

Note 1: Parent is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: $\text{Transaction amount} \div \text{Total consolidated assets}$.

For income statement accounts: $\text{Accumulated transaction amount in current period} \div \text{Total consolidated operating revenues}$.

Note 4: Terms and conditions of related party transactions are made on arm's length basis. There is no difference in terms and conditions between related parties and non-related parties transactions.

(Concluded)

TABLE 7

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd.	Parent Company	\$ 20,458,394 (Note 1)	-	\$	-	\$ -	\$ -
Conning Holdings Limited	Cathay Life Insurance Co., Ltd.	Parent Company	319,123 (Note 2)	-		-	-	-
Cathay Power Inc.	Sunrise Pv One Co., Ltd	Parent Company	220,983 (Note 3)	-		-	4,441	-
Cathay Life Insurance (Vietnam) Co., Ltd.	Indovina Bank Limited	Same ultimate parent entity	171,438 (Note 4)	-		-	-	-

Note 1: The ending balance mainly comprises refundable taxes under the integrated income tax system.

Note 2: The ending balance mainly comprises service fee receivables.

Note 3: The ending balance mainly comprises loans and interest receivables.

Note 4: The ending balance mainly comprises interest receivables.