Cathay Life Insurance Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2022 and 2021 and Independent Auditors’ Review Report

Deloitte.

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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, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (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 Statement of Auditing Standards No. 65 "Review of 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021, 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 Cheng-Hung Kuo and Shu-Wan Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2022

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)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 34)	$ 294,302,761	4	$ 465,755,469	6	$ 415,502,232	5
RECEIVABLES (Notes 4, 5, 7 and 34)	83,881,992	1	73,894,118	1	85,592,724	1
CURRENT TAX ASSETS	45,874	-	56,763	-	-	-
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 5, 8 and 39)	1,630,438,198	20	1,621,839,940	20	1,479,668,365	19
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 37 and 39)	1,350,481,267	17	1,308,707,464	16	1,282,496,178	17
Financial assets measured at amortized cost (Notes 4, 5, 13, 37 and 39)	2,788,363,654	35	2,689,002,505	33	2,649,979,560	34
Financial assets for hedging (Notes 4, 5 and 10)	251,542	-	500,642	-	146,269	-
Investments accounted for using the equity method (Notes 4 and 12)	29,301,438	-	29,084,146	1	29,764,320	-
Investment property (Notes 4, 5, 14 and 34)	511,443,474	6	510,358,271	6	501,330,170	7
Investment property under construction (Notes 4, 14 and 34)	3,700,349	-	3,412,376	-	2,016,387	-
Prepayments for buildings and land - investments (Notes 4 and 14)	232,561	-	242,642	-	267,637	-
Loans (Notes 4, 5, 15 and 34)	472,325,426	6	479,852,327	6	475,729,823	6
Total investments	6,786,537,909	84	6,643,000,313	82	6,421,398,709	83
REINSURANCE ASSETS (Notes 4, 16 and 23)	2,071,638	-	2,378,996	-	2,206,217	-
PROPERTY AND EQUIPMENT (Notes 4 and 17)	30,399,079	-	29,928,347	-	29,567,508	-
RIGHT-OF-USE ASSETS (Notes 4, 18 and 34)	1,675,414	-	1,740,046	-	1,702,849	-
INTANGIBLE ASSETS (Notes 4 and 19)	41,439,113	-	41,492,461	1	43,642,481	1
DEFERRED TAX ASSETS (Note 4)	65,944,845	1	58,628,168	1	56,200,824	1
OTHER ASSETS (Notes 20, 34 and 37)	65,811,033	1	32,075,904	-	43,105,012	-
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 35)	714,689,756	9	724,210,234	9	671,114,953	9
TOTAL	$ 8,086,799,414	100	$ 8,073,160,819	100	$ 7,770,033,509	100
LIABILITIES AND EQUITY						
PAYABLES (Notes 21 and 34)	$ 27,384,773	-	$ 22,835,359	1	$ 53,133,382	1
CURRENT TAX LIABILITIES (Note 4)	252,417	-	371,581	-	553,226	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	54,930,618	1	3,050,197	-	29,197,716	-
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 10)	767,655	-	20,956	-	43,129	-
BONDS PAYABLE (Notes 22 and 34)	80,000,000	1	80,000,000	1	80,000,000	1
INSURANCE LIABILITIES (Notes 4, 5 and 23)						
Unearned premium reserve	18,718,606	1	19,496,231	-	18,130,770	-
Loss reserve	12,128,807	-	11,763,381	-	11,904,861	-
Policy reserve	6,457,615,328	80	6,334,959,547	79	6,103,637,991	79
Special reserve	11,085,364	-	11,085,059	-	11,084,931	-
Premium deficiency reserve	9,590,845	-	9,808,215	-	12,839,135	-
Other reserve	1,863,925	-	1,865,925	-	1,873,925	-
Total insurance liabilities	6,511,002,875	81	6,388,978,358	79	6,159,471,613	79
RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS (Notes 4 and 24)	16,673,261	-	15,188,788	-	14,245,677	-
RESERVE FOR FOREIGN EXCHANGE VALUATION (Notes 4 and 25)	23,044,650	-	9,053,726	-	13,522,294	-
PROVISIONS (Notes 4 and 27)	56,245	-	56,245	-	56,245	-
LEASE LIABILITIES (Notes 4, 18 and 34)	11,855,191	-	12,081,162	-	11,917,042	-
DEFERRED TAX LIABILITIES (Note 4)	35,979,364	1	54,318,203	1	46,884,211	1
OTHER LIABILITIES (Notes 28 and 34)	16,103,906	-	20,863,199	-	16,166,596	-
SEPARATE ACCOUNT INSURANCE PRODUCT LIABILITIES (Notes 4 and 35)	714,689,756	9	724,210,234	9	671,114,953	9
Total liabilities	7,492,740,711	93	7,331,028,008	91	7,096,306,084	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 30)						
Share capital						
Ordinary shares	58,515,274	-	58,515,274	1	58,515,274	1
Capital surplus	60,474,631	1	60,594,868	1	60,606,851	1
Retained earnings						
Legal reserve	27,491,929	-	27,491,929	-	18,834,196	-
Special reserve	390,287,210	5	390,287,210	5	347,320,212	5
Unappropriated earnings	138,112,023	2	111,938,770	1	99,585,386	1
Total retained earnings	555,891,162	7	529,717,909	6	465,739,794	6
Other equity	(88,577,547)	(1)	85,614,861	1	81,741,252	1
Total equity attributable to owners of the Company	586,303,520	7	734,442,912	9	666,603,171	9
NON-CONTROLLING INTERESTS (Notes 4 and 30)	7,755,183	-	7,689,899	-	7,124,254	-
Total equity	594,058,703	7	742,132,811	9	673,727,425	9
TOTAL	$ 8,086,799,414	100	$ 8,073,160,819	100	$ 7,770,033,509	100

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 Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Retained earned premium (Notes 4, 26 and 34)				
Written premium	$ 101,797,244	53	$ 127,741,384	45
Reinsurance premium	27,255	-	28,204	-
Premium income	101,824,499	53	127,769,588	45
Less: Reinsurance expense	(586,656)	-	(527,076)	-
Net changes in unearned premium reserve (Notes 4 and 23)	708,974	-	543,169	-
Total retained earned premium	101,946,817	53	127,785,681	45
Reinsurance commission income	7,045	-	4,854	-
Fee income (Notes 34 and 35)	2,698,243	1	2,494,139	1
Net investment incomes (losses)				
Interest income (Notes 4, 32 and 34)	40,216,507	21	39,211,172	14
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 8)	(136,469,457)	(71)	2,256,523	1
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 9)	2,021,630	1	7,450,356	3
Gain on derecognition of financial assets measured at amortized cost (Notes 4 and 13)	9,111,351	5	20,399,851	7
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	409,715	-	507,017	-
Foreign exchange gain	94,537,336	49	1,175,310	-
Net changes in reserve for foreign exchange valuation (Notes 4 and 25)	(13,990,924)	(7)	1,298,571	1
Gain on investment property (Notes 4 and 34)	3,770,346	2	2,959,368	1
(Expected credit loss) reversal of expected credit loss on investments (Notes 4 and 32)	(2,384,993)	(1)	759,734	-
Other net investment income	2,688,363	1	82,366	-
Gain on reclassification using overlay approach (Notes 4 and 8)	86,756,819	45	33,384,522	12
Other operating revenue (Note 34)	2,015,099	1	1,950,239	1
Separate account insurance product income (Notes 4 and 35)	(310,399)	-	39,232,533	14
Total operating revenue	193,023,498	100	280,952,236	100

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING COSTS				
Retained claims payments (Notes 4 and 26)				
Insurance claims payments	$ 74,908,486	39	$ 64,670,663	23
Less: Claims and payments recovered from reinsurers	(378,176)	-	(466,738)	-
Total retained claims payments	74,530,310	39	64,203,925	23
Net changes in other insurance liabilities (Notes 4, 5 and 23)				
Net changes in loss reserve	327,619	-	(262,369)	-
Net changes in policy reserve	70,344,627	37	104,589,576	37
Net changes in special reserve	305	-	155	-
Net changes in premium deficiency reserve	(318,281)	-	(955,410)	-
Net changes in other reserve	(2,000)	-	(3,000)	-
Total net changes in other insurance liabilities	70,352,270	37	103,368,952	37
Net changes in reserve for insurance contracts with the nature of financial products (Notes 4 and 24)	254,293	-	237,217	-
Underwriting expenses (Note 32)	4,219,341	2	4,359,939	1
Commission expenses (Note 32)	3,741,850	2	4,400,987	1
Other operating costs (Note 34)	1,676,179	1	1,877,976	1
Finance costs (Notes 22 and 34)	859,417	-	736,079	-
Separate account insurance product expenses (Notes 4 and 35)	(310,399)	-	39,232,533	14
Total operating costs	155,323,261	81	218,417,608	77
OPERATING EXPENSES (Notes 32 and 34)				
General expenses	3,368,084	2	2,972,329	1
Administrative expenses	5,082,250	2	4,923,492	2
Employee training expenses	3,983	-	5,066	-
Non-investment expected credit loss (Notes 4 and 32)	22,044	-	4,384	-
Total operating expenses	8,476,361	4	7,905,271	3
OPERATING INCOME	29,223,876	15	54,629,357	20
NON-OPERATING INCOME AND EXPENSES (Notes 32 and 34)	457,993	1	412,148	-
PROFIT BEFORE INCOME TAX	29,681,869	16	55,041,505	20
INCOME TAX EXPENSE (Notes 4 and 33)	(3,606,022)	(2)	(5,174,673)	(2)
NET INCOME	26,075,847	14	49,866,832	18

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Gain on equity instruments at fair value through other comprehensive income	$ 5,296,466	3	$ 5,218,599	2
Share of other comprehensive income of associates accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(396,981)	-	225,885	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 33)	128,146	-	(212,049)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	2,199,151	1	224,605	-
Loss on debt instruments at fair value through other comprehensive income	(125,556,001)	(65)	(87,399,269)	(31)
Gain (loss) on hedging instruments	10,096	-	(146,390)	-
Share of other comprehensive loss of associates accounted for using the equity method for items that may be reclassified subsequently to profit or loss	710,427	-	(128,806)	-
Other comprehensive loss reclassified using overlay approach	(86,756,819)	(45)	(33,384,522)	(12)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 33)	30,645,542	16	18,742,685	6
Total other comprehensive loss for the period, net of income tax	(173,719,973)	(90)	(96,859,262)	(35)
TOTAL COMPREHENSIVE LOSS	$(147,644,126)	(76)	$ (46,992,430)	(17)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 26,041,647	14	$ 49,699,693	18
Non-controlling interests	34,200	-	167,139	-
	$ 26,075,847	14	$ 49,866,832	18

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CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	$(148,019,155)	(76)	$ (47,113,325)	(17)
Non-controlling interests	375,029	-	120,895	-
	$(147,644,126)	(76)	$ (46,992,430)	(17)
EARNINGS PER SHARE (Note 31)				
Basic earnings per share	$ 4.45		$ 8.49	

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)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company														
			Retained Earnings			Other Equity									
	Share Capital Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	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, 2021	$ 58,515,274	$ 60,606,533	$ 18,834,196	$ 347,320,212	$ 49,938,120	$ (12,934,112)	$ 92,536,203	$ 347,871	$ 226,758	$ 187,503	$ 102,093,109	$ (3,944,303)	$ 713,727,364	$ 7,399,117	$ 721,126,481
Changes in capital surplus from investments in associates accounted for using the equity method	-	318	-	-	-	-	-	-	-	-	-	-	318	-	318
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(11,186)	(11,186)	-	(11,186)
Net profit for the three months ended March 31, 2021	-	-	-	-	49,699,693	-	-	-	-	-	-	-	49,699,693	167,139	49,866,832
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	181,725	(65,804,526)	(116,194)	(9,975)	-	(31,064,048)	-	(96,813,018)	(46,244)	(96,859,262)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	49,699,693	181,725	(65,804,526)	(116,194)	(9,975)	-	(31,064,048)	-	(47,113,325)	120,895	(46,992,430)
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	(52,427)	-	52,427	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(395,758)	(395,758)
BALANCE AT MARCH 31, 2021	$ 58,515,274	$ 60,606,851	$ 18,834,196	$ 347,320,212	$ 99,585,386	$ (12,752,387)	$ 26,784,104	$ 231,677	$ 216,783	$ 187,503	$ 71,029,061	$ (3,955,489)	$ 666,603,171	$ 7,124,254	$ 673,727,425
BALANCE AT JANUARY 1, 2022	$ 58,515,274	$ 60,594,868	$ 27,491,929	$ 390,287,210	$ 111,938,770	$ (15,347,517)	$ 38,259,385	$ 335,851	$ 1,336,456	$ 402,058	$ 63,853,017	$ (3,224,389)	$ 734,442,912	$ 7,689,899	$ 742,132,811
Changes in capital surplus from investments in associates accounted for using the equity method	-	(120,237)	-	-	-	-	-	-	-	-	-	-	(120,237)	-	(120,237)
Net profit for the three months ended March 31, 2022	-	-	-	-	26,041,647	-	-	-	-	-	-	-	26,041,647	34,200	26,075,847
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	2,561,950	(96,777,986)	10,532	545	-	(79,855,843)	-	(174,060,802)	340,829	(173,719,973)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	26,041,647	2,561,950	(96,777,986)	10,532	545	-	(79,855,843)	-	(148,019,155)	375,029	(147,644,126)
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	131,606	-	(131,606)	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(309,745)	(309,745)
BALANCE AT MARCH 31, 2022	$ 58,515,274	$ 60,474,631	$ 27,491,929	$ 390,287,210	$ 138,112,023	$ (12,785,567)	$ (58,650,207)	$ 346,383	$ 1,337,001	$ 402,058	$ (16,002,826)	$ (3,224,389)	$ 586,303,520	$ 7,755,183	$ 594,058,703

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)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 29,681,869	$ 55,041,505
Adjustments for:		
Depreciation expenses	340,890	308,135
Amortization expenses	583,165	658,155
Loss (gain) on financial assets and liabilities at fair value through profit or loss	138,379,749	(814,659)
Gain on financial assets at fair value through other comprehensive income	(1,891,402)	(7,354,597)
Gain on derecognition of financial assets measured at amortized cost	(9,111,351)	(20,399,851)
Finance costs	891,771	768,023
Interest income	(40,216,507)	(39,211,172)
Dividend income	(2,040,520)	(1,537,623)
Net changes in insurance liabilities	122,095,844	102,594,877
Net changes in reserve for insurance contracts with the nature of financial products	1,484,473	514,169
Net changes in reserve for foreign exchange valuation	13,990,924	(1,298,571)
Expected credit loss (reversal of expected credit loss) on investments	2,384,993	(759,734)
Non-investments expected credit loss	22,044	4,384
Share of profit of associates accounted for using equity method	(409,715)	(507,017)
Gain on reclassification using overlay approach	(86,756,819)	(33,384,522)
Loss on disposal and retirement of property and equipment	103	170
Gain on disposal of investment property	(20,837)	-
(Gain) loss on changes in fair value of investment property	(550,246)	11,739
Net changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(67,257,170)	(43,810,014)
Increase in financial assets at fair value through other comprehensive income	(161,040,217)	(134,577,217)
(Increase) decrease in financial assets measured at amortized cost	(91,519,760)	24,199,780
Decrease in financial assets for hedging	483,870	191,087
Decrease in notes receivable	27,719	46,332
Increase in other receivables	(4,763,597)	(12,770,557)
(Increase) decrease in prepaid expenses and other prepayments	(234,620)	887,941
Increase in guarantee deposits paid	(32,614,678)	(11,549,461)
Decrease (increase) in reinsurance assets	223,606	(110,339)
Decrease (increase) in other assets	128,749	(397,510)
Decrease in financial liabilities at fair value through profit or loss	(25,076,242)	(19,849,579)
Increase (decrease) in financial liabilities for hedging	522,025	(433,516)
Decrease in notes payable	(22,265)	(40,905)
Increase in claims payable	56,877	17,252
Increase in other payables	4,448,635	14,809,548
(Decrease) increase in due to reinsurers and ceding companies	(85,665)	98,345
Decrease in commissions payable	(599,204)	(217,094)
Increase in advance receipts	27,374	57,580

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Decrease in guarantee deposits received	$ (7,318,494)	$ (11,093,218)
Decrease in deferred fee income	(58)	(603)
Increase in other liabilities	2,531,885	1,346,733
Cash used in operations	(213,222,802)	(138,562,004)
Interest received	36,689,453	35,626,289
Dividends received	2,158,041	1,537,623
Interest paid	(108,105)	(50,978)
Income tax paid	(566,370)	(336,702)
Net cash used in operating activities	(175,049,783)	(101,785,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(216,000)	(135,000)
Proceeds from disposal of investments accounted for using the equity method	25,173	-
Proceeds from return of capital on reduction of investments accounted for using the equity method	-	355,611
Acquisition of property and equipment	(598,732)	(294,965)
Proceeds from disposal of property and equipment	9	5
Acquisition of intangible assets	(62,310)	(30,773)
Decrease in loans	7,775,252	3,968,991
Acquisition of investment property	(324,727)	(1,158,161)
Net cash generated from investing activities	6,598,665	2,705,708
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(314,668)	(252,379)
Changes in non-controlling interests	(309,745)	(83,232)
Net cash used in financing activities	(624,413)	(335,611)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,377,177)	(202,394)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(171,452,708)	(99,618,069)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	465,755,469	515,120,301
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 294,302,761	$ 415,502,232

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

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 ("R.O.C.") 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, R.O.C.

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 13, 2022.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and its subsidiaries (collectively, "the Group"):

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	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 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

- 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:

  1) A group of contracts that are onerous at initial recognition;

  2) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and

  3) 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:

1) The beginning of the coverage period of the group of contracts;

2) The date when the first payment from a policyholder in the group becomes due; and

3) 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:

1) The initial recognition of an amount for the fulfilment cash flows;

2) Any cash flows arising from the contracts in the group at that date; and

3) The derecognition at the date of initial derecognition of:

    a) Any assets for insurance acquisition cash flows;

    b) 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:

1) 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

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

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

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

1) The premiums received at initial recognition;

2) Minus any insurance acquisition cash flows at that date; and

3) Plus or minus any amount arising from the derecognition at that date of:

    a) Any asset for insurance acquisition cash flows; and

    b) 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 it 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.

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 that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Insurance Enterprises and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

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

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

See Note 11, Table 1 and Table 4 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 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.

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 consolidated financial statements, the financial statements of the Company’s foreign operations (including subsidiaries and associates in other countries) 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 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.

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

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 39.

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.

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 39.

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.

m. 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 is expired or 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.

n. Separate account insurance products

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

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

o. Insurance liabilities

1) The Company

Funds reserved for insurance contracts and financial instruments with or without a discretionary participation features are determined in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and validated by the certified actuarial professionals approved by the FSC. For investment contracts with discretionary participation features, the guaranteed elements are not separately recognized from the discretionary participation features, and the whole contract is classified as a liability. The provision of reserve for short-term group insurance is based upon the greater of premium received or calculated according to Jin Guan Bao Tsai No. 10704504821 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.

Starting from 2003 policy year, for an in-force contract whose bonus calculation is stipulated by Tai-Tsai-Bao No. 800484251, the downward adjustments of bonus 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 dividend 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 IFRSs 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 China Insurance Regulatory Commission.

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

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

p. Liability adequacy test

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

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

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

r. Reserve for foreign exchange valuation

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

s. Recognition of insurance premium income and expenses

1) The Company

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

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

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

2) Cathay Lujiazui Life

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

3) Cathay Life (Vietnam)

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

t. Classification of insurance products

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

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

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

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

1) Additional payments may be a significant portion of total contractual benefits.

2) The amounts or timing for additional payments are contractually at the Group's discretion.

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

   a) The performance on a specified combination of contracts or a specified type of contract.

   b) The investment returns on a specified combination of assets held by the Group.

   c) The profit or loss of the Group, funds, or other entities.

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

u. Reinsurance

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

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

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

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

v. Provisions

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

w. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. 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.

x. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

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.

y. 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, 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 are only recognized 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 they 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.

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. CRITICAL 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flow projections, discount rate, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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 39.

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 14 and 39.

c. Valuation of policy reserve and liability adequacy test

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.

All insurance contracts are subject to a liability adequacy test, which reflects the best current estimate of future cash flows. Best estimates of future investment income from the assets backing such contracts are based on current market returns, as well as expectations about future economic developments. Assumptions on future expenses are based on current expense levels, adjusted using the expected expense inflation, if appropriate. Surrender rates are based on the Company's historical experience.

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, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 27,470	$ 26,784	$ 273,619
Cash in banks	220,127,958	238,199,168	164,527,038
Time deposits	57,552,329	177,212,844	192,675,408
Cash equivalents	16,595,004	50,316,673	58,026,167
	$ 294,302,761	$ 465,755,469	$ 415,502,232

7. RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	$ 219,189	$ 246,908	$ 228,318
Other receivables	83,876,333	73,656,842	85,367,162
Overdue receivables	19,390	18,909	12,686
	84,114,912	73,922,659	85,608,166
Less: Loss allowance	(232,920)	(28,541)	(15,442)
	$ 83,881,992	$ 73,894,118	$ 85,592,724

The movements in the loss allowance are as follows:

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 28,541	$ 10,854
Provision for the current period	220,916	4,384
Amounts written off	(16,541)	-
Foreign exchange	4	204
Ending balance	$ 232,920	$ 15,442

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic stocks	$ 290,351,196	$ 321,549,940	$ 338,061,899
Beneficiary certificates	783,782,869	730,945,252	632,555,290
Financial debentures	12,623,055	12,855,988	10,337,743
Overseas stocks	213,852,046	217,526,275	240,439,320
Real estate investment trust	22,845,083	21,695,569	22,723,096
Overseas bonds	289,064,666	294,907,239	205,518,531
Structured time deposits	14,507,477	7,771,014	18,051,345
Derivative financial assets (not under hedge accounting)			
Currency swap contracts (“SWAP”)	1,727,205	9,621,851	9,806,875
Foreign exchange forward contacts (“Forward”)	1,581,440	2,906,188	1,544,057
Cross currency swap contracts (“CCS”)	86,232	2,013,271	585,936
Options	-	26,534	-
Call warrants	16,929	20,819	44,273
	$ 1,630,438,198	$ 1,621,839,940	$ 1,479,668,365
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
SWAP	$ 33,319,763	$ 1,327,392	$ 14,324,147
Forward	20,753,420	1,692,288	14,778,594
CCS	840,069	-	94,975
Options	17,366	30,517	-
	$ 54,930,618	$ 3,050,197	$ 29,197,716

a. The Group elects 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily classified as at FVTPL			
Domestic stocks	$ 290,182,552	$ 321,157,922	$ 337,537,999
Beneficiary certificates	760,208,563	710,531,686	590,290,271
Financial debentures	12,623,055	12,855,988	10,337,743
Overseas stocks	213,779,919	217,451,512	240,360,660
Real estate investment trust	22,845,083	21,695,569	22,723,096
Overseas bonds	288,363,513	294,220,757	205,016,309
Structured time deposits	14,507,477	7,771,014	18,051,345
	$ 1,602,510,162	$ 1,585,684,448	$ 1,424,317,423

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, 2022 and 2021 is as follows:

	For the Three Months Ended March 31	
	2022	2021
(Loss) gain due to application of IFRS 9 to profit or loss	$ (62,102,057)	$ 20,162,209
Gain if applying IAS 39 to profit or loss	(24,654,762)	(53,546,731)
Gain reclassified due to application of overlay approach	$ (86,756,819)	$ (33,384,522)

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, 2022 and 2021 had decreased from loss of $136,469,457 thousand to loss of $49,712,638 thousand and increased from gain of $2,256,523 thousand to gain of $35,641,045 thousand, respectively.

b. As of March 31, 2022, December 31, 2021 and March 31, 2021, structured notes which were accounted for as financial assets at FVTPL amounted to $159,776,960 thousand, $166,150,298 thousand and $79,010,609 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

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments at FVTOCI			
Domestic stocks	$ 161,329,320	$ 135,378,484	$ 105,695,944
Overseas stocks	7,389,666	9,330,352	10,922,271
	168,718,986	144,708,836	116,618,215

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in debt instruments at FVTOCI			
Corporate bonds	$ 2,169,169	$ 2,202,539	$ 2,207,429
Government bonds	37,857,257	43,225,023	42,179,459
Overseas bonds	1,142,803,386	1,119,667,280	1,122,624,956
Less: Litigation deposits	(42,522)	(43,613)	(45,888)
Less: Deposits to Central Bank	(1,025,009)	(1,052,601)	(1,087,993)
	1,181,762,281	1,163,998,628	1,165,877,963
	$ 1,350,481,267	$ 1,308,707,464	$ 1,282,496,178

(Concluded)

a. These investments in equity instruments are not held for trading, and thus were designated as financial assets at FVTOCI.

b. Dividend income recognized relating to investments in equity instruments at FVTOCI held by the Group on the balance sheet date for the three months ended March 31, 2022 and 2021 were $130,228 thousand and $95,759 thousand, respectively. Those related to investments derecognized for the three months ended March 31, 2022 and 2021 were $16,439 thousand and $4,488 thousand, respectively.

c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair values of $1,901,197 thousand and $423,476 thousand at the time of sale, and transferred unrealized gain of $131,606 thousand and loss of $52,427 thousand from other equity to retained earnings for the three months ended March 31, 2022 and 2021, respectively.

d. Refer to Note 37 for the financial assets at FVTOCI that were pledged as collateral.

e. Refer to Note 39 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

10. HEDGING INSTRUMENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets for hedging			
Interest rate swap contracts (“IRS”)	$ 27,610	$ 90,307	$ 131,747
CCS	223,932	202,531	14,522
Forward	-	207,804	-
	$ 251,542	$ 500,642	$ 146,269
Financial liabilities for hedging			
IRS	$ 3,453	$ 20,956	$ 43,129
CCS	764,202	-	-
	$ 767,655	$ 20,956	$ 43,129

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

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investors	Investees	Business	Ownership Interest (%) March 31, 2022	Ownership Interest (%) December 31, 2021	Ownership Interest (%) March 31, 2021	Notes
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	
The Company	Cathay Industrial Research and Design Center Co., Ltd. (“Cathay Industrial R&D Center”)	Real estate investment and management	99.00	99.00	99.00	Note 1
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	82.85	82.85	82.85	
CHL	Conning Japan Ltd.	Asset management services	100.00	100.00	100.00	
CHL	Global Evolution Holding ApS	Holding company	61.15	61.15	53.13	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	
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	86.13	86.13	86.34	
Octagon	Octagon Multi-Strategy Corporate Credit 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	
Global Evolution Holding ApS	Global Evolution Financial ApS	Asset management services	99.51	99.51	99.72	
Global Evolution Financial ApS	Global Evolution Fondsmaeglerselskab A/S	Asset management services	100.00	100.00	100.00	
Global Evolution Financial ApS	Mogambo2 Holding ApS	Asset management services	-	-	100.00	Note 3
Global Evolution Financial ApS	Global Evolution Manco S.A	Asset management services	90.00	90.00	90.00	
Global Evolution Fondsmaeglerselskab A/S	Global Evolution USA, LLC	Asset management services	100.00	100.00	100.00	
Global Evolution Fondsmaeglerselskab A/S	Global Evolution Fund Management Singapore Pte. Ltd	Asset management services	100.00	100.00	100.00	

Note 1: It was jointly established by the Company and Ally Logistic Property Co., Ltd. on January 8, 2021.

Note 2: CHL originally held 45% equity shares in Global Evolution Holding ApS, which were recorded as investments accounted for using the equity method. On June 25, 2020, CHL acquired a further 8% equity shares, which increased its ownership interest from 45% to 53%, and obtained the control of Global Evolution Holding ApS. In addition, non-controlling interests executed the put options on the subsidiary’s shares such that CHL acquired an additional 8.02% equity shares on June 24, 2021, and its ownership interest increased from 53.13% to 61.15%.

Note 3: As of October 11, 2021, Mogambo2 Holding ApS was dissolved.

b. Subsidiaries excluded from the consolidated financial statements

			Ownership Interest (%)			
Investors	Investees	Business	March 31, 2022	December 31, 2021	March 31, 2021	Notes
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.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in unconsolidated subsidiaries	$ 770,751	$ 699,974	$ 705,291
Investments in associates	28,530,687	28,384,172	29,059,029
	$ 29,301,438	$ 29,084,146	$ 29,764,320

Refer to Table 1 and Table 4 for the nature of business activities, main operating locations and countries of incorporation of the unconsolidated subsidiaries and associates.

a. Investments in unconsolidated subsidiaries

	March 31, 2022	December 31, 2021	March 31, 2021
Cathay Securities Investment Consulting	$ 770,751	$ 699,974	$ 705,291

b. Investments in associates

Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2022	2021
The Group’ share of:		
Net income	$ 339,432	$ 439,563
Other comprehensive income	312,952	96,720
Total comprehensive income for the period	$ 652,384	$ 536,283

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.

13. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
Time deposits	$ 7,705,212	$ 7,580,839	$ 5,173,074
Financial debentures	25,715,976	25,719,718	41,031,086
Corporate bonds	24,847,636	26,847,429	28,096,415
Government bonds	39,763,979	40,356,915	40,438,110
Overseas bonds	2,704,104,675	2,597,982,247	2,545,967,028
Asset-backed securities	445,000	445,000	445,000
Less: Litigation deposits	(931,450)	(1,151,573)	(1,352,998)
Less: Deposits to Central Bank	(8,032,487)	(8,033,844)	(8,037,962)
Less: Derivative instruments collateral	(3,018,701)	-	-
Less: Loss allowance (Note)	(2,236,186)	(744,226)	(1,780,193)
	$ 2,788,363,654	$ 2,689,002,505	$ 2,649,979,560

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of March 31, 2022, December 31, 2021 and March 31, 2021, the amounts were $383 thousand, $286 thousand and $1,235 thousand, respectively.

a. For the three months ended March 31, 2022 and 2021, the Group disposed of bonds before the maturity due to increases in credit risk, which resulted in gains on disposal of $470,207 thousand and $2,611,182 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of $1,881 thousand and $0 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 $8,083,211 thousand and $17,079,470 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in gains on disposal of $557,933 thousand and $709,199 thousand, respectively.

b. Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

c. Refer to Note 39 for information relating to the credit risk management and impairment of investments in debt instruments at amortized cost.

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

	Investment Property				
	Land	Buildings	Total	Investment Property Under Construction	Prepayments for Buildings and Land - Investments
Balance at January 1, 2021	$ 372,342,140	$ 123,820,881	$ 496,163,021	$ 1,528,547	$ 3,131,915
Additions	1,675,410	-	1,675,410	493,280	414,881
Reclassification	3,279,159	5,440	3,284,599	(5,440)	(3,279,159)
Loss on changes in fair value of investment property	(6,299)	(5,440)	(11,739)	-	-
Foreign exchange	87,192	131,687	218,879	-	-
Balance at March 31, 2021	$ 377,377,602	$ 123,952,568	$ 501,330,170	$ 2,016,387	$ 267,637

(Continued)

	Investment Property			Investment Property Under Construction	Prepayments for Buildings and Land - Investments
	Land	Buildings	Total		
Balance at January 1, 2022	$ 379,246,002	$ 131,112,269	$ 510,358,271	$ 3,412,376	$ 242,642
Additions	-	-	-	329,209	585
Reclassification	10,666	41,573	52,239	(41,236)	(10,666)
Gain (loss) on changes in fair value of investment property	559,611	(9,365)	550,246	-	-
Foreign exchange	90,286	397,499	487,785	-	-
Other	-	(5,067)	(5,067)	-	-
Balance at March 31, 2022	$ 379,906,565	$ 131,536,909	$ 511,443,474	$ 3,700,349	$ 232,561

(Concluded)

	For the Three Months Ended March 31	
	2022	2021
Rental income from investment properties	$ 3,220,100	$ 2,971,107
Direct operating expenses of investment properties that generate rental income	(155,399)	(128,612)
Direct operating expenses of investment properties that do not generate rental income	(145,614)	(28,603)
	$ 2,919,087	$ 2,813,892

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, 2022, investment properties of the Company amounted to $472,677,029 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 on December 31, 2021 and 2020. The appraisers had reviewed the effectiveness of the original valuation reports and clarified that the fair values at December 31, 2021 and 2020 were still in effect on March 31, 2022 and 2021, respectively.

As of March 31, 2022, the appraiser evaluated and reissued formal valuation reports of certain buildings due to completion of investment properties:

Name of Appraiser Firm	March 31, 2022	December 31, 2021	December 31, 2020
DTZ Real Estate Appraiser Firm		Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chun-chun, Hu; Chia-ho, Tsai
Savills plc Real Estate Appraiser Firm		Yu-fen, Ye; Yi-zhi, Zhang; Hong-kai, Zhang	Yu-fen, Ye; Yi-zhi, Zhang; Hong-kai, Zhang
REPro KnightFrank Real Estate Appraiser Firm		Hong-xu, Wu; Yu-hsiang, Tsai; Hsiang-yi, Hsu	Hong-xu, Wu; Yu-hsiang, Tsai; Hsiang-yi, Hsu
V-LAND Real Estate Appraiser Firm		You-qi, Liang; Yu-chih, Kao; Chun-han, Lin; Xi-zhong, Wang; Hong-zhi, Li	You-qi, Liang; Yu-chih, Kao; Chun-han, Lin
Shang-shang Real Estate Appraiser Firm	Hong-yuan, Wang	Hong-yuan, Wang Jian-hao, Huang	Hong-yuan, Wang
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	Yu-lin, Chen Yi-huei Luo
CBRE Real Estate Appraiser Firm		Fu-xue, Shi; Chih-wei, Li	Fu-xue, Shi; Chih-wei, Li
China Credit Information Service Ltd.		Zhi-Hao, Wu; Wei-Ru, Li	-
LinkU Real Estate Appraisal and Consulting Services		Lin-Yu, Lian; Sheng-Feng, Lai	-

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 for 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:

	March 31, 2022	December 31, 2021	December 31, 2020
Direct capitalization rates (net)	-	0.61%-5.12%	0.84%-5.70%
Discount rates	2.77%	2.35%-4.26%	3.09%-3.94%

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	
	2022	2021
Beginning balance	$ 487,338,266	$ 479,767,372
Amount recognized in profit or loss		
Gain (loss) from investment property	550,246	(11,739)
Amount recognized in other comprehensive (loss) income		
Exchange differences resulting from translation of the financial statements of foreign operations	487,785	218,879
Transfers from investment property under construction	41,573	5,440
Transfers from investment property measured at cost	2,218,659	-
Other	(5,067)	-
Ending balance	$ 490,631,462	$ 479,979,952

The above amounts did not include those measured at cost.

e. Refer to Table 3 for the acquisition and disposal of individual real estate at costs or price of at least NT$100 million or 20% of the paid-in capital.

15. LOANS

	March 31, 2022	December 31, 2021	March 31, 2021
Life insurance policy loans (a)	$ 156,616,700	$ 158,747,746	$ 154,843,386
Premium loans (b)	13,621,404	13,145,619	12,895,862
Secured loans (c)	304,675,697	310,463,414	310,544,294
Non-accrual receivables	2,333,877	2,645,039	2,270,110
	477,247,678	485,001,818	480,553,652
Less: Loss allowance	(4,922,252)	(5,149,491)	(4,823,829)
	$ 472,325,426	$ 479,852,327	$ 475,729,823

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 39 for related information of loss allowance for the three months ended March 31, 2021 and 2020.

16. REINSURANCE ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Due from reinsurers and ceding companies	$ 552,608	$ 801,063	$ 700,750
Reinsurance reserve assets			
Ceded unearned premium reserve	1,045,165	1,131,321	1,011,610
Ceded loss reserve	52,619	51,497	75,809
Ceded policy reserve	408,822	395,115	418,048
Non-accrual receivables	24,849	-	-
	2,084,063	2,378,996	2,206,217
Less: Loss allowance	(12,425)	-	-
	$ 2,071,638	$ 2,378,996	$ 2,206,217

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. Reinsurance expense, claims recovered from reinsurers and commission income

	For the Three Months Ended March 31	
	2022	**2021**
Reinsurance expense	$ -	$ -
Claims recovered from reinsurers	5,986	3,491
Reinsurance commission income	477	504

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

Net loss from reinsurance of $16,082 thousand was recognized for the three months ended March 31, 2022 from CNY co-reinsurance business. The amount was calculated as follows:

Reinsurance commission of $477 thousand + Claims recovered from reinsurers of $5,986 thousand - Net changes in reinsurance reserve assets of $4,148 thousand + Foreign exchange gain of $13,767 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 policy reserve and ceded premium deficiency reserve 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.

17. 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, 2021	$ 17,428,074	$ 22,321,979	$ 3,440,014	$ 616,432	$ 11,243	$ 4,011,666	$ 611,000	$ 48,440,408
Additions	-	-	110,951	20,685	-	16,765	146,564	294,965
Disposals	-	-	(7,294)	(22)	-	(20,429)	-	(27,745)
Reclassification	-	177	219	(9)	-	(1,370)	(177)	(1,160)
Foreign exchange	-	(3,475)	272	(1,642)	(6)	(1,319)	-	(6,170)
Balance at March 31, 2021	$ 17,428,074	$ 22,318,681	$ 3,544,162	$ 635,444	$ 11,237	$ 4,005,313	$ 757,387	$ 48,700,298
Depreciation and impairment								
Balance at January 1, 2021	$ 103,134	$ 12,564,238	$ 2,461,500	$ 353,836	$ 9,472	$ 3,494,802	$ -	$ 18,986,982
Depreciation	-	97,531	29,530	12,871	208	27,977	-	168,117
Disposals	-	-	(7,142)	(22)	-	(20,406)	-	(27,570)
Reclassification	-	-	198	4	-	(1,233)	-	(1,031)
Foreign exchange	-	(642)	8,210	(673)	(4)	(599)	-	6,292
Balance at March 31, 2021	$ 103,134	$ 12,661,127	$ 2,492,296	$ 366,016	$ 9,676	$ 3,500,541	$ -	$ 19,132,790
Carrying amount at March 31, 2021	$ 17,324,940	$ 9,657,554	$ 1,051,866	$ 269,428	$ 1,561	$ 504,772	$ 757,387	$ 29,567,508

(Continued)

	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, 2022	$ 18,447,500	$ 21,009,718	$ 4,239,087	$ 640,785	$ 11,225	$ 4,034,000	$ 1,188,173	$ 49,570,488
Additions	-	-	92,422	198	-	160,623	345,489	598,732
Disposals	-	-	(227)	-	-	(23,932)	-	(24,159)
Reclassification	150,413	802,609	-	-	-	-	(953,359)	(337)
Foreign exchange	-	24,020	44,412	21,914	136	2,827	-	93,309
Balance at March 31, 2022	$ 18,597,913	$ 21,836,347	$ 4,375,694	$ 662,897	$ 11,361	$ 4,173,518	$ 580,303	$ 50,238,033
Depreciation and impairment								
Balance at January 1, 2022	$ 103,134	$ 12,737,922	$ 2,815,378	$ 403,797	$ 10,061	$ 3,571,849	$ -	$ 19,642,141
Depreciation	-	92,229	56,289	14,125	64	23,125	-	185,832
Disposals	-	-	(224)	-	-	(23,823)	-	(24,047)
Foreign exchange	-	6,178	13,442	13,939	100	1,369	-	35,028
Balance at March 31, 2022	$ 103,134	$ 12,836,329	$ 2,884,885	$ 431,861	$ 10,225	$ 3,572,520	$ -	$ 19,838,954
Carrying amount at December 31, 2021 and January 1, 2022	$ 18,344,366	$ 8,271,796	$ 1,423,709	$ 236,988	$ 1,164	$ 462,151	$ 1,188,173	$ 29,928,347
Carrying amount at March 31, 2022	$ 18,494,779	$ 9,000,018	$ 1,490,809	$ 231,036	$ 1,136	$ 600,998	$ 580,303	$ 30,399,079

(Concluded)

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	3-10 years
Leasehold improvements	5 years or lease term
Transportation equipment	3-5 years
Other equipment	2-22 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount			
Buildings	$ 1,643,477	$ 1,703,623	$ 1,664,089
Office equipment	7,455	9,573	17,091
Transportation equipment	24,482	26,850	21,669
	$ 1,675,414	$ 1,740,046	$ 1,702,849
Right-of-use assets presented as investment properties	$ 9,958,120	$ 9,958,120	$ 10,224,234

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	$ 36,448	$ 73,721
Depreciation expense for right-of-use assets		
Buildings	$ 150,256	$ 135,152
Office equipment	2,403	1,093
Transportation equipment	2,399	3,773
	$ 155,058	$ 140,018

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount	$ 11,855,191	$ 12,081,162	$ 11,917,042

Range of discount rates for lease liabilities is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	1.82%-8.57%	1.82%-8.57%	1.82%-8.57%
Office equipment	4.67%-4.76%	4.67%-4.76%	4.67%-4.76%
Transportation equipment	2.49%-3.66%	2.49%-3.66%	2.74%-3.66%
Investment property - right of superficies	2.82%-4.00%	2.82%-4.00%	2.82%-4.00%

19. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Other Intangible Assets	Total
Cost							
Balance at January 1, 2021	$ 2,503,514	$ 37,659,600	$ 373,996	$ 5,731,801	$ 13,278,169	$ 198,843	$ 59,745,923
Additions - acquired separately	30,773	-	-	-	-	-	30,773
Others	-	-	-	(172,492)	368,174	-	195,682
Foreign exchange	(746)	-	302	11,190	(5,657)	161	5,250
Balance at March 31, 2021	$ 2,533,541	$ 37,659,600	$ 374,298	$ 5,570,499	$ 13,640,686	$ 199,004	$ 59,977,628
Amortization and impairment							
Balance at January 1, 2021	$ 2,084,579	$ 11,436,607	$ -	$ 1,967,996	$ -	$ 185,903	$ 15,675,085
Amortization	32,502	519,846	-	101,312	-	4,495	658,155
Foreign exchange	(352)	-	-	2,087	-	172	1,907
Balance at March 31, 2021	$ 2,116,729	$ 11,956,453	$ -	$ 2,071,395	$ -	$ 190,570	$ 16,335,147
Carrying amount at March 31, 2021	$ 416,812	$ 25,703,147	$ 374,298	$ 3,499,104	$ 13,640,686	$ 8,434	$ 43,642,481
Cost							
Balance at January 1, 2022	$ 2,808,262	$ 37,659,600	$ 363,265	$ 5,406,299	$ 13,324,628	$ 193,138	$ 59,755,192
Additions - acquired separately	62,310	-	-	-	-	-	62,310
Foreign exchange	11,160	-	12,227	181,967	350,257	6,500	562,111
Balance at March 31, 2022	$ 2,881,732	$ 37,659,600	$ 375,492	$ 5,588,266	$ 13,674,885	$ 199,638	$ 60,379,613

(Continued)

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Other Intangible Assets	Total
Amortization and impairment							
Balance at January 1, 2022	$ 2,274,212	$ 13,515,990	$ -	$ 2,279,391	$ -	$ 193,138	$ 18,262,731
Amortization	47,753	447,104	-	88,308	-	-	583,165
Foreign exchange	9,509	-	-	78,595	-	6,500	94,604
Balance at March 31, 2022	$ 2,331,474	$ 13,963,094	$ -	$ 2,446,294	$ -	$ 199,638	$ 18,940,500
Carrying amount at December 31, 2021 and January 1, 2022	$ 534,050	$ 24,143,610	$ 363,265	$ 3,126,908	$ 13,324,628	$ -	$ 41,492,461
Carrying amount at March 31, 2022	$ 550,258	$ 23,696,506	$ 375,492	$ 3,141,972	$ 13,674,885	$ -	$ 41,439,113

(Concluded)

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

Computer software	1-10 years
Franchises	6.5 or 20 years
Customer relationships	5-15 years
Other	5-7 years

b. The Group recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life Insurance Co., Ltd. and Singfor Life Insurance Co., Ltd., on July 1, 2015; (2) of 100% interest in Conning Holdings Limited on September 18, 2015; (3) of 81.89% interest in Octagon Credit Investors, LLC (through Conning & Company, a 100% owned subsidiary of the Group) on February 1, 2016; and (4) of 8% equity shares in Global Evolution Holding ApS by Conning Holdings Limited, which increased its ownership interest to 53% on June 25, 2020. As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amounts of goodwill were $13,674,885 thousand, $13,324,628 thousand and $13,640,686 thousand, respectively.

c. 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.

20. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Insurance Industry Stability Fund (a)	$ 13,205,935	$ 13,022,786	$ 12,332,961
Less: Reserve for Insurance Industry Stability Fund (a)	(13,205,935)	(13,022,786)	(12,332,961)
Guarantee deposits paid (b)	56,553,877	22,924,334	35,130,022
Deferred acquisition costs (c)	1,438	1,563	2,337
Prepayments	803,252	595,598	390,430
Net defined benefit assets	7,724,957	7,697,991	6,299,340
Others	727,509	856,418	1,282,883
	$ 65,811,033	$ 32,075,904	$ 43,105,012

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:

	March 31, 2022	December 31, 2021	March 31, 2021
Insurance operation guarantee deposit	$ 11,779,567	$ 11,705,144	$ 11,750,630
Deposit for futures and options trading	8,173,129	7,006,713	5,974,689
Deposit for derivatives trading	34,772,721	2,165,104	15,074,562
Other guarantee deposits	1,828,460	2,047,373	2,330,141
	$ 56,553,877	$ 22,924,334	$ 35,130,022

The Group provided cash, time deposits and government bonds as guarantees. Refer to Note 37 for related information.

c. Deferred acquisition costs

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

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 1,563	$ 2,596
Amortization	(125)	(259)
Ending balance	$ 1,438	$ 2,337

21. PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable	$ 827,246	$ 849,511	$ 1,018,451
Claims payable	1,068,715	1,011,838	943,024
Commissions payable	2,514,964	3,114,168	2,465,200
Due to reinsurers and ceding companies	1,021,324	1,106,989	1,059,459
Other payables	21,952,524	16,752,853	47,647,248
	$ 27,384,773	$ 22,835,359	$ 53,133,382

22. BONDS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
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
	$ 80,000,000	$ 80,000,000	$ 80,000,000

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 $310,685 thousand was recorded as finance costs for the three months ended March 31, 2022 and 2021.

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 risk-based capital ratio is greater than twice the minimum risk-based capital 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 $284,795 thousand was recorded as finance costs for the three months ended March 31, 2022 and 2021.

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 risk-based capital ratio is greater than twice the minimum risk-based capital 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 $73,980 thousand was recorded as finance costs for the three months ended March 31, 2022 and 2021.

23. 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, 2022			December 31, 2021			March 31, 2021		
	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	$ 64,900	$ -	$ 64,900	$ 64,522	$ -	$ 64,522	$ 72,401	$ -	$ 72,401
Individual injury insurance	7,178,270	-	7,178,270	7,516,597	-	7,516,597	7,031,465	-	7,031,465
Individual health insurance	9,929,792	-	9,929,792	10,484,937	-	10,484,937	9,480,582	-	9,480,582
Group insurance	961,503	-	961,503	849,693	-	849,693	1,043,497	-	1,043,497
Investment-linked insurance	118,724	-	118,724	118,841	-	118,841	114,064	-	114,064
	18,253,189	-	18,253,189	19,034,590	-	19,034,590	17,742,009	-	17,742,009
Less ceded unearned premium reserve:									
Individual life insurance	812,050	-	812,050	880,519	-	880,519	797,818	-	797,818
Individual injury insurance	21,471	-	21,471	21,575	-	21,575	23,210	-	23,210
Individual health insurance	211,307	-	211,307	229,227	-	229,227	189,614	-	189,614
Group insurance	337	-	337	-	-	-	968	-	968
	1,045,165	-	1,045,165	1,131,321	-	1,131,321	1,011,610	-	1,011,610
	$ 17,208,024	$ -	$ 17,208,024	$ 17,903,269	$ -	$ 17,903,269	$ 16,730,399	$ -	$ 16,730,399

The changes in unearned premium reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 19,034,590	$ -	$ 19,034,590	$ 18,390,129	$ -	$ 18,390,129
Provision	18,253,171	-	18,253,171	17,742,012	-	17,742,012
Recovery	(19,034,590)	-	(19,034,590)	(18,390,129)	-	(18,390,129)
Foreign exchange	18	-	18	(3)	-	(3)
Ending balance	18,253,189	-	18,253,189	17,742,009	-	17,742,009
Less ceded unearned premium reserve:						
Beginning balance	1,131,321	-	1,131,321	1,113,039	-	1,113,039
Decrease	(86,156)	-	(86,156)	(101,429)	-	(101,429)
Ending balance	1,045,165	-	1,045,165	1,011,610	-	1,011,610
Net ending balance	$ 17,208,024	$ -	$ 17,208,024	$ 16,730,399	$ -	$ 16,730,399

2) Loss reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 3,244,848	$ 4,354	$ 3,249,202	$ 2,953,975	$ 31,747	$ 2,985,722	$ 2,956,601	$ 15,780	$ 2,972,381
Not yet filed	21,785	-	21,785	24,700	-	24,700	25,404	-	25,404
Individual injury insurance									
Filed but not paid	63,726	-	63,726	85,959	-	85,959	46,143	-	46,143
Not yet filed	1,999,253	-	1,999,253	1,969,841	-	1,969,841	1,981,437	-	1,981,437
Individual health insurance									
Filed but not paid	1,563,433	-	1,563,433	1,505,115	-	1,505,115	1,422,825	-	1,422,825
Not yet filed	3,349,900	-	3,349,900	3,311,515	-	3,311,515	3,328,440	-	3,328,440
Group insurance									
Filed but not paid	67,330	-	67,330	70,387	-	70,387	66,657	-	66,657
Not yet filed	995,099	-	995,099	1,028,164	-	1,028,164	1,377,880	-	1,377,880
Investment-linked insurance									
Filed but not paid	197,727	-	197,727	197,029	-	197,029	170,890	-	170,890
Not yet filed	264	-	264	930	-	930	1861	-	1,861
	11,503,365	4,354	11,507,719	11,147,615	31,747	11,179,362	11,378,138	15,780	11,393,918
Less ceded loss reserve									
Individual life insurance	35,705	-	35,705	35,496	-	35,496	62,784	-	62,784
Individual health insurance	3,720	-	3,720	4,106	-	4,106	1,059	-	1,059
	39,425	-	39,425	39,602	-	39,602	63,843	-	63,843
	$ 11,463,940	$ 4,354	$ 11,468,294	$ 11,108,013	$ 31,747	$ 11,139,760	$ 11,314,295	$ 15,780	$ 11,330,075

The changes of loss reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 11,147,615	$ 31,747	$ 11,179,362	$ 11,622,048	$ 35,590	$ 11,657,638
Provision	11,489,216	4,354	11,493,570	11,378,062	15,780	11,393,842
Recovery	(11,147,616)	(31,747)	(11,179,363)	(11,622,048)	(35,590)	(11,657,638)
Foreign exchange	14,150	-	14,150	76	-	76
Ending balance	11,503,365	4,354	11,507,719	11,378,138	15,780	11,393,918
Less ceded loss reserve						
Beginning balance	39,602	-	39,602	61,357	-	61,357
Increase	-	-	-	2,486	-	2,486
Decrease	(177)	-	(177)	-	-	-
Ending balance	39,425	-	39,425	63,843	-	63,843
Net ending balance	$ 11,463,940	$ 4,354	$ 11,468,294	$ 11,314,295	$ 15,780	$ 11,330,075

3) Policy reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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 (Note 1)	$ 5,499,742,149	$ 3,770	$ 5,499,745,919	$ 5,398,835,257	$ 3,673	$ 5,398,838,930	$ 5,230,898,703	$ 3,791	$ 5,230,902,494
Injury insurance	7,531,760	-	7,531,760	7,497,332	-	7,497,332	7,012,037	-	7,012,037
Health insurance	881,058,839	-	881,058,839	865,362,488	-	865,362,488	810,020,174	-	810,020,174
Annuity insurance	1,302,478	9,844,774	11,147,252	1,312,175	10,396,632	11,708,807	1,369,631	13,213,679	14,583,310
Investment-linked insurance	779,106	-	779,106	743,098	-	743,098	670,644	-	670,644
Total (Note 2)	6,390,414,332	9,848,544	6,400,262,876	6,273,750,350	10,400,305	6,284,150,655	6,049,971,189	13,217,470	6,063,188,659
Less ceded policy reserve									
Life insurance	384,527	-	384,527	374,908	-	374,908	398,697	-	398,697
	$ 6,390,029,805	$ 9,848,544	$ 6,399,878,349	$ 6,273,375,442	$ 10,400,305	$ 6,283,775,747	$ 6,049,572,492	$ 13,217,470	$ 6,062,789,962

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 $6,400,729,817 thousand, $6,284,636,754 thousand and $6,063,635,266 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

The changes of policy reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	**Financial Instruments with Discretionary Participation Feature**	**Total**	**Insurance Contracts**	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 6,273,750,350	$ 10,400,305	$ 6,284,150,655	$ 5,947,343,409	$ 14,179,191	$ 5,961,522,600
Provision	123,306,992	19,318	123,326,310	149,812,894	20,558	149,833,452
Recovery	(56,987,568)	(571,177)	(57,558,745)	(47,051,352)	(982,260)	(48,033,612)
Foreign exchange	50,344,558	98	50,344,656	(133,762)	(19)	(133,781)
Ending balance	6,390,414,332	9,848,544	6,400,262,876	6,049,971,189	13,217,470	6,063,188,659
Less ceded policy reserve						
Beginning balance	374,908	-	374,908	403,979	-	403,979
Decrease	(4,149)	-	(4,149)	(1,806)	-	(1,806)
Foreign exchange	13,768	-	13,768	(3,476)	-	(3,476)
Ending balance	384,527	-	384,527	398,697	-	398,697
Net ending balance	$ 6,390,029,805	$ 9,848,544	$ 6,399,878,349	$ 6,049,572,492	$ 13,217,470	$ 6,062,789,962

4) Special reserve

	March 31, 2022				December 31, 2021				March 31, 2021			
	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	$ (29,742)	$ -	$ -	$ (29,742)	$ (41,854)	$ -	$ -	$ (41,854)	$ (51,240)	$ -	$ -	$ (51,240)
Dividend risk reserve	31,782	-	-	31,782	43,589	-	-	43,589	52,847	-	-	52,847
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
	$ 2,040	$ -	$ 11,083,324	$ 11,085,364	$ 1,735	$ -	$ 11,083,324	$ 11,085,059	$ 1,607	$ -	$ 11,083,324	$ 11,084,931

The changes of special reserve are summarized below:

	For the Three Months Ended March 31							
	2022				2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Other	Total
Beginning balance	$ 1,735	$ -	$ 11,083,324	$ 11,085,059	$ 1,452	$ -	$ 11,083,324	$ 11,084,776
Provision for participating policies dividends reserve	12,112	-	-	12,112	2,236	-	-	2,236
Recovery of dividend risk reserve	(11,807)	-	-	(11,807)	(2,081)	-	-	(2,081)
Ending balance	$ 2,040	$ -	$ 11,083,324	$ 11,085,364	$ 1,607	$ -	$ 11,083,324	$ 11,084,931

5) Premium deficiency reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 8,305,937	$ -	$ 8,305,937	$ 8,570,062	$ -	$ 8,570,062	$ 11,558,972	$ -	$ 11,558,972
Individual injury insurance	3,140	-	3,140	3,300	-	3,300	881	-	881
Individual health insurance	1,281,712	-	1,281,712	1,234,787	-	1,234,787	1,213,133	-	1,213,133
Group insurance	56	-	56	66	-	66	66,149	-	66,149
	$ 9,590,845	$ -	$ 9,590,845	$ 9,808,215	$ -	$ 9,808,215	$ 12,839,135	$ -	$ 12,839,135

The changes of premium deficiency reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 9,808,215	$ -	$ 9,808,215	$ 13,802,343	$ -	$ 13,802,343
Provision	-	-	-	66,060	-	66,060
Recovery	(318,281)	-	(318,281)	(1,021,470)	-	(1,021,470)
Foreign exchange	100,911	-	100,911	(7,798)	-	(7,798)
Ending balance	$ 9,590,845	$ -	$ 9,590,845	$ 12,839,135	$ -	$ 12,839,135

6) Other reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 1,863,925	$ -	$ 1,863,925	$ 1,865,925	$ -	$ 1,865,925	$ 1,873,925	$ -	$ 1,873,925

The changes of other reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 1,865,925	$ -	$ 1,865,925	$ 1,876,925	$ -	$ 1,876,925
Recovery	(2,000)	-	(2,000)	(3,000)	-	(3,000)
Ending balance	$ 1,863,925	$ -	$ 1,863,925	$ 1,873,925	$ -	$ 1,873,925

7) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2022	December 31, 2021	March 31, 2021
Unearned premium reserve	$ 18,253,189	$ 19,034,590	$ 17,742,009
Policy reserve	6,400,729,817	6,284,636,754	6,063,635,266
Premium deficiency reserve	9,590,845	9,808,215	12,839,135
Other reserve	1,863,925	1,865,925	1,873,925
Book value of insurance liabilities	$ 6,430,437,776	$ 6,315,345,484	$ 6,096,090,335
Estimated present value of cash flows	$ 5,753,206,285	$ 5,567,751,045	$ 5,477,859,707
Balance of liability adequacy reserve	$ -	$ -	$ -

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, 2022	December 31, 2021	March 31, 2021
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, 2022	December 31, 2021	March 31, 2021
b) Discount rate	Discount rates are calculated using the best estimated scenario investment return based on actuary report of 2021 with neutral assumption for discount rates after 30 years	Under assets allocation plan on September 30, 2021, discount rates are calculated using the best estimated scenario investment return based on actuary report of 2020, with neutral assumption for discount rates after 30 years.	Discount rates are calculated using the best estimated scenario investment return based on actuary report of 2020 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, 2022			December 31, 2021			March 31, 2021		
	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 injury insurance	$ 4,888	$ -	$ 4,888	$ 5,034	$ -	$ 5,034	$ 5,026	$ -	$ 5,026
Individual health insurance	60,651	-	60,651	55,998	-	55,998	36,379	-	36,379
Group insurance	334,574	-	334,574	338,757	-	338,757	308,161	-	308,161
	$ 400,113	$ -	$ 400,113	$ 399,789	$ -	$ 399,789	$ 349,566	$ -	$ 349,566

The changes of unearned premium reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 399,789	$ -	$ 399,789	$ 350,059	$ -	$ 350,059
Provision	149,070	-	149,070	82,388	-	82,388
Recovery	(164,220)	-	(164,220)	(82,263)	-	(82,263)
Foreign exchange	15,474	-	15,474	(618)	-	(618)
Ending balance	$ 400,113	$ -	$ 400,113	$ 349,566	$ -	$ 349,566

2) Loss reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ -	$ -	$ -	$ 342	$ -	$ 342	$ 313	$ -	$ 313
Not yet filed	-	-	-	19,857	-	19,857	16,205	-	16,205
Individual injury insurance									
Filed but not paid	203	-	203	212	-	212	497	-	497
Not yet filed	6,367	-	6,367	5,730	-	5,730	4,721	-	4,721
Individual health insurance									
Filed but not paid	2,314	-	2,314	14,848	-	14,848	8,319	-	8,319
Not yet filed	20,703	-	20,703	74,299	-	74,299	69,677	-	69,677
Group insurance									
Filed but not paid	33,347	-	33,347	21,972	-	21,972	9,790	-	9,790
Not yet filed	509,122	-	509,122	394,241	-	394,241	375,355	-	375,355
	572,056	-	572,056	531,501	-	531,501	484,877	-	484,877
Less ceded loss reserve									
Individual life insurance									
Individual injury insurance	-	-	-	12	-	12	38	-	38
Individual health insurance	7,609	-	7,609	7,501	-	7,501	7,761	-	7,761
Group insurance	5,585	-	5,585	4,382	-	4,382	4,167	-	4,167
	13,194	-	13,194	11,895	-	11,895	11,966	-	11,966
	$ 558,862	$ -	$ 558,862	$ 519,606	$ -	$ 519,606	$ 472,911	$ -	$ 472,911

The changes of loss reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 531,501	$ -	$ 531,501	$ 487,134	$ -	$ 487,134
Provision	432,307	-	432,307	150,440	-	150,440
Recovery	(413,183)	-	(413,183)	(151,845)	-	(151,845)
Foreign exchange	21,431	-	21,431	(852)	-	(852)
Ending balance	572,056	-	572,056	484,877	-	484,877
Less ceded loss reserve						
Beginning balance	11,895	-	11,895	10,366	-	10,366
Increase	12,911	-	12,911	12,044	-	12,044
Decrease	(12,101)	-	(12,101)	(10,414)	-	(10,414)
Foreign exchange	489	-	489	(30)	-	(30)
Ending balance	13,194	-	13,194	11,966	-	11,966
Net ending balance	$ 558,862	$ -	$ 558,862	$ 472,911	$ -	$ 472,911

3) Policy reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 41,902,165	$ -	$ 41,902,165	$ 36,742,466	$ -	$ 36,742,466	$ 30,365,986	$ -	$ 30,365,986
Health insurance	5,126,873	-	5,126,873	4,445,415	-	4,445,415	3,431,577	-	3,431,577
Investment-linked insurance	759	-	759	735	-	735	789	-	789
	47,029,797	-	47,029,797	41,188,616	-	41,188,616	33,798,352	-	33,798,352
Less ceded loss reserve									
Individual life insurance	2,821	-	2,821	1,231	-	1,231	1,652	-	1,652
Health insurance	21,474	-	21,474	18,976	-	18,976	17,699	-	17,699
	24,295	-	24,295	20,207	-	20,207	19,351	-	19,351
	$ 47,005,502	$ -	$ 47,005,502	$ 41,168,409	$ -	$ 41,168,409	$ 33,779,001	$ -	$ 33,779,001

The changes of policy reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contract	**Financial Instruments with Discretionary Participation Feature**	**Total**	**Insurance Contract**	**Financial Instruments with Discretionary Participation Feature**	**Total**
Beginning balance	$ 41,188,616	$ -	$ 41,188,616	$ 30,599,153	$ -	$ 30,599,153
Provision	4,765,085	-	4,765,085	3,772,172	-	3,772,172
Recovery	(609,193)	-	(609,193)	(489,063)	-	(489,063)
Reclassification	(33,427)	-	(33,427)	(8,927)	-	(8,927)
Foreign exchange	1,718,716	-	1,718,716	(74,983)	-	(74,983)
Ending balance	47,029,797	-	47,029,797	33,798,352	-	33,798,352
Less ceded loss reserve						
Beginning balance	20,207	-	20,207	21,539	-	21,539
Increase	23,774	-	23,774	19,477	-	19,477
Decrease	(20,554)	-	(20,554)	(21,638)	-	(21,638)
Foreign exchange	868	-	868	(27)	-	(27)
Ending balance	24,295	-	24,295	19,351	-	19,351
Ending balance	$ 47,005,502	$ -	$ 47,005,502	$ 33,779,001	$ -	$ 33,779,001

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2022	December 31, 2021	March 31, 2021
Unearned premium reserve	$ 400,113	$ 399,789	$ 349,566
Policy reserve	47,029,797	41,188,616	33,798,352
Book value of insurance liabilities	$ 47,429,910	$ 41,588,405	$ 34,147,918
Estimated present value of cash flows	$ 37,943,928	$ 33,270,724	$ 27,318,334
Balance of liability adequacy reserve	$ -	$ -	$ -

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.

Note 3: There is no merger or transfer of insurance contract for Cathay Lujiazui Life. Thus, the book value of related intangible assets shall not be deducted from book value of insurance liability for liability adequacy reserve test.

Liability adequacy testing methodology is listed as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
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 actuary report of 2021 with neutral assumption for discount rates after 30 years	Discount rates are calculated using the best estimated scenario investment return based on actuary report of 2020, with neutral assumption for discount rates after 30 years.	Discount rates are calculated using the best estimated scenario investment return based on actuary report of 2020 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, 2022			December 31, 2021			March 31, 2021		
	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 injury insurance	$ 18,257	$ -	$ 18,257	$ 18,135	$ -	$ 18,135	$ 15,204	$ -	$ 15,204
Individual health insurance	47,047	-	47,047	43,717	-	43,717	23,991	-	23,991
	$ 65,304	$ -	$ 65,304	$ 61,852	$ -	$ 61,852	$ 39,195	$ -	$ 39,195

The changes of unearned premium reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 61,852	$ -	$ 61,852	$ 35,761	$ -	$ 35,761
Provision	1,439	-	1,439	3,394	-	3,394
Foreign exchange	2,013	-	2,013	40	-	40
Ending balance	$ 65,304	$ -	$ 65,304	$ 39,195	$ -	$ 39,195

2) Loss reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 6,446	$ -	$ 6,446	$ 9,835	$ -	$ 9,835	$ 4,972	$ -	$ 4,972
Individual injury insurance									
Filed but not paid	2,179	-	2,179	2,043	-	2,043	393	-	393
Not yet filed	3,195	-	3,195	2,915	-	2,915	2,212	-	2,212
Individual health insurance									
Filed but not paid	9,959	-	9,959	14,747	-	14,747	5,017	-	5,017
Not yet filed	14,568	-	14,568	12,954	-	12,954	7,793	-	7,793
Investment-linked insurance									
Filed but not paid	12,685	-	12,685	10,024	-	10,024	5,679	-	5,679
	$ 49,032	$ -	$ 49,032	$ 52,518	$ -	$ 52,518	$ 26,066	$ -	$ 26,066

The changes of loss reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 52,518	$ -	$ 52,518	$ 19,081	$ -	$ 19,081
Provision	(5,079)	-	(5,079)	6,948	-	6,948
Foreign exchange	1,593	-	1,593	37	-	37
Ending balance	$ 49,032	$ -	$ 49,032	$ 26,066	$ -	$ 26,066

3) Policy reserve

	March 31, 2022			December 31, 2021			March 31, 2021		
	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	$ 8,912,582	$ -	$ 8,912,582	$ 8,313,750	$ -	$ 8,313,750	$ 5,696,918	$ -	$ 5,696,918
Investment-linked insurance	943,132	-	943,132	820,427	-	820,427	507,455	-	507,455
	$ 9,855,714	$ -	$ 9,855,714	$ 9,134,177	$ -	$ 9,134,177	$ 6,204,373	$ -	$ 6,204,373

The changes of policy reserve are summarized below:

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Feature	Total
Beginning balance	$ 9,134,177	$ -	$ 9,134,177	$ 6,697,905	$ -	$ 6,697,905
Provision	420,241	-	420,241	-	-	-
Recovery	-	-	-	(497,340)	-	(497,340)
Foreign exchange	301,296	-	301,296	3,808	-	3,808
Ending balance	$ 9,855,714	$ -	$ 9,855,714	$ 6,204,373	$ -	$ 6,204,373

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	March 31, 2022	December 31, 2021	March 31, 2021
Unearned premium reserve	$ 65,304	$ 61,852	$ 39,195
Policy reserve	9,855,714	9,134,177	6,204,373
Book value of insurance liabilities	$ 9,921,018	$ 9,196,029	$ 6,243,568
Estimated present value of cash flows	$ 6,127,008	$ 6,130,977	$ 5,029,822
Balance of liability adequacy reserve	$ -	$ -	$ -

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.

Note 3: There is no merger or transfer of insurance contract for Cathay Life (Vietnam). Thus, the book value of related intangible assets shall not be deducted from book value of insurance liability for liability adequacy reserve test.

Liability adequacy testing methodology is listed as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
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 Vietnam government bond rates in secondary market with neutral assumption for discount rates after 15 years	Discount rates are calculated using Vietnam government bond rates in secondary market, with neutral assumption for discount rates after 15 years.	Discount rates are calculated using Vietnam government bond rates in secondary market with neutral assumption for discount rates after 15 years

24. 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, 2022, December 31, 2021 and March 31, 2021, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

a. The Company

	March 31, 2022	December 31, 2021	March 31, 2021
Life insurance	$ 70,368	$ 71,548	$ 73,968
Investment-linked insurance	1,137,505	1,093,492	988,840
	$ 1,207,873	$ 1,165,040	$ 1,062,808

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 1,165,040	$ 1,010,156
Claims and payments	(70,228)	(48,332)
Net provision of statutory reserve	103,260	100,796
Foreign exchange	9,801	188
Ending balance	$ 1,207,873	$ 1,062,808

b. Cathay Lujiazui Life

	March 31, 2022	December 31, 2021	March 31, 2021
Life insurance	$ 15,465,388	$ 14,023,748	$ 13,182,869

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 14,023,748	$ 12,721,352
Premiums received	1,404,265	1,247,049
Claims and payments	(687,102)	(896,369)
Net reserve of statutory reserve	151,033	136,421
Foreign exchange	573,444	(25,584)
Ending balance	$ 15,465,388	$ 13,182,869

25. 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	
	2022	2021
Beginning balance	$ 9,053,726	$ 14,820,865
Provision		
Compulsory reserve	1,693,854	1,731,336
Additional reserve	12,297,070	560,436
	13,990,924	2,291,772
Recovery	-	(3,590,343)
Ending balance	$ 23,044,650	$ 13,522,294

c. Effects due to reserve for foreign exchange valuation

Items	For the Three Months Ended March 31, 2022 Inapplicable Amount (1)	Applicable Amount (2)	Effects (2) - (1)
Net income attributable to owners of the Company	$ 37,234,387	$ 26,041,647	$ (11,192,740)
Earnings per share	6.36	4.45	(1.91)
Reserve for foreign exchange valuation	-	23,044,650	23,044,650
Equity attributable to owners of the Company	601,136,344	586,303,520	(14,832,824)

Items	For the Three Months Ended March 31, 2021 Inapplicable Amount (1)	Applicable Amount (2)	Effects (2) - (1)
Net income attributable to owners of the Company	$ 48,660,837	$ 49,699,693	$ 1,038,856
Earnings per share	8.32	8.49	0.17
Reserve for foreign exchange valuation	-	13,522,294	13,522,294
Equity attributable to owners of the Company	673,818,110	666,603,171	(7,214,939)

26. RETAINED EARNED PREMIUM AND RETAINED CLAIM PAYMENTS

a. Retained earned premium

1) The Company

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 95,921,096	$ 20,335	$ 95,941,431	$ 122,352,705	$ 21,639	$ 122,374,344
Reinsurance premium	27,255	-	27,255	28,204	-	28,204
Premium income	95,948,351	20,335	95,968,686	122,380,909	21,639	122,402,548
Less: Reinsurance expenses	(536,107)	-	(536,107)	(483,552)	-	(483,552)
Net changes in unearned premium reserve	695,263	-	695,263	546,688	-	546,688
Retained earned premium	$ 96,107,507	$ 20,335	$ 96,127,842	$ 122,444,045	$ 21,639	$ 122,465,684

2) Cathay Lujiazui Life

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 5,163,678	$ -	$ 5,163,678	$ 4,746,021	$ -	$ 4,746,021
Reinsurance premium	-	-	-	-	-	-
Premium income	5,163,678	-	5,163,678	4,746,021	-	4,746,021
Less: Reinsurance expenses	(40,765)	-	(40,765)	(43,352)	-	(43,352)
Net changes in unearned premium reserve	15,150	-	15,150	(125)	-	(125)
Retained earned premium	$ 5,138,063	$ -	$ 5,138,063	$ 4,702,544	$ -	$ 4,702,544

3) Cathay Life (Vietnam)

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 692,135	$ -	$ 692,135	$ 621,019	$ -	$ 621,019
Reinsurance premium	-	-	-	-	-	-
Premium income	692,135	-	692,135	621,019	-	621,019
Less: Reinsurance expenses	(9,784)	-	(9,784)	(172)	-	(172)
Net changes in unearned premium reserve	(1,439)	-	(1,439)	(3,394)	-	(3,394)
Retained earned premium	$ 680,912	$ -	$ 680,912	$ 617,453	$ -	$ 617,453

b. Retained claim payments

1) The Company

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 73,596,213	$ 622,628	$ 74,218,841	$ 62,887,754	$ 1,036,241	$ 63,923,995
Reinsurance claim payments	10,924	-	10,924	12,791	-	12,791
Insurance claim payments	73,607,137	622,628	74,229,765	62,900,545	1,036,241	63,936,786
Less: Claims recovered from reinsures	(348,741)	-	(348,741)	(439,153)	-	(439,153)
Retained claim payments	$ 73,258,396	$ 622,628	$ 73,881,024	$ 62,461,392	$ 1,036,241	$ 63,497,633

2) Cathay Lujiazui Life

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 602,122	$ -	$ 602,122	$ 683,965	$ -	$ 683,965
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	602,122	-	602,122	683,965	-	683,965
Less: Claims recovered from reinsures	(29,435)	-	(29,435)	(27,585)	-	(27,585)
Retained claim payments	$ 572,687	$ -	$ 572,687	$ 656,380	$ -	$ 656,380

3) Cathay Life (Vietnam)

	For the Three Months Ended March 31					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 76,599	$ -	$ 76,599	$ 49,912	$ -	$ 49,912
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	76,599	-	76,599	49,912	-	49,912
Less: Claims recovered from reinsures	-	-	-	-	-	-
Retained claim payments	$ 76,599	$ -	$ 76,599	$ 49,912	$ -	$ 49,912

27. PROVISIONS

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 56,245	$ 56,245
Changes in the period	-	-
Ending balance	$ 56,245	$ 56,245

28. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Advance receipts	$ 383,994	$ 356,620	$ 399,315
Deferred fee income	3,339	3,397	4,945
Guarantee deposits received	2,960,922	10,279,416	3,139,990
Others (Note)	12,755,651	10,223,766	12,622,346
	$ 16,103,906	$ 20,863,199	$ 16,166,596

Note: CHL recognized liabilities for put options on subsidiaries' shares, amounting to $3,140,487 thousand, $3,084,003 thousand and $3,776,132 thousand as of March 31, 2022 and December 31, 2021 and March 31, 2021, respectively.

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	
	2022	2021
Beginning balance	$ 3,397	$ 5,548
Amortization	(224)	(458)
Foreign exchange	166	(145)
Ending balance	$ 3,339	$ 4,945

29. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively, and recognized as follows:

	For the Three Months Ended March 31	
	2022	2021
General expenses	$ 47,851	$ 57,357

30. EQUITY

a. Share capital

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	10,000,000	10,000,000	10,000,000
Shares authorized	$ 100,000,000	$ 100,000,000	$ 100,000,000
Number of shares issued and fully paid (in thousands)	5,851,527	5,851,527	5,851,527
Shares issued	$ 58,515,274	$ 58,515,274	$ 58,515,274

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, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	$ 59,550,000	$ 59,550,000	$ 59,550,000
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	712,890	833,127	845,110
Share-based payments granted by the parent company to the Company's employees	182,599	182,599	182,599
	$ 60,474,631	$ 60,594,868	$ 60,606,851

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

The capital surplus arising from investments accounted for using the equity method and share-based payments granted by the parent company to the Company's employees may 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 32 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.

After the Company's board of directors approved the appropriations of earnings for 2021 on March 11, 2022, a special reserve of $1,473,000 thousand was proposed in accordance with Article 21 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and approved by the authorities, and the cash dividends in the appropriations of earnings were adjusted to $22,445,733 thousand.

The board of directors (on behalf of the shareholders) resolved to offset the deficit by legal reserve of $1,676,041 thousand and special reserve of $23,690,492 thousand on April 28, 2021.

The appropriations of earnings for 2021 and 2020 had been approved by the board of directors (on behalf of shareholders) on May 13, 2022 and April 28, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 22,725,076	$ 10,333,774
Special reserve	74,437,689	70,366,942
Cash dividends	22,445,733	-
Cash dividends per share (NT$)	3.84	-

d. Special reserves

	March 31, 2022	**December 31, 2021**	**March 31, 2021**
Special reserve for catastrophic events and fluctuation of risks (1)	$ 14,869,604	$ 14,869,604	$ 14,908,281
Special reserve for the foreign exchange valuation reserve (2)	23,277,194	23,277,194	33,677,108
Special reserve appropriated at the first-time adoption of IFRSs (3)	47,327,860	47,327,860	47,327,860
Special reserve for investment properties at fair value model in subsequent measurement (4)	149,344,667	149,344,667	148,125,659
Special reserve for gains or losses on disposal of immature debt instruments (5)	67,293,218	67,293,218	25,491,229
Others (6)	88,174,667	88,174,667	77,790,075
	$ 390,287,210	$ 390,287,210	$ 347,320,212

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, 2022		
	Insurance Contracts	**Financial Instruments with Discretionary Participation Features**	**Total**
Life insurance	$ 108,498	$ -	$ 108,498
Injury insurance	4,896,115	-	4,896,115
Health insurance	5,683,756	-	5,683,756
Group insurance	4,181,235	-	4,181,235
	$ 14,869,604	$ -	$ 14,869,604

	December 31, 2021		
	Insurance Contracts	**Financial Instruments with Discretionary Participation Features**	**Total**
Life insurance	$ 108,498	$ -	$ 108,498
Injury insurance	4,896,115	-	4,896,115
Health insurance	5,683,756	-	5,683,756
Group insurance	4,181,235	-	4,181,235
	$ 14,869,604	$ -	$ 14,869,604

	March 31, 2021		
	Insurance Contracts	**Financial Instruments with Discretionary Participation Features**	**Total**
Life insurance	$ 114,248	$ -	$ 114,248
Injury insurance	4,829,191	-	4,829,191
Health insurance	5,498,542	-	5,498,542
Group insurance	4,466,300	-	4,466,300
	$ 14,908,281	$ -	$ 14,908,281

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 reserves appropriated at the first-time adoption of IFRSs

At the first-time adoption of IFRSs, 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 IFRSs. 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 IFRSs 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. 10402501001, the Company set aside special reserve based on net effect for the first-time adoption of fair value model in subsequent measurement less additional policy reserve of effective contracts, which was measured by the fair value and approved by the authorities, and accumulated net gain on subsequent fair value measurements.

Special reserve for net effect for the first-time adoption of fair value model in subsequent measurement less additional policy reserve of effective contracts, can only be used for compensating deficit of policy reserve of effective contracts, which was measured by fair value and approved by the authorities, and stabilizing future adoption of the second stage of IFRS 4, which means that the Company can only transfer this special reserve with the approval by the authorities to provide enough liabilities in accordance of the second stage of IFRS 4.

When the Company disposes of relevant assets, special reserve for accumulated net gain of subsequent fair value measurements could be reversed in the proportion of initial recognition. 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 $34,772,198 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	
	2022	**2021**
Beginning balance	$ (15,347,517)	$ (12,934,112)
Recognized for the period	1,902,731	261,525
Share of associates accounted for using the equity method	797,128	(103,798)
Tax effects	(137,909)	23,998
Other comprehensive income (loss) recognized for the period	2,561,950	181,725
Ending balance	$ (12,785,567)	$ (12,752,387)

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

	For the Three Months Ended March 31	
	2022	**2021**
Beginning balance	$ 38,259,385	$ 92,536,203
Recognized for the period	(118,368,133)	(74,826,073)
Share of associates accounted for using the equity method	(484,363)	213,345
Reclassification adjustment		
Disposal of investments in debt instruments	(1,891,402)	(7,354,597)
Tax effects	23,965,912	16,162,799
Other comprehensive loss recognized for the period	(96,777,986)	(65,804,526)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(131,606)	52,427
Ending balance	$ (58,650,207)	$ 26,784,104

3) Gain on hedging instruments

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 335,851	$ 347,871
Recognized for the period	(99,709)	(134,517)
Reclassification adjustment		
Hedged item that affects profit or loss	109,805	(11,873)
Tax effects	436	30,196
Other comprehensive (loss) income recognized for the period	10,532	(116,194)
Ending balance	$ 346,383	$ 231,677

4) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 1,336,456	$ 226,758
Share of associates accounted for using the equity method	681	(12,468)
Tax effects	(136)	2,493
Other comprehensive loss recognized for the period	545	(9,975)
Ending balance	$ 1,337,001	$ 216,783

5) Property revaluation surplus

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 402,058	$ 187,503
Changes in the period	-	-
Ending balance	$ 402,058	$ 187,503

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

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 63,853,017	$ 102,093,109
Recognized for the period	(70,598,840)	13,216,290
Reclassification adjustment		
Disposal of investments in financial instruments	(16,202,388)	(46,591,488)
Tax effects	6,945,385	2,311,150
Other comprehensive (loss) income recognized for the period	(79,855,843)	(31,064,048)
Ending balance	$ (16,002,826)	$ 71,029,061

7) Other equity - other

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ (3,224,389)	$ (3,944,303)
Others	-	(11,186)
Ending balance	$ (3,224,389)	$ (3,955,489)

f. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Beginning balance	$ 7,689,899	$ 7,399,117
Net income attributed to non-controlling interests		
Net profit for the period	34,200	167,139
Other comprehensive income (loss) recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	296,420	(36,920)
Other comprehensive loss reclassified using overlay approach	44,409	(9,324)
Others	(309,745)	(395,758)
Ending balance	$ 7,755,183	$ 7,124,254

31. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share	$ 4.45	$ 8.49

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 26,041,647	$ 49,699,693

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	5,851,527	5,851,527

If reserve for foreign exchange valuation was not applicable, earnings per share would be $6.36 and $8.32 for the three months ended March 31, 2022 and 2021, respectively.

32. NET PROFIT FOR THE PERIOD

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Financial assets at FVTOCI	$ 10,146,581	$ 9,378,635
Financial assets measured at amortized cost	26,058,730	25,995,171
Loans	3,524,113	3,435,252
Others	487,083	402,114
	$ 40,216,507	$ 39,211,172

b. Expected credit impairment losses and gains on reversal

	For the Three Months Ended March 31	
	2022	2021
Operating revenues - expected credit impairment losses and gains on reversal from investments		
Debt instrument investments at FVTOCI	$ (896,942)	$ 58,776
Financial assets measured at amortized cost	(1,525,105)	793,244
Other interest receivable	(211,297)	-
Loans	248,351	(92,286)
	(2,384,993)	759,734
Operating expenses - expected credit impairment losses from non-investments		
Receivables	(9,619)	(4,384)
Due from reinsurers and ceding companies	(12,425)	-
	(22,044)	(4,384)
	$ (2,407,037)	$ 755,350

c. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Short-term benefits		
Salaries	$ 8,752,042	$ 9,300,410
Labor and health insurance expenses	888,107	914,163
Post-employment benefits		
Defined contribution plans	289,143	309,221
Defined benefit plans (Note 29)	47,851	57,357

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Remuneration of directors	$ 22,921	$ 24,193
Other employee benefits	190,220	231,578
	$ 10,190,284	$ 10,836,922
An analysis of employee benefits expense by function		
Operating costs	$ 6,795,195	$ 7,477,541
Operating expenses	3,395,089	3,359,381
	$ 10,190,284	$ 10,836,922

(Concluded)

As of March 31, 2022 and 2021, the total numbers of the Group's employees were 39,973 and 41,100, including 21 non-executive directors.

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, 2022 and 2021, respectively, as follows:

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	$ 2,934	$ 5,410
Remuneration of directors and supervisors	1,350	1,350

If there is a change in the amounts after the 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 2021 and 2020, which were resolved by the board of directors on March 11, 2022 and March 10, 2021, respectively, are as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employee	$ 12,462	$ 4,996
Remuneration of directors and supervisors	5,400	5,400

Information on the compensation of employee 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	
	2022	2021
Property and equipment	$ 185,832	$ 168,117
Right-of-use assets	155,058	140,018
Intangible assets	583,165	658,155
	$ 924,055	$ 966,290
An analysis of depreciation by function		
Operating expenses	$ 340,890	$ 308,135
An analysis of amortization by function		
Operating expenses	$ 583,165	$ 658,155

f. Non-operating income and expenses

	For the Three Months Ended March 31	
	2022	2021
Loss on disposal of property and equipment	$ (103)	$ (170)
Others	458,096	412,318
	$ 457,993	$ 412,148

33. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	$ (1,655,999)	$ 7,622,010
Adjustments for prior years	(41)	16,171
Deferred tax		
In respect of the current period	5,107,392	(2,927,011)
Other		
Additional income tax under the Alternative Minimum Tax Act	-	742,105
Tax effect under integrated income tax system	154,670	(278,602)
Income tax expense recognized in profit or loss	$ 3,606,022	$ 5,174,673

Foreign withholding taxes in the amounts of $234,414 thousand and $124,081 thousand were recognized in current tax expense for the three months ended March 31, 2022 and 2021, 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	
	2022	**2021**
Current tax		
Derecognition of equity instruments at FVTOCI	$ (2,665)	$ 15,975
Deferred tax		
Derecognition of equity instruments at FVTOCI	2,665	(15,975)
Capital surplus	30,088	-
Income tax recognized directly in equity	$ 30,088	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	**2021**
Deferred tax		
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	$ (137,909)	$ 23,998
Losses on hedging instruments	436	30,196
Unrealized losses (gains) on equity instruments at FVTOCI	74,900	(214,851)
Losses on debt instruments at FVTOCI	23,833,771	16,377,341
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	57,105	2,802
Other comprehensive loss reclassified using overlay approach	6,945,385	2,311,150
Income tax recognized in other comprehensive income	$ 30,773,688	$ 18,530,636

d. Income tax assessments

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

34. 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

Related Party Name	Related Party Category
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
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
Symphox Information Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CM Energy Co., Ltd.	Associate
ThrivEnergy Co., Ltd.	Associate
Seaward Card Co., Ltd.	Subsidiary of associate
ThinkPower Information 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
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
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
Retail Forest Co., Ltd.	Other related party before July 2021
Hsin Chung Co., Ltd.	Other related party

(Continued)

Related Party Name	Related Party Category
Yi Ru Capital Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	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:

	For the Three Months Ended March 31			
	2022		2021	
Name	Items	Amount	Items	Amount
Other related party				
San Ching Engineering Co., Ltd.	Tucheng East Building, etc.	$ 251,440	Tucheng East Building, etc.	260,489
Ally Logistic Property Co., Ltd.	-	-	Ruifang Logistics Park, etc.	54,228
		$ 251,440		$ 314,717

As of March 31, 2022, December 31, 2021 and March 31, 2021, the total amounts of contracted projects for real estate between the Group and Ally Logistic Property Co., Ltd. were $3,342,857 thousand, $2,607,361 thousand and $2,569,290 thousand, respectively.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were $15,770,200 thousand, $7,316,509 thousand and $7,396,324 thousand, respectively.

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

	Rental Income For the Three Months Ended March 31	
Name	2022	2021
Parent company		
Cathay Financial Holdings	$ 36,942	$ 33,093
Associate and its subsidiary		
Yua-Yung Marketing (Taiwan) Co., Ltd.	10,967	9,712
Symphox Information Co., Ltd.	8,210	8,220
Hong-Sui Co., Ltd.	7,091	7,467
Lin Yuan Property Management Co., Ltd.	4,831	4,867
	31,099	30,266

(Continued)

Name	Rental Income For the Three Months Ended March 31 2022	Rental Income For the Three Months Ended March 31 2021
Fellow subsidiary and its subsidiary		
Cathay United Bank Co., Ltd.	$ 154,829	$ 153,938
Cathay Century Insurance Co., Ltd.	31,917	27,522
Cathay Securities Investment Trust Co., Ltd.	14,767	13,296
Cathay Securities Corporation	14,586	13,231
	216,099	207,987
Other related party		
Ally Logistic Property Co., Ltd.	218,549	196,805
Cathay Hospitality Consulting Co., Ltd.	50,627	37,802
Cathay Medical Care Corp.	49,094	46,646
Cathay Hospitality Management Co., Ltd.	46,766	42,519
Cathay Healthcare Management Co., Ltd.	21,827	17,584
Cathay Real Estate Development Co., Ltd.	4,297	4,628
Hsin Chung Co., Ltd.	3,226	3,226
	394,386	349,210
	$ 678,526	$ 620,556

(Concluded)

Name	Guarantee Deposits Received March 31, 2022	Guarantee Deposits Received December 31, 2021	Guarantee Deposits Received March 31, 2021
Parent company			
Cathay Financial Holdings	$ 33,633	$ 33,301	$ 30,038
Associate and its subsidiary			
Symphox Information Co., Ltd.	8,000	8,000	8,000
Yua-Yang Marketing (Taiwan) Co., Ltd.	4,915	4,552	3,532
Hong-Sui Co., Ltd.	4,740	4,740	5,145
	17,655	17,292	16,677
Fellow subsidiary			
Cathay United Bank Co., Ltd.	187,398	187,202	186,551
Cathay Century Insurance Co., Ltd.	32,175	32,175	26,580
Cathay Securities Corporation	14,999	13,087	12,075
Cathay Securities Investment Trust Co., Ltd.	13,275	12,931	11,873
	247,847	245,395	237,079
Other related party			
Cathay Hospitality Management Co., Ltd.	189,709	188,597	187,682
Cathay Hospitality Consulting Co., Ltd.	182,277	182,277	180,473
Ally Logistic Property Co., Ltd.	181,387	143,424	143,270
Cathay Medical Care Corp.	63,583	11,447	11,435
Cathay Healthcare Management Co., Ltd.	21,113	21,113	20,384

(Continued)

Name	Guarantee Deposits Received March 31, 2022	December 31, 2021	March 31, 2021
Cathay Real Estate Development Co., Ltd.	$ 4,313	$ 4,215	$ 4,090
Cymlin Co., Ltd.	4,081	4,081	4,081
Hsin Chung Co., Ltd.	3,072	3,072	3,072
Retail Forest Co., Ltd.	-	5,745	5,745
	649,535	563,971	560,232
	$ 948,670	$ 859,959	$ 844,026

(Concluded)

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

c) Lease arrangements

i. Lease liabilities

Name	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ -	$ 7,433	$ 32,562
Other related party			
Cathay Real Estate Development Co., Ltd.	7,299	9,155	14,518
Yi Ru Capital Co., Ltd.	4,226	5,271	-
	11,525	14,426	14,518
	$ 11,525	$ 21,859	$ 47,080

ii. Guarantee deposits paid

Name	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ 10,087	$ 10,087	$ 12,019

d) Acquisition of equipment computer equipment and software

Name	For the Three Months Ended March 31 2022	2021
Subsidiary of associate		
ThinkPower Information Co., Ltd.	$ 6,763	$ 676

2) Shares transactions

a) Acquisition of shares issued by the related parties

Name	Nature of Transaction	For the Three Months Ended March 31 2022	2021
Associate			
ThrivEnergy Co., Ltd.	Ordinary shares	$ 216,000	$ -
CM Energy Co., Ltd.	Ordinary shares	-	135,000
		$ 216,000	$ 135,000

b) Balance of shares issued by the related parties

Name	Nature of Transaction	March 31, 2022	December 31, 2021	March 31, 2021
Other related party				
Cathay Real Estate Development Co., Ltd.	Ordinary shares	$ 1,297,420	$ 1,321,447	$ 1,355,770
CDIB&PARTNERS Investment	Ordinary shares	799,740	880,740	881,280
Daiwa-Cathay Capital Market Co., Ltd.	Ordinary shares	145,800	144,600	140,400
		$ 2,242,960	$ 2,346,787	$ 2,377,450

Refer to Note 12, Table 1 and Table 4 for the balance of investment in associates.

3) Cash in banks

Name	Nature of Transaction	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	$ 1,419,563	$ 1,280,477	$ 1,194,424
	Demand deposit	39,102,019	42,819,111	31,219,871
	Checking deposit	186,544	209,910	214,601
	Security deposit	6	6	6
		40,708,132	44,309,504	32,628,902
Subsidiary of fellow subsidiary				
Indovina Bank Limited	Time deposit	1,875,649	1,817,844	3,036,728
	Demand deposit	11,893	12,382	137,602
		1,887,542	1,830,226	3,174,330
		$ 42,595,674	$ 46,139,730	$ 35,803,232

For the three months ended March 31, 2022 and 2021, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to $13,612 thousand and $10,744 thousand, respectively.

For the three months ended March 31, 2022 and 2021, the interest income earned from above bank deposits in Indovina Bank Limited amounted to $27,799 thousand and $14,554 thousand, respectively.

4) Loans

Name	For the Three Months Ended March 31, 2022		
	Maximum Balance	Rate	Ending Balance
Other related party	$ 832,231	0.75%-3.13%	$ 817,555

Name	For the Three Months Ended March 31, 2021		
	Maximum Balance	Rate	Ending Balance
Other related party	$ 925,220	0.75%-3.17%	$ 864,097

5) Balance of bonds managed by related parties

Name	March 31, 2022	December 31, 2021	March 31, 2021
Other related party			
Bonds managed by Octagon Credit Investors, LLC	$ 5,026,963	$ 4,888,088	$ 5,070,505

6) Balance of funds managed by related parties

Name	Item	March 31, 2022	December 31, 2021	March 31, 2021
Other related party				
Funds managed by Octagon Credit Investors, LLC	Market value	$ 2,138,938	$ 2,075,270	$ 743,480
	Cost	$ 2,151,577	$ 2,041,381	$ 751,393
Funds managed by Global Evolution Holding ApS	Market value	$ 2,753,293	$ 2,782,079	$ 2,769,402
	Cost	$ 2,506,634	$ 2,440,596	$ 2,554,528
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Market value	$ 77,716,646	$ 70,780,361	$ 68,364,924
	Cost	$ 83,310,132	$ 71,263,962	$ 69,536,318
Private Equity Fund managed by Cathay Private Equity	Market value	$ 1,227,610	$ 1,215,634	$ 1,018,933
	Cost	$ 1,190,055	$ 1,190,055	$ 989,445

7) Balance of discretionary management investments

Name	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	$ 289,321,313	$ 343,737,780	$ 320,693,663

8) Other receivables

Name	March 31, 2022	December 31, 2021	March 31, 2021
Parent company			
Cathay Financial Holdings (Note)	$ 7,175,025	$ 5,253,915	$ -
Fellow subsidiary and its subsidiary			
Indovina Bank Limited	114,263	83,628	36,191
Cathay Century Insurance Co., Ltd.	65,158	58,727	71,974
Cathay Securities Investment Trust Co., Ltd.	60,901	63,672	50,438
Cathay United Bank Co., Ltd.	58,288	59,216	73,786
	298,610	265,243	232,389
	$ 7,473,635	$ 5,519,158	$ 232,389

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

9) Guarantee deposits paid (for future transactions)

Name	March 31, 2022	December 31, 2021	March 31, 2021
Subsidiary of fellow subsidiary			
Cathay Futures Co., Ltd.	$ 2,706,989	$ 2,234,611	$ 1,938,256

10) Guarantee deposits received

Name	March 31, 2022	December 31, 2021	March 31, 2021
Associate			
Lin Yuan Property Management Co., Ltd.	$ 5,000	$ 5,000	$ 5,000
Other related party			
San Ching Engineering Co., Ltd.	1,870,877	968,577	982,804
Ally Logistic Property Co., Ltd.	1,486,507	1,486,507	293,285
	3,357,384	2,455,084	1,276,089
	$ 3,362,384	$ 2,460,084	$ 1,281,089

11) Other payables

Name	March 31, 2022	December 31, 2021	March 31, 2021
Parent company			
Cathay Financial Holdings (Note)	$ 381,674	$ 70,989	$ 14,315,777
Subsidiary			
Cathay Securities Investment Consulting	30,840	30,963	30,788
Associate			
Lin Yuan Property Management Co., Ltd.	19,243	1,189	46,069
Symphox Information Co., Ltd.	18,642	18,642	2,961
	37,885	19,831	49,030
Fellow subsidiary			
Cathay United Bank Co., Ltd.	671,918	185,415	421,537
Cathay Securities Investment Trust Co., Ltd.	17,236	18,921	18,468
	689,154	204,336	440,005
	$ 1,139,553	$ 326,119	$ 14,835,600

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

12) Bonds payable

Name	March 31, 2022	December 31, 2021	March 31, 2021
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	
	2022	2021
Fellow subsidiary		
Cathay United Bank Co., Ltd.	$ 12,736	$ 10,682
Cathay Century Insurance Co., Ltd.	4,863	4,580
Cathay Securities Corporation	2,881	3,603
	20,480	18,865
Other related party		
Cathay Medical Care Corp.	9,916	8,977
Other	47,701	62,102
	57,617	71,079
	$ 78,097	$ 89,944

14) Fee income

Name	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	$ 19,021	$ 18,134

15) Insurance expenses

Name	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiary		
Cathay Century Insurance Co., Ltd.	$ 102,512	$ 93,153

16) Other operating revenue

Name	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiary		
Cathay Securities Investment Trust Co., Ltd.	$ 39,095	$ 42,093

17) Other operating costs

Name	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiary		
Cathay United Bank Co., Ltd.	$ 262,193	$ 311,356
Cathay Securities Investment Trust Co., Ltd.	115,054	115,937
	$ 377,247	$ 427,293

18) Finance costs

Name	For the Three Months Ended March 31	
	2022	2021
Parent company		
Cathay Financial Holdings	$ 310,685	$ 310,685

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

19) Operating expenses

Name	For the Three Months Ended March 31	
	2022	2021
Subsidiary		
Cathay Securities Investment Consulting	$ 30,306	$ 30,653
Associate and its subsidiary		
Lin Yuan Property Management Co., Ltd.	224,523	188,149
Symphox Information Co., Ltd.	34,937	43,813
Seaward Card Co., Ltd.	19,035	17,916
ThinkPower Information Co., Ltd.	4,565	2,961
	283,060	252,839
Fellow subsidiary		
Cathay United Bank Co., Ltd.	1,932,888	1,532,434
Other related party		
Cathay Healthcare Management Co., Ltd.	2,301	3,536
	$ 2,248,555	$ 1,819,462

20) Non-operating income

Name	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiary and its subsidiary		
Cathay Century Insurance Co., Ltd.	$ 163,029	$ 156,953
Cathay United Bank Co., Ltd.	44,799	49,553
Cathay Securities Corporation	17,701	14,434
Cathay Securities Investment Trust Co., Ltd.	7,189	6,095
Cathay Insurance (Vietnam) Co., Ltd.	3,351	-
	$ 236,069	$ 227,035

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

21) Others

As of March 31, 2022, December 31, 2021 and March 31, 2021, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands):

	March 31, 2022	December 31, 2021	March 31, 2021
SWAP	US$ 2,485,000	US$ 2,885,000	US$ 2,720,000
CCS	NT$ 100,000	NT$ 100,000	NT$ -

c. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	$ 27,420	$ 24,601
Post-employment benefits	711	658
	$ 28,131	$ 25,259

Key management personnel includes the chairman, directors, president, senior executive vice president and senior vice general managers.

35. SEPARATE ACCOUNT INSURANCE PRODUCTS

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

	March 31, 2022	December 31, 2021	March 31, 2021
Separate account insurance product assets			
Cash in bank	$ 614,587	$ 536,869	$ 432,388
Financial assets at FVTPL	704,538,650	716,214,583	661,223,032
Other receivables	9,420,820	7,345,361	9,332,000
	$ 714,574,057	$ 724,096,813	$ 670,987,420
Separate account insurance product liabilities			
Other payables	$ 230,976	$ 319,598	$ 391,492
Reserve for separate account - insurance contracts	298,582,096	306,089,604	302,910,377
Reserve for separate account - investment contracts	415,760,985	417,687,611	367,685,551
	$ 714,574,057	$ 724,096,813	$ 670,987,420

	For the Three Months Ended March 31	
	2022	2021
Separate account insurance product income		
Premium income	$ 8,289,400	$ 32,375,384
Interest income	156	1,308
(Losses) gains from financial assets at FVTPL	(15,898,787)	5,344,354
Foreign exchange gains	7,300,629	1,512,094
	$ (308,602)	$ 39,233,140

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Separate account insurance product expenses		
Claims and payments	$ 3,163,125	$ 2,568,578
Cash surrender value	4,715,029	10,042,316
(Recovery) provision of separate account reserve	(9,276,939)	25,490,825
Administrative expenses	1,124,426	1,161,723
Non-operating income and expenses	(34,243)	(30,302)
	$ (308,602)	$ 39,233,140

(Concluded)

For the three months ended March 31, 2022 and 2021, the rebates earned from counterparties due to the business of separate account insurance products amounted to $203,917 thousand and $206,034 thousand, respectively, which were recorded under fee income.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Separate account insurance product assets			
Cash in bank	$ 10,842	$ 10,758	$ 5,096
Financial assets at FVTPL	104,841	102,651	122,394
Other	16	12	43
	$ 115,699	$ 113,421	$ 127,533
Separate account insurance product liabilities			
Other payables	$ -	$ 7	$ 1,626
Reserve for separate account	115,699	113,414	125,907
	$ 115,699	$ 113,421	$ 127,533

	For the Three Months Ended March 31	
	2022	2021
Separate account insurance product income		
Premium income	$ 13	$ 13
Losses from financial assets at FVTPL	(1,818)	(625)
Interest income	8	5
	$ (1,797)	$ (607)
Separate account insurance product expenses		
Recovery of separate account reserve	$ (2,147)	$ (1,015)
Other	350	408
	$ (1,797)	$ (607)

36. 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.

37. 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Guarantee deposits paid - government bonds	$ 9,964,484	$ 10,214,705	$ 10,523,606
Guarantee deposits paid - time deposits	455,635	455,640	455,667
Guarantee deposits paid - others	37,397	37,397	35,829
	$ 10,457,516	$ 10,707,742	$ 11,015,102

b. Cathay Lujiazui Life

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

	March 31, 2022	December 31, 2021	March 31, 2021
Guarantee deposits paid - time deposits	CNY 600,000	CNY 600,000	CNY 600,000

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):

	March 31, 2022	December 31, 2021	March 31, 2021
Guarantee deposits paid - time deposits	VND12,000,000	VND12,000,000	VND12,000,000

38. 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, 2022, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT$829,500 thousand, US$4,719,964 thousand, EUR427,376 thousand and GBP1,542 thousand.

39. FINANCIAL INSTRUMENTS

a. The 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 determine 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, 2022

	Carrying Amount	Fair Values Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost (Note)	$ 2,800,345,909	$ 15,989,291	$ 2,696,874,329	$ -	$ 2,712,863,620

December 31, 2021

	Carrying Amount	Fair Values Level 1	Level 2	Level 3	Total
Financial asset					
Financial assets measured at amortized cost (Note)	$ 2,698,187,636	$ 16,975,367	$ 2,890,773,050	$ -	$ 2,907,748,417

March 31, 2021

	Carrying Amount	Fair Values Level 1	Level 2	Level 3	Total
Financial asset					
Financial assets measured at amortized cost (Note)	$ 2,659,369,285	$ 14,597,442	$ 2,821,328,185	$ -	$ 2,835,925,627

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, 2022				December 31, 2021				March 31, 2021			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Non-derivative instruments												
Assets												
Financial assets at FVTPL												
Stocks	$ 504,203,242	$ 488,284,526	$ 12,297,539	$ 3,621,177	$ 539,076,215	$ 523,092,263	$ 12,026,990	$ 3,956,962	$ 578,501,219	$ 554,316,096	$ 19,195,590	$ 4,989,533
Bonds	301,687,721	2,362,037	296,362,866	2,962,818	307,763,227	2,455,487	302,429,988	2,877,752	215,856,274	2,886,133	210,187,499	2,782,642
Other	821,135,429	594,088,014	33,201,822	193,845,593	760,411,835	550,948,527	24,001,830	185,461,478	673,329,731	509,733,777	33,855,960	129,739,994
Financial assets at FVTOCI												
Stocks	168,718,986	166,075,727	-	2,643,259	144,708,836	141,944,014	-	2,764,822	116,618,215	111,962,551	-	4,655,664
Bonds (Note)	1,182,829,812	16,274,958	1,166,554,854	-	1,165,094,842	14,715,531	1,150,379,311	-	1,167,011,844	23,286,772	1,143,725,072	-
Derivative instruments												
Assets												
Financial assets at FVTPL	3,411,806	16,929	3,394,877	-	14,588,663	47,352	14,541,311	-	11,981,141	44,273	11,936,868	-
Financial assets for hedging	251,542	-	251,542	-	500,642	-	500,642	-	146,269	-	146,269	-
Liabilities												
Financial liabilities at FVTPL	54,930,618	17,366	54,913,252	-	3,050,197	30,517	3,019,680	-	29,197,716	-	29,197,716	-
Financial liabilities for hedging	767,655	-	767,655	-	20,956	-	20,956	-	43,129	-	43,129	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the three months ended March 31, 2022 and 2021, 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, 2022	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	$ 192,296,192	$ 2,764,822
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	10,554,742	-
Loss on reclassification using overlay approach	(4,913,959)	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	93,327	198
Other comprehensive income reclassified using the overlay approach	4,913,959	-
Loss on equity instruments at FVTOCI	-	(91,924)
Purchases	9,795,063	-
Disposals	(12,086,703)	(29,837)
Transfers out of Level 3	(223,033)	-
Ending balance	$ 200,429,588	$ 2,643,259

	For the Three Months Ended March 31, 2021	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	$ 126,990,396	$ 4,743,415
Recognized in profit or loss		
Gain on financial assets and liabilities at FVTPL	8,780,930	-
Loss on reclassification using overlay approach	(5,335,164)	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	2,354	-
Other comprehensive income reclassified using the overlay approach	5,335,164	-
Gain on equity instruments at FVTOCI	-	3,054
Purchases	8,702,741	-
Disposals	(6,933,052)	(90,805)
Transfers out of Level 3	(31,200)	-
Ending balance	$ 137,512,169	$ 4,655,664

Regarding the above amounts recognized in profit or loss for the three months ended March 31, 2022 and 2021, unrealized losses of $142,758 thousand and unrealized gains of $738,551 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, 2022			
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 for minority interest etc.	16%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(110%)-281%	The higher the growth rate of adjusted net profit after tax the higher the fair value estimates
		Dividend payout ratio	60%-140%	The higher the dividend payout ratio, the higher the fair value estimates

	December 31, 2021			
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	3%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest, etc.	16%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(48%)-135%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	60%-140%	The higher the dividend payout ratio, the higher the fair value estimates

Items	Valuation Techniques	Significant Unobservable Inputs	Rate Interval (Weighted-average)	Relationship Between Inputs and Fair Value
	March 31, 2021			
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest, etc.	19%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(48%)-30%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	60%-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, 2022	December 31, 2021	March 31, 2021
Financial assets			
Financial assets at FVTPL	$ 1,630,438,198	$ 1,621,839,940	$ 1,479,668,365
Financial assets at FVTOCI	1,350,481,267	1,308,707,464	1,282,496,178
Measured at amortized cost			
Cash and cash equivalents (Note 1)	294,275,291	465,728,685	415,228,613
Receivables (Note 2)	76,704,980	68,638,216	85,592,724
Financial assets measured at amortized cost	2,788,363,654	2,689,002,505	2,649,979,560
Loans	472,325,426	479,852,327	475,729,823
Guarantee deposits paid	56,553,877	22,924,334	35,130,022
Financial assets for hedging	251,542	500,642	146,269
Financial liabilities			
Financial liabilities at FVTPL	54,930,618	3,050,197	29,197,716
Financial liabilities at amortized cost			
Payables	27,384,773	22,835,359	39,199,279
Bonds payable	80,000,000	80,000,000	80,000,000
Lease liabilities	11,855,191	12,081,162	11,917,042
Guarantee deposits received	2,960,922	10,279,416	3,139,990
Financial liabilities for hedging	767,655	20,956	43,129

Note 1: Cash on hand was excluded.

Note 2: Income tax refundable and payable under the integrated tax system were excluded.

e. Financial risk management objectives and policies

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

1) Market risk

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

The Group continuously utilizes market risk management instruments such as Value at Risk ("VaR") and 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 95% and 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 evaluate 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 2022	For the Three Months Ended March 31 2021
Equity risk (stock price index)	-10%	$ (65,347,562)	$ (69,594,655)
Interest rate risk (yield curve)	+100bps	(224,438,330)	(176,165,022)
Foreign currency risk (foreign exchange rate)	Appreciation of NTD to all foreign currencies by 1%	(12,283,086)	(9,795,346)

Note 1: Impact of credit spread changes was not considered.

Note 2: Effects of hedging were considered.

Note 3: Data of subsidiaries were not disclosed as Cathay Life assessed that there would be no material impact should the disclosures for the subsidiaries be included.

Note 4: Change in equity include in the change in profit or loss.

c) Sensitivity analysis

Summary of Sensitivity Analysis

Risk Factor	For the Three Months Ended March 31, 2022 Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	$ 5,399,350	$ 5,798,640
	Appreciation of CNY/USD by 1%	(28,506)	335,000
	Appreciation of HKD/USD by 1%	7,123	241,013
	Appreciation of EUR/USD by 1%	(1,767)	349,080
	Appreciation of GBP/USD by 1%	56,270	278,335
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	-	(1,528,008)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(25,398)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(4,375)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(3,782)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(670,601)
Equity price risk	Increase in equity price by 1%	(66,189)	6,589,444

	For the Three Months Ended March 31, 2021		
Risk Factor	**Variable (+/-)**	**Change in Profit or Loss**	**Change in Equity**
Foreign currency risk	Appreciation of USD/NTD by 1%	$ 4,682,451	$ 5,210,849
	Appreciation of CNY/USD by 1%	1,260,916	338,712
	Appreciation of HKD/USD by 1%	325	294,647
	Appreciation of EUR/USD by 1%	(166,362)	238,801
	Appreciation of GBP/USD by 1%	(60,798)	290,840
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	-	(1,381,215)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(56,855)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(17,285)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(5,198)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(324,910)
Equity price risk	Increase in equity price by 1%	(27,272)	7,026,491

Note 1: Impact of credit spread changes was not considered.

Note 2: Effects of hedging were considered.

Note 3: Change in equity was not included in the impact on the change in profit or loss.

Note 4: Provision or reversal of reserve for foreign exchange fluctuations was not considered in the change in profit or loss due to foreign currency risk.

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

d) Effect of interest rate benchmark reform

In order to implement the benchmark reform of interbank offered rates, several countries are currently carrying out interest rate benchmark reform plans to implement new risk-free interest rates to replace IBORs, such as USD London Interbank Offered Rate (USD LIBOR), and GBP London Interbank Offered Rate (GBP LIBOR). In March 2021, UK’s Financial Conduct Authority announced the extension of the tenors of the overnight, one-month, three-month, six-month and 12-month USD LIBOR until June 30, 2023, in order for existing LIBOR contracts to naturally expire. Other interest rate benchmarks will expire on the original termination date of December 31, 2021, and it is recommended that relevant measures be taken as soon as possible to reduce the risks arising from the interest rate benchmark reform.

As a response to the cessation of USD LIBOR, Secured Overnight Financing Rate (SOFR) is expected to replace USD LIBOR in the future, but there are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transit existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from interest rate benchmark reform relate to interest rate basis, hedge accounting and related operation risk as follows:

i. Interest rate basis risk

Risk arising from the transition relate principally to the potential impact of interest rate basis risks. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

ii. Hedge accounting

If a hedged financial instrument and the related hedging derivative instrument are transited to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

iii. Operation risk

If the update and adjustments for related accounting and tax system, valuation of financial instrument, and information systems as well as the testing for operational effectiveness of the systems are not finished on schedule before the cessation of USD LIBOR, operating risk may occur.

In light of the abovementioned risks, the Group made a transition plan for interest rate benchmark reform toward the required adjustment and updates for risk management policies, internal process, information system, valuation model of financial instrument, and related accounting and tax system. The Group has identified all required updates for information systems and internal process, and part of these updates was finished. Afterwards, the Group will complete the required updates on schedule, discuss with counterparties of financial instruments modification of affected contracts, and report the progress for the cessation of USD LIBOR to the board of the directors semi-annually as required by authority.

As at March 31, 2022, the Group's financial instruments affected by the interest rate benchmark reform, which include bonds and loans (the Group's main exposure is to the USD LIBOR), are summarized in the table below (excluding the positions that would naturally expire):

	Carrying Amount	
	USD LIBOR	**Other Interest Rates Benchmarks**
Financial assets		
Bonds	$ 288,924,048	$ -
Loans	1,597,419	-

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, 2022					
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Emerging Markets and Others**	**Total**
Cash and cash equivalents	$ 154,827,074	$ 156,688	$ 134,792	$ 114,634,341	$ 6,500,000	$ 276,252,895
Financial assets at FVTPL	44,773,211	12,272,645	109,130,406	87,332,913	22,278,208	275,787,383
Financial assets at FVTOCI	42,906,015	46,278,874	153,283,795	504,792,704	434,500,893	1,181,762,281
Financial assets for hedging	12,976	-	223,932	14,634	-	251,542
Financial assets measured at amortized cost	130,173,987	191,617,145	461,209,889	1,378,612,578	619,361,510	2,780,975,109
	$ 372,693,263	$ 250,325,352	$ 723,982,814	$ 2,085,387,170	$ 1,082,640,611	$ 4,515,029,210
Proportion	8.3%	5.5%	16.0%	46.2%	24.0%	100%

	December 31, 2021					
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Emerging Markets and Others**	**Total**
Cash and cash equivalents	$ 313,417,908	$ 5,659,118	$ 290,130	$ 107,274,631	$ 21,153,500	$ 447,795,287
Financial assets at FVTPL	42,559,418	14,886,965	119,731,982	90,480,654	22,906,893	290,565,912
Financial assets at FVTOCI	45,394,461	42,480,018	161,764,238	466,843,223	447,516,688	1,163,998,628
Financial assets for hedging	46,209	-	340,532	113,901	-	500,642
Financial assets measured at amortized cost	133,223,615	186,812,778	446,310,424	1,306,524,756	608,616,760	2,681,488,333
	$ 534,641,611	$ 249,838,879	$ 728,437,306	$ 1,971,237,165	$ 1,100,193,841	$ 4,584,348,802
Proportion	11.7%	5.4%	15.9%	43.0%	24.0%	100%

	March 31, 2021					
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Emerging Markets and Others**	**Total**
Cash and cash equivalents	$ 293,379,465	$ 10,022,052	$ 187,410	$ 77,643,113	$ 14,200,000	$ 395,432,040
Financial assets at FVTPL	47,457,493	21,508,451	72,988,716	49,599,107	28,545,830	220,099,597
Financial assets at FVTOCI	43,253,007	40,808,102	168,680,925	489,416,687	423,719,242	1,165,877,963
Financial assets for hedging	67,025	-	14,523	64,721	-	146,269
Financial assets measured at amortized cost	143,593,822	174,542,312	440,292,378	1,253,221,799	633,156,175	2,644,806,486
	$ 527,750,812	$ 246,880,917	$ 682,163,952	$ 1,869,945,427	$ 1,099,621,247	$ 4,426,362,355
Proportion	11.9%	5.6%	15.4%	42.3%	24.8%	100%

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

Location of Collateral	March 31, 2022 Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	$ 200,313,899	$ 43,917,554	$ 59,004,112	$ 1,440,132	$ 304,675,697
Non-accrual receivables	579,289	21,527	31,647	1,701,414	2,333,877
	$ 200,893,188	$ 43,939,081	$ 59,035,759	$ 3,141,546	$ 307,009,574
Proportion	65.4%	14.3%	19.2%	1.1%	100%

Location of Collateral	December 31, 2021 Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	$ 204,709,374	$ 44,281,927	$ 59,430,029	$ 2,042,084	$ 310,463,414
Non-accrual receivables	606,067	25,133	37,039	1,976,800	2,645,039
	$ 205,315,441	$ 44,307,060	$ 59,467,068	$ 4,018,884	$ 313,108,453
Proportion	65.6%	14.2%	19.0%	1.2%	100%

Location of Collateral	March 31, 2021 Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	$ 207,096,107	$ 41,759,242	$ 59,233,993	$ 2,454,952	$ 310,544,294
Non-accrual receivables	157,667	29,975	45,628	2,036,840	2,270,110
	$ 207,253,774	$ 41,789,217	$ 59,279,621	$ 4,491,792	$ 312,814,404
Proportion	66.2%	13.4%	19.0%	1.4%	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, 2022					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 1,162,473,171	$ -	$ -	$ -	$ -	$ 1,162,473,171
Financial assets measured at amortized cost	2,752,401,000	-	-	-	(748,778)	2,751,652,222
Non-investment grade						
Debt instruments at FVTOCI	17,364,410	60,711	1,863,989	-	-	19,289,110
Financial assets measured at amortized cost	11,879,276	1,388,629	17,542,390	-	(1,487,408)	29,322,887

	December 31, 2021					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 1,145,257,603	$ -	$ -	$ -	$ -	$ 1,145,257,603
Financial assets measured at amortized cost	2,667,830,573	-	-	-	(615,441)	2,667,215,132
Non-investment grade						
Debt instruments at FVTOCI	18,741,025	-	-	-	-	18,741,025
Financial assets measured at amortized cost	12,068,749	2,333,237	-	-	(128,785)	14,273,201

	March 31, 2021					
			Stage 3			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	$ 1,150,899,068	$ -	$ -	$ -	$ -	$ 1,150,899,068
Financial assets measured at amortized cost	2,630,930,114	-	-	-	(1,328,237)	2,629,601,877
Non-investment grade						
Debt instruments at FVTOCI	14,978,895	-	-	-	-	14,978,895
Financial assets measured at amortized cost	12,815,340	2,841,225	-	-	(451,956)	15,204,609

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 non-accrual receivables of the Company

	March 31, 2022						
			Stage 3				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non-accrual receivables	$ 298,884,321	$ 1,772,121	$ 6,353,132	$ -	$ (958,621)	$ (3,963,631)	$ 302,087,322

	December 31, 2021						
			Stage 3				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non-accrual receivables	$ 304,597,635	$ 1,762,552	$ 6,748,266	$ -	$ (725,543)	$ (4,423,948)	$ 307,958,962

	March 31, 2021						
			Stage 3				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non-accrual receivables	$ 304,352,608	$ 598,069	$ 7,863,727	$ -	$ (959,740)	$ (3,864,089)	$ 307,990,575

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2022	$ 345,894	$ -	$ -	$ -	$ 345,894
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(113)	113	-	-	-
Transferred to credit-impaired financial assets	(2,270)	-	2,270	-	-
New financial assets originated or purchased	66,353	-	95	-	66,448
Financial assets that have been derecognized during the period	(26,448)	-	-	-	(26,448)
Changes in models/risk parameters	51,894	3,336	775,437	-	830,667
Foreign exchange and other movements	13,930	455	-	-	14,385
March 31, 2022	$ 449,240	$ 3,904	$ 777,802	$ -	$1,230,946

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2021	$ 690,084	$ 3,063	$ -	$ -	$ 693,147
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	130	(130)	-	-	-
New financial assets originated or purchased	197,885	-	-	-	197,885
Financial assets that have been derecognized during the period	(64,346)	(2,853)	-	-	(67,199)
Changes in models/risk parameters	(189,068)	(69)	-	-	(189,137)
Foreign exchange and other movements	(313)	(11)	-	-	(324)
March 31, 2021	$ 634,372	$ -	$ -	$ -	$ 634,372

ii) Financial assets measured at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2022	$ 627,027	$ 117,199	$ -	$ -	$ 744,226
Changes due to financial instruments recognized as at January 1					
Transferred to credit-impaired financial assets	(4,064)	-	4,064	-	-
New financial assets originated or purchased	22,750	-	49	-	22,799
Financial assets that have been derecognized during the period	(23,372)	(71,281)	-	-	(94,653)
Changes in models/risk parameters	115,461	27,872	1,391,412	-	1,534,745
Foreign exchange and other movements	24,749	4,320	-	-	29,069
March 31, 2022	$ 762,551	$ 78,110	$ 1,395,525	$ -	$ 2,236,186

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 2021	$ 1,775,172	$ 798,243	$ -	$ -	$ 2,573,415
New financial assets originated or purchased	76,608	-	-	-	76,608
Financial assets that have been derecognized during the period	(66,849)	(163,406)	-	-	(230,255)
Changes in models/risk parameters	(423,023)	(213,211)	-	-	(636,234)
Foreign exchange and other movements	(1,394)	(1,947)	-	-	(3,341)
March 31, 2021	$ 1,360,514	$ 419,679	$ -	$ -	$ 1,780,193

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

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2022	$ 27,181	$ 3,679	$ 694,683	$ -	$ 725,543	$ 4,423,948	$ 5,149,491
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(2)	2	-	-	-	-	-
Transferred to credit-impaired financial assets	(8)	(3)	11	-	-	-	-
Transferred to 12-month expected credit losses	71,329	(22)	(71,307)	-	-	-	-
New financial assets originated or purchased	851	-	1,820	-	2,671	-	2,671
Financial assets that have been derecognized during the period	(1,301)	-	(5,692)	-	(6,993)	-	(6,993)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(460,317)	(460,317)
Changes in models/risk parameters	(52,090)	2,810	286,680	-	237,400	-	237,400
March 31, 2022	$ 45,960	$ 6,466	$ 906,195	$ -	$ 958,621	$ 3,963,631	$ 4,922,252

	12-month Expected Credit Losses	Lifetime Expected Credit Losses: Collectively Assessed	Lifetime Expected Credit Losses: Not Purchased or Originated Credit-impaired Financial Assets	Lifetime Expected Credit Losses: Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
January 1, 2021	$ 33,284	$ 32	$ 606,973	$ -	$ 640,289	$ 4,093,427	$ 4,733,716
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(2,365)	2,365	-	-	-	-	-
Transferred to credit-imp financial assets	(18)	(23)	41	-	-	-	-
Transferred to 12-month expected credit losses	249	(5)	(244)	-	-	-	-
New financial assets origina purchased	1,187	-	581	-	1,768	-	1,768
Financial assets that have been derecognized during the period	(780)	-	(14,054)	-	(14,834)	-	(14,834)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(229,338)	(229,338)
Changes in models/risk parameters	6,966	11,558	313,993	-	332,517	-	332,517
March 31, 2021	$ 38,523	$ 13,927	$ 907,290	$ -	$ 959,740	$ 3,864,089	$ 4,823,829

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	Aging of Receivables Recognized: 1-3 Months	Aging of Receivables Recognized: 3-6 Months	Aging of Receivables Recognized: Over 6 Months	Total
March 31, 2022					
Gross carrying amount (Note)	$ 27,939,380	$ 50,619	$ 616	$ -	$ 27,990,615
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,012	62	-	1,074

Note: Notes receivable of $7,831 thousand and other receivables of $27,982,784 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	**1-3 Months**	**3-6 Months**	**Over 6 Months**	**Total**
December 31, 2021					
Gross carrying amount (Note)	$ 17,514,345	$ 51,473	$ 13	$ -	$ 17,565,831
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,030	1	-	1,031

Note: Notes receivable of $36,297 thousand and other receivables of $17,529,534 thousand were included.

	Aging of Receivables Recognized				
	Not Yet Due/within 1 Month	**1-3 Months**	**3-6 Months**	**Over 6 Months**	**Total**
March 31, 2021					
Gross carrying amount (Note)	$ 34,207,421	$ 57,731	$ 561	$ -	$ 34,265,713
Loss rate	0%	2%	10%	50%	-
Lifetime expected credit losses	-	1,155	56	-	1,211

Note: Notes receivable of $20,805 thousand and other receivables of $34,244,908 thousand were included.

The loss allowance was reconciled as follows:

	For the Three Months Ended March 31	
	2022	**2021**
Beginning balance	$ 1,031	$ 1,611
Provision (reversal) for the period	43	(400)
Ending balance	$ 1,074	$ 1,211

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, 2022				
	Less than 6 Months	**Due in 6-12 Months**	**Due in 1-2 Years**	**Due in 2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities					
Payables	$ 25,531,286	$ 790,343	$ 854,477	$ 208,677	$ -
Bonds payable (Note 2)	200,235	883,726	2,715,000	8,145,000	82,055,000
Lease liabilities (Note 3)	229,951	524,736	606,606	1,613,713	20,512,144
Derivative financial liabilities					
SWAP	33,239,524	3,124,002	-	-	-
Forward	16,193,199	9,965,100	2,189,150	-	-
Option	17,366	-	-	-	-
CCS	-	49,934	790,135	-	-

	December 31, 2021				
	Less than 6 Months	**Due in 6-12 Months**	**Due in 1-2 Years**	**Due in 2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities					
Payables	$ 21,364,786	$ 258,462	$ 942,036	$ 264,665	$ 5,410
Bonds payable (Note 2)	559,620	1,194,411	2,715,000	8,145,000	82,055,000
Lease liabilities (Note 3)	443,192	450,366	758,511	1,498,026	20,468,276
Derivative financial liabilities					
SWAP	1,493,936	75,585	-	-	-
Forward	2,110,718	1,032,946	-	-	-
Option	30,517	-	-	-	-

	March 31, 2021				
	Less than 6 Months	**Due in 6-12 Months**	**Due in 1-2 Years**	**Due in 2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities					
Payables (Note 1)	$ 37,126,717	$ 736,593	$ 427,345	$ 908,624	$ -
Bonds payable (Note 2)	200,235	883,726	2,715,000	8,145,000	84,770,000
Lease liabilities (Note 3)	220,353	530,597	816,527	1,578,068	20,783,908
Derivative financial liabilities					
SWAP	6,993,285	8,598,524	-	-	-
Forward	18,084,514	1,314,900	-	-	-
CCS	-	-	63,272	31,703	-

Note 1: The tax payable under the integrated income tax system was excluded.

Note 2: For the bonds payable without maturity dates, the contractual cash flows were calculated on the basis of 10 years starting from the issuance date.

Note 3: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 43 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, 2022				
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	$ 27,610	$ -	Financial assets for hedging	$ (50,878)
IRS	840,771	-	3,453	Financial liabilities for hedging	13,224

	December 31, 2021				
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	$ 90,307	$ -	Financial assets for hedging	$ (8,497)
IRS	865,313	-	20,956	Financial liabilities for hedging	28,176

	March 31, 2021				
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	$ 131,747	$ -	Financial assets for hedging	$ (3,337)
IRS	1,043,165	-	43,129	Financial liabilities for hedging	4,350

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
March 31, 2022					
IRS					
Nominal principal	$ -	$ -	$ 214,665	$ 4,626,106	$ -
Average fixed rate	-	-	2.5%	1.7%-2.5%	-

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
December 31, 2021					
IRS					
Nominal principal	$ -	$ -	$ 207,675	$ 4,657,638	$ -
Average fixed rate	-	-	2.5%	1.7%-2.5%	-

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
March 31, 2021					
IRS					
Nominal principal	$ -	$ -	$ 205,067	$ 4,838,098	$ -
Average fixed rate	-	-	2.5%	1.7%-2.5%	-

3) Hedged items

	For the Three Months Ended March 31, 2022							
	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	$ 50,878	$ 27,610	N/A	$ (50,878)	$ -	$ -	$ (11,820)	Finance costs
Payables	(13,224)	(3,453)	N/A	13,224	-	-	-	Finance costs
Discontinued hedge - bond investments	N/A	N/A	(241)	N/A	N/A	N/A	2	Finance costs

	For the Three Months Ended March 31, 2021							
	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	$ 3,337	$ 131,747	N/A	$ (3,337)	$ -	$ -	$ (11,875)	Finance costs
Payables	(4,350)	(43,129)	N/A	4,350	-	-	-	Finance costs
Discontinued hedge - bond investments	N/A	N/A	(250)	N/A	N/A	N/A	2	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	
	2022	2021
Beginning balance	$ 51,118	$ 74,960
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive income	(37,661)	1,013
Amount reclassified from cash flow hedge reserve to profit or loss	(11,818)	(11,873)
Tax effect	12,351	3,090
Ending balance	$ 13,990	$ 67,190

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, 2022				
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		
CCS	$ 4,844,989	$ 223,932	$ -	Financial assets for hedging	$ 71,244
Forward	37,881,650	-	764,202	Financial liabilities for hedging	(959,800)

	December 31, 2021				
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		
CCS	$ 4,687,225	$ 202,531	$ -	Financial assets for hedging	$ 418,611
Forward	21,550,450	207,804	-	Financial assets for hedging	188,400

	March 31, 2021				
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		
CCS	$ 4,829,585	$ 14,522	$ -	Financial assets for hedging	$ 241,024

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
March 31, 2022					
CCS					
Nominal principal	$ -	$ -	$ -	$ 4,844,989	$ -
Interest rate	-	-	-	2.39%	-
Exchange rate (EUR/USD)	-	-	-	1.1285	-
Forward					
Nominal principal	-	-	-	37,881,650	-
Exchange rate (USD/TWD)	-	-	-	27.0214	-

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
December 31, 2021					
CCS					
Nominal principal	$ -	$ -	$ -	$ -	$ 4,687,225
Interest rate	-	-	-	-	2.39%
Exchange rate (EUR/USD)	-	-	-	-	1.1285
Forward					
Nominal principal	-	-	-	21,550,450	-
Exchange rate (USD/TWD)	-	-	-	26.9228	-

	Period Till Maturity				
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years
March 31, 2021					
CCS					
Nominal principal	$ -	$ -	$ -	$ -	$ 4,687,225
Interest rate	-	-	-	-	2.39%
Exchange rate (EUR/USD)	-	-	-	-	1.1285

3) Hedged items

	For the Three Months Ended March 31, 2022							
	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	$ 4,844,989	$ -	$ (71,244)	$ -	Financial assets measured at amortized cost	$ (71,244)	$ -	$ -
Oversea bonds	37,881,650	-	959,800	-	Financial assets measured at amortized cost	959,800	-	-

	For the Three Months Ended March 31, 2021							
	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	$ 4,829,585	$ -	$ (241,024)	$ -	Financial assets measured at amortized cost	$ (241,024)	$ -	$ -

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

	For the Three Months Ended March 31	
	2022	2021
Foreign currency basis-related period		
Beginning balance	$ 284,733	$ 272,911
Gross amount recognized in other comprehensive income		
Changes in the values of the hedging instruments recognized in other comprehensive income	(62,048)	(135,530)
Amount reclassified to profit or loss	121,623	-
Tax effects	(11,915)	27,106
Ending balance	$ 332,393	$ 164,487

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, 2022

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): Financial Instruments	Relevant Amount That Has Not Been Offset on Balance Sheet (d): Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 3,646,419	$ -	$ 3,646,419	$ 3,586,811	$ -	$ 59,608

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	$ 55,677,454	$ -	$ 55,677,454	$ 3,586,811	$ 31,792,848	$ 20,297,795

December 31, 2021

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	$ 15,041,952	$ -	$ 15,041,952	$ 2,978,568	$ 7,373,362	$ 4,690,022

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	$ 3,019,680	$ -	$ 3,019,680	$ 2,978,568	$ 42,919	$ (1,807)

March 31, 2021

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	$ 12,083,137	$ -	$ 12,083,137	$ 11,247,439	$ 337,807	$ 497,891

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	$ 29,197,716	$ -	$ 29,197,716	$ 11,247,439	$ 13,177,696	$ 4,772,581

40. 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 be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.

iv. 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 management mechanisms regularly.

iii. The committee should assist and monitor the risk management activities.

iv. The committee should arrange the risk category, risk limit allocation and risk taking according to the changes in environment.

v. 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 summit 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 equity ratio as a management indicator 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 equity 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 and personal data management

The risk of information security and personal data management refers to the damage resulted from confidentiality, accuracy and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking personal data. The Company has a security and personal data management policy to reduce the impact of information security incidents and personal data damages.

j) 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.

k) ESG and climate risks

ESG risks refer to the financial losses directly or indirectly incurred by the Company due to the investees who fail to pay attention to ESG issues, and ESG risks include environmental, 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 extreme weather events). The Company has established related management measures 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. When an exceptional risk event occurs, the related departments should propose corresponding solutions to the risk management committee of the Company and that of Cathay Financial Holdings.

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 a special panel for large policies to enhance risk management over large 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 strategies.

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 committee 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 that 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 equity 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 equity 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 equity ratio.

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

b) Exception management process

When RBC ratio or equity 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 department of Cathay Financial Holdings, and submits the capital adequacy 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, 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; 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, 2022					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 812,247	Decrease (increase)	$ 649,798
Expense	×1.05 (×0.95)	Decrease (increase)	744,116	Decrease (increase)	595,293
Surrender rate	×1.05 (×0.95)	Increase (decrease)	49,324	Increase (decrease)	39,459
Rate of return	+0.1%	Increase	1,746,911	Increase	1,397,529
Rate of return	-0.1%	Decrease	1,747,346	Decrease	1,397,876

For the Three Months Ended March 31, 2021					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 775,118	Decrease (increase)	$ 620,094
Expense	×1.05 (×0.95)	Decrease (increase)	770,279	Decrease (increase)	616,224
Surrender rate	×1.05 (×0.95)	Increase (decrease)	75,587	Increase (decrease)	60,469
Rate of return	+0.1%	Increase	1,666,192	Increase	1,332,954
Rate of return	-0.1%	Decrease	1,666,605	Decrease	1,333,284

b) Cathay Lujiazui Life

For the Three Months Ended March 31, 2022					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	$ 42,029	Decrease (increase)	$ 31,522
Expense	×1.05 (×0.95)	Decrease (increase)	27,025	Decrease (increase)	20,269
Surrender rate	×1.10 (×0.90)	Increase (decrease)	18,328	Increase (decrease)	13,746
Rate of return	+0.25%	Increase	187,204	Increase	140,403
Rate of return	-0.25%	Decrease	187,670	Decrease	140,753

For the Three Months Ended March 31, 2021					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	$ 40,870	Decrease (increase)	$ 30,653
Expense	×1.05 (×0.95)	Decrease (increase)	24,928	Decrease (increase)	18,696
Surrender rate	×1.10 (×0.90)	Increase (decrease)	19,770	Increase (decrease)	14,827
Rate of return	+0.25%	Increase	150,357	Increase	112,768
Rate of return	-0.25%	Decrease	150,731	Decrease	113,048

c) Cathay Life (Vietnam)

For the Three Months Ended March 31, 2022					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 1,676	Decrease (increase)	$ 1,341
Expense	×1.05 (×0.95)	Decrease (increase)	17,364	Decrease (increase)	13,891
Surrender rate	×1.05 (×0.95)	Increase (decrease)	3,917	Increase (decrease)	3,134
Rate of return	+0.1%	Increase	8,072	Increase	6,458
Rate of return	-0.1%	Decrease	8,074	Decrease	6,460

For the Three Months Ended March 31, 2021					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 777	Decrease (increase)	$ 622
Expense	×1.05 (×0.95)	Decrease (increase)	17,309	Decrease (increase)	13,847
Surrender rate	×1.05 (×0.95)	Increase (decrease)	2,907	Increase (decrease)	2,326
Rate of return	+0.1%	Increase	5,853	Increase	4,683
Rate of return	-0.1%	Decrease	5,855	Decrease	4,684

i. Changes in income before tax listed above referred to the effects of income before tax for the three months ended March 31, 2022 and 2021. 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 × (Net investment - Finance costs)/(The beginning balance of available funds + The ending balance of available funds-net incomes (losses) on investment + 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		
2015Q2-2016Q1	$ 15,615,418	$ 19,060,569	$ 19,414,149	$ 19,490,509	$ 19,535,269	$ 19,565,981	$ 19,588,558	$ -	$ -
2016Q2-2017Q1	16,022,652	19,698,946	20,049,004	20,144,517	20,181,975	20,209,649	20,233,288	23,639	23,687
2017Q2-2018Q1	18,053,937	22,165,777	22,599,673	22,725,720	22,788,855	22,821,526	22,847,210	58,355	58,472
2018Q2-2019Q1	19,772,694	24,473,328	24,935,985	25,060,296	25,122,380	25,158,290	25,185,695	125,399	125,650
2019Q2-2020Q1	21,630,150	26,416,592	26,911,792	27,049,326	27,116,546	27,155,325	27,184,230	272,438	272,983
2020Q2-2021Q1	21,519,459	26,402,424	26,888,635	27,017,775	27,081,372	27,120,261	27,150,330	747,906	749,401
2021Q2-2022Q1	19,881,672	24,315,322	24,752,277	24,865,924	24,922,735	24,958,294	24,987,628	5,105,956	5,116,168

Expected future payments	$ 6,346,361
Add: Assumed reserve for claims not yet filed	19,940
Reserve for claims not yet filed	6,366,301
Add: Claims filed but not yet paid	5,141,418
Loss reserve balance	$ 11,507,719

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		
2015Q2-2016Q1	$ 15,734,806	$ 19,228,641	$ 19,586,570	$ 19,663,817	$ 19,708,692	$ 19,739,521	$ 19,762,218	$ -	$ -
2016Q2-2017Q1	16,103,354	19,813,468	20,168,320	20,264,138	20,301,761	20,329,575	20,353,320	23,745	23,792
2017Q2-2018Q1	18,179,256	22,338,184	22,773,159	22,899,499	22,962,809	22,995,720	23,021,611	58,802	58,920
2018Q2-2019Q1	19,868,021	24,577,826	25,041,707	25,166,385	25,228,915	25,265,320	25,293,152	126,767	127,021
2019Q2-2020Q1	21,660,481	26,456,342	26,953,337	27,091,235	27,158,708	27,197,766	27,226,912	273,575	274,123
2020Q2-2021Q1	21,550,230	26,449,238	26,937,150	27,066,733	27,130,643	27,169,882	27,200,250	751,012	752,514
2021Q2-2022Q1	19,915,345	24,359,840	24,798,387	24,912,444	24,969,545	25,005,426	25,035,037	5,119,692	5,129,931

Expected future payments	$ 6,366,301
Add: Claims filed but not yet paid	5,101,993
Retained loss reserve balance	$ 11,468,294

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

In accordance with Jin Guan Bao Shou No. 10402133590 issued on December 22, 2015 by the FSC, reserve for claims not yet filed is provided as claims filed and adjusted for related expenses; reserve for claims filed but not yet paid is provided on a case-by-case basis. The loss reserve is the sum of the above reserve, and due to uncertainty, estimation, and judgment, there is a high degree of complexity in the provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to the Company may be delayed in certain cases, and estimates of the payments for cases not yet filed are involved with 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.

b) Cathay Lujiazui Life

i. Direct business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2015Q2-2016Q1	$ 263,441	$ 497,873	$ 533,341	$ 533,341	$ 533,341	$ 533,341	$ 533,341	$ -
2016Q2-2017Q1	297,858	538,411	569,352	575,809	575,809	575,809	575,809	-
2017Q2-2018Q1	357,268	388,065	469,081	469,081	469,081	469,081	469,081	-
2018Q2-2019Q1	418,861	780,723	867,470	867,470	867,470	867,470	867,470	-
2019Q2-2020Q1	403,483	571,600	840,589	842,814	842,814	842,814	842,814	2,225
2020Q2-2021Q1	535,563	767,640	906,745	909,145	909,145	909,145	909,145	141,505
2021Q2-2022Q1	467,645	728,091	860,028	862,305	862,305	862,305	862,305	394,660

Expected future payments	$ 538,390
Less: Assumed reserve for claims not yet filed	(2,198)
Reserve for claims not yet filed	536,192
Add: Claims filed but not yet paid	35,864
Loss reserve balance	$ 572,056

ii. Retained business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2015Q2-2016Q1	$ 251,320	$ 483,191	$ 518,595	$ 518,595	$ 518,595	$ 518,595	$ 518,595	$ -
2016Q2-2017Q1	287,553	461,725	490,360	496,025	496,025	496,025	496,025	-
2017Q2-2018Q1	344,907	371,096	449,497	449,497	449,497	449,497	449,497	-
2018Q2-2019Q1	411,949	760,210	854,169	854,169	854,169	854,169	854,169	-
2019Q2-2020Q1	403,483	571,600	828,406	830,435	830,435	830,435	830,435	2,029
2020Q2-2021Q1	535,563	758,714	900,039	902,243	902,243	902,243	902,243	143,529
2021Q2-2022Q1	467,645	712,846	845,626	847,698	847,698	847,698	847,698	380,053

Expected future payments	$ 525,611
Less: Expected claims filed but not yet paid	(2,198)
Add: Claims filed but not yet paid	35,449
Retained loss reserve balance	$ 558,862

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
2017Q2-2018Q1	19,136	27,721	27,783	27,831	27,831
2018Q2-2019Q1	87,944	99,822	110,884	110,884	110,884
2019Q2-2020Q1	113,622	165,967	165,967	166,024	166,024
2020Q2-2021Q1	307,414	353,676	366,666	366,793	366,793
2021Q2-2022Q1	340,257	417,357	432,686	432,835	432,835

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2017Q2-2018Q1	19,136	27,721	27,783	27,831	27,831
2018Q2-2019Q1	87,944	99,822	110,884	110,884	110,884
2019Q2-2020Q1	113,622	165,967	165,967	166,024	166,024
2020Q2-2021Q1	307,414	353,676	366,666	366,793	366,793
2021Q2-2022Q1	340,257	417,357	432,686	432,835	432,835

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, 2022	$ 475	$ 4,382	$ 181,570
December 31, 2021	622	4,829	175,742
March 31, 2021	(564)	4,747	178,205

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.

41. 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.

42. 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 as the management indicator for capital adequacy. The Company calculates RBC 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 and dividend policy.

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 the insurance companies' capital as admitted by the authorities, which includes:

a) Admitted owner's equity.

b) Other adjustments prescribed by the authorities.

Calculation of owned capital should comply with requirements regulated by the authorities.

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 is 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 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, which complies with the regulations.

43. OTHERS

a. Impact of the COVID-19

The Group has evaluated the economic impact caused by the COVID-19, and as of the date of approval of this consolidated financial report, there was no significant impact on the Group. The Group will continue to observe the relevant epidemic situation and evaluate its impact.

b. 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, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 145,721,315	28.622000	$ 4,170,835,465
CNY	20,667,121	4.506905	93,144,748
AUD	5,603,122	21.420705	120,022,815
Non-monetary items			
USD	13,111,754	28.622000	375,284,612
HKD	6,592,793	3.655708	24,101,325
Investments accounted for the using the equity method			
CNY	446,484	4.512200	2,014,624
PHP	28,887,214	0.552900	15,971,741
Financial liabilities			
Monetary items			
USD	2,080,885	28.622000	59,559,102

	December 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 139,447,050	27.690000	$ 3,861,288,805
CNY	22,042,321	4.346666	95,810,606
AUD	5,492,243	20.093249	110,356,998
Non-monetary items			
USD	12,948,901	27.690000	358,555,060
HKD	7,291,008	3.550660	25,887,893
Investments accounted for the using equity method			
CNY	450,393	4.340660	1,954,975
PHP	29,445,445	0.542500	15,974,154
Financial liabilities			
Monetary items			
USD	854,568	27.690000	23,662,999

	March 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 129,641,281	28.531000	$ 3,698,795,397
CNY	31,391,833	4.343477	136,349,718
AUD	4,949,990	21.710664	107,467,569
Non-monetary items			
USD	11,310,197	28.531000	322,691,219
HKD	8,027,896	3.670290	29,464,706
Investments accounted for the using equity method			
CNY	434,139	4.351500	1,889,155
PHP	28,012,293	0.587800	16,465,626
Financial liabilities			
Monetary items			
USD	1,316,349	28.531000	37,556,762

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

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

	March 31, 2022		
Items	**Recovery/ Settlement within 12 Months**	**Recovery/ Settlement over 12 Months**	**Total**
Cash and cash equivalents	$ 294,302,761	$ -	$ 294,302,761
Receivables	83,660,867	221,125	83,881,992
Current tax assets	45,874	-	45,874
Investments			
Financial assets at FVTPL	42,243,627	1,588,194,571	1,630,438,198
Financial assets at FVTOCI	9,130,932	1,341,350,335	1,350,481,267
Financial assets measured at amortized cost	16,295,894	2,772,067,760	2,788,363,654
Financial assets for hedging	-	251,542	251,542
Investments accounted for using the equity method	-	29,301,438	29,301,438
Investment property	-	511,443,474	511,443,474
Investment property under construction		3,700,349	3,700,349
Prepayments for buildings and land - investments	-	232,561	232,561
Loans	6,974,954	465,350,472	472,325,426
Total investments	74,645,407	6,711,892,502	6,786,537,909

(Continued)

Items	March 31, 2022 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Reinsurance assets	$ 577,457	$ 1,494,181	$ 2,071,638
Property and equipment	-	30,399,079	30,399,079
Right-of-use assets	-	1,675,414	1,675,414
Intangible assets	-	41,439,113	41,439,113
Deferred tax assets	-	65,944,845	65,944,845
Other assets	8,586,044	57,224,989	65,811,033
Separate account insurance product assets	10,063,451	704,626,305	714,689,756
Total assets	$ 471,881,861	$ 7,614,917,553	$ 8,086,799,414
Payables	$ 26,182,299	$ 1,202,474	$ 27,384,773
Current tax liabilities	252,417	-	252,417
Financial liabilities at FVTPL	54,140,483	790,135	54,930,618
Financial liabilities for hedging	-	767,655	767,655
Bonds payable	-	80,000,000	80,000,000
Insurance liabilities			
Unearned premium reserve	-	18,718,606	18,718,606
Loss reserve	-	12,128,807	12,128,807
Policy reserve	-	6,457,615,328	6,457,615,328
Special reserve	-	11,085,364	11,085,364
Premium deficiency reserve	-	9,590,845	9,590,845
Other reserve	-	1,863,925	1,863,925
Total insurance liabilities	-	6,511,002,875	6,511,002,875
Reserve for insurance contracts with the nature of financial products	-	16,673,261	16,673,261
Reserve for foreign exchange valuation	-	23,044,650	23,044,650
Provisions	-	56,245	56,245
Lease liabilities	733,131	11,122,060	11,855,191
Deferred tax liabilities	-	35,979,364	35,979,364
Other liabilities	3,920,047	12,183,859	16,103,906
Separate account insurance product liabilities	207,628	714,482,128	714,689,756
Total liabilities	$ 85,436,005	$ 7,407,304,706	$ 7,492,740,711

(Concluded)

Items	December 31, 2021 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	$ 465,755,469	$ -	$ 465,755,469
Receivables	73,881,704	12,414	73,894,118
Current tax assets	56,763	-	56,763
Investments			
Financial assets at FVTPL	44,234,081	1,577,605,859	1,621,839,940
Financial assets at FVTOCI	11,023,279	1,297,684,185	1,308,707,464

(Continued)

Items	December 31, 2021 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Financial assets measured at amortized cost	$ 20,870,469	$ 2,668,132,036	$ 2,689,002,505
Financial assets for hedging	-	500,642	500,642
Investments accounted for using the equity method	-	29,084,146	29,084,146
Investment property	-	510,358,271	510,358,271
Investment property under construction	-	3,412,376	3,412,376
Prepayments for buildings and land - investments	-	242,642	242,642
Loans	7,845,639	472,006,688	479,852,327
Total investments	83,973,468	6,559,026,845	6,643,000,313
Reinsurance assets	801,064	1,577,932	2,378,996
Property and equipment	-	29,928,347	29,928,347
Right-of-use assets	-	1,740,046	1,740,046
Intangible assets	-	41,492,461	41,492,461
Deferred tax assets	-	58,628,168	58,628,168
Other assets	8,462,310	23,613,594	32,075,904
Separate account insurance product assets	7,911,329	716,298,905	724,210,234
Total assets	$ 640,842,107	$ 7,432,318,712	$ 8,073,160,819
Payables	$ 21,672,040	$ 1,163,319	$ 22,835,359
Current tax liabilities	371,581	-	371,581
Financial liabilities at FVTPL	3,050,197	-	3,050,197
Financial liabilities for hedging	-	20,956	20,956
Bonds payable	-	80,000,000	80,000,000
Insurance liabilities			
Unearned premium reserve	-	19,496,231	19,496,231
Loss reserve	-	11,763,381	11,763,381
Policy reserve	-	6,334,959,547	6,334,959,547
Special reserve	-	11,085,059	11,085,059
Premium deficiency reserve	-	9,808,215	9,808,215
Other reserve	-	1,865,925	1,865,925
Total insurance liabilities	-	6,388,978,358	6,388,978,358
Reserve for insurance contracts with the nature of financial products	-	15,188,788	15,188,788
Reserve for foreign exchange valuation	-	9,053,726	9,053,726
Provisions	-	56,245	56,245
Lease liabilities	853,428	11,227,734	12,081,162
Deferred tax liabilities	-	54,318,203	54,318,203
Other liabilities	3,574,153	17,289,046	20,863,199
Separate account insurance product liabilities	299,260	723,910,974	724,210,234
Total liabilities	$ 29,820,659	$ 7,301,207,349	$ 7,331,028,008

(Concluded)

Items	March 31, 2021 Recovery/ Settlement within 12 Months	Recovery/ Settlement over 12 Months	Total
Cash and cash equivalents	$ 415,502,232	$ -	$ 415,502,232
Receivables	85,590,364	2,360	85,592,724
Investments			
Financial assets at FVTPL	46,414,724	1,433,253,641	1,479,668,365
Financial assets at FVTOCI	8,733,621	1,273,762,557	1,282,496,178
Financial assets measured at amortized cost	36,740,835	2,613,238,725	2,649,979,560
Financial assets for hedging	-	146,269	146,269
Investments accounted for using the equity method	-	29,764,320	29,764,320
Investment property	-	501,330,170	501,330,170
Investment property under construction	-	2,016,387	2,016,387
Prepayments for buildings and land - investments	-	267,637	267,637
Loans	6,174,457	469,555,366	475,729,823
Total investments	98,063,637	6,323,335,072	6,421,398,709
Reinsurance assets	700,750	1,505,467	2,206,217
Property and equipment	-	29,567,508	29,567,508
Right-of-use assets	-	1,702,849	1,702,849
Intangible assets	-	43,642,481	43,642,481
Deferred tax assets	-	56,200,824	56,200,824
Other assets	6,727,819	36,377,193	43,105,012
Separate account insurance product assets	9,768,698	661,346,255	671,114,953
Total assets	$ 616,353,500	$ 7,153,680,009	$ 7,770,033,509
Payables	$ 51,716,575	$ 1,416,807	$ 53,133,382
Current tax liabilities	553,226	-	553,226
Financial liabilities at FVTPL	29,102,741	94,975	29,197,716
Financial liabilities for hedging	-	43,129	43,129
Bonds payable	-	80,000,000	80,000,000
Insurance liabilities			
Unearned premium reserve	-	18,130,770	18,130,770
Loss reserve	-	11,904,861	11,904,861
Policy reserve	-	6,103,637,991	6,103,637,991
Special reserve	-	11,084,931	11,084,931
Premium deficiency reserve	-	12,839,135	12,839,135
Other reserve	-	1,873,925	1,873,925
Total insurance liabilities	-	6,159,471,613	6,159,471,613
Reserve for insurance contracts with the nature of financial products	-	14,245,677	14,245,677
Reserve for foreign exchange valuation	-	13,522,294	13,522,294
Provisions	-	56,245	56,245
Lease liabilities	731,584	11,185,458	11,917,042
Deferred tax liabilities	-	46,884,211	46,884,211
Other liabilities	4,247,941	11,918,655	16,166,596
Separate account insurance product liabilities	393,118	670,721,835	671,114,953
Total liabilities	$ 86,745,185	$ 7,009,560,899	$ 7,096,306,084

d. Information on discretionary investments

1) As of March 31, 2022, December 31, 2021 and March 31, 2021, 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, 2022	December 31, 2021	March 31, 2021
Domestic stocks	$ 164,606,536	$ 194,785,199	$ 185,743,153
Overseas stocks	58,863,778	63,875,230	81,118,382
Notes and bonds purchased under resale agreements	13,153,000	22,665,650	17,242,000
Cash in banks	51,597,862	61,954,809	34,985,287
Beneficiary certificates	883,311	240,069	1,388,036
Futures and options	216,826	216,823	216,805
	$ 289,321,313	$ 343,737,780	$ 320,693,663

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, 2022, December 31, 2021 and March 31, 2021, the discretionary investment limits are as follows (in thousands):

	March 31, 2022	December 31, 2021	March 31, 2021
Monetary items			
NTD	$ 54,779,839	$ 99,779,839	$ 100,979,839
USD	743,300	1,002,600	1,229,100
HKD	-	2,084	19,484

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, 2022, December 31, 2021 and March 31, 2021, the Group provided loans amounting to GBP331,300 thousand, GBP331,300 thousand and GBP345,000 thousand, respectively, 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, 2022, December 31, 2021 and March 31, 2021, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	March 31, 2022	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 193,845,593	$ 35,220,922
Financial assets at FVTOCI	-	46,846,541
Financial assets measured at amortized cost	-	115,641,334
	$ 193,845,593	$ 197,708,797

	December 31, 2021	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 185,461,478	$ 34,862,085
Financial assets at FVTOCI	-	41,608,066
Financial assets measured at amortized cost	-	107,111,263
	$ 185,461,478	$ 183,581,414

	March 31, 2021	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 129,739,994	$ 37,290,980
Financial assets at FVTOCI	-	60,915,149
Financial assets measured at amortized cost	-	117,789,091
	$ 129,739,994	$ 215,995,220

44. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

No.	Description	Explanation
1	Acquisition of individual real estate at price over $100 million or 20% of the paid-in capital.	Table 3
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 34
4	Receivables from related parties amounting over $100 million or 20% of the paid-in capital.	Table 6
5	Trading in derivative instruments.	Notes 8, 10 and 39

b. Information of investees

No.	Description	Explanation
1	Information on investee, including name, location and etc.	Table 1
2	Financing provided to others.	N/A
3	Endorsements/guarantees provided.	N/A
4	Marketable securities held.	Table 2
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.	Table 3
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 34
9	Receivables from related parties amounting over $100 million or 20% of the paid-in capital.	Table 6
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 4
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 5 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.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	Number of Shares	Shareholding Percentage	Carrying Amount			
Cathay Life Insurance Co., Ltd.	Conning Holdings Limited	UK	Holding company	$ 15,723,539	$ 15,723,539	2,029	100.00	$ 14,753,371	$ 272,024	$ 209,166	Subsidiary (Note 2)
	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	20,370,930	20,370,930	-	100.00	23,884,704	393,805	393,805	Subsidiary (Note 2)
	Cathay Woolgate Exchange Holding 1 Limited	Jersey Island	Real estate investment and operation management	16,654,013	16,654,013	326,700	100.00	13,115,587	(129,497)	(129,497)	Subsidiary (Note 1)
	Cathay Woolgate Exchange Holding 2 Limited	Jersey Island	Real estate investment and operation management	168,222	168,222	3,300	100.00	129,906	(1,555)	(1,555)	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	8,726,671	76,013	76,013	Subsidiary (Note 1)
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	536,268	536,268	11,250	100.00	453,999	3,691	3,691	Subsidiary (Note 1)
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate leasing	990,000	990,000	99,000	99.00	896,683	(11,277)	(11,165)	Subsidiary (Note 1)
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	22.19	15,971,741	892,615	198,028	Associate (Note 2)
	PT Bank Mayapada Internasional Tbk	Indonesia	Banking	-	12,504,578	-	-	-	-	-	(Note 3)
	Cathay Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment consulting services	300,000	300,000	30,000	100.00	770,751	70,283	70,283	Subsidiary (Note 1)
	Symphox Information Co., Ltd	Taiwan	Wholesale of information software	404,432	404,432	24,511	49.12	370,732	(32,690)	(16,057)	Associate (Note 2)
	WK Technology Fund VI Co., Ltd.	Taiwan	Venture investment	54,186	54,186	5,419	21.43	4,273	-	-	Associate (Note 2)
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	425,009	425,009	42,501	25.00	897,868	27,096	6,774	Associate (Note 2)
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	712,500	712,500	71,250	21.43	1,283,699	(5,295)	(1,135)	Associate (Note 2)
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	675,000	675,000	67,500	45.00	667,800	(2,302)	(1,036)	Associate (Note 2)
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	675,000	675,000	67,500	45.00	662,164	(2,696)	(1,213)	Associate (Note 2)
	CM Energy Co., Ltd.	Taiwan	Energy technical services	450,000	450,000	45,000	45.00	458,550	4,176	1,879	Associate (Note 2)
	Neo Cathay Power Corp.	Taiwan	Energy technical services	675,000	675,000	67,500	45.00	687,631	4,793	2,157	Associate (Note 2)
	Cathay Power Inc. (former Cathay Sunrise Corporation)	Taiwan	Energy technical services	675,000	675,000	67,500	45.00	688,191	(1,201)	(540)	Associate (Note 2)
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	44,538	27.36	864,321	33,381	9,134	Associate (Note 2)
	PSS Co., Ltd.	Taiwan	Parking space management	832,750	832,750	14,186	35.61	974,150	108,433	38,614	Associate (Note 2)
	Greenhealth Water Resources Co., Ltd.	Taiwan	Sewage treatment	470,916	470,916	45,600	30.00	473,818	15,153	4,545	Associate (Note 2)
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	1,815,681	161,237	40,309	Associate (Note 1)
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	62,013	18,468	9,050	Associate (Note 2)
	TaiYang Solar Power Co., Ltd.	Taiwan	Energy technical services	427,500	427,500	42,750	45.00	417,431	620	279	Associate (Note 2)
	ThrivEnergy Co., Ltd.	Taiwan	Energy technical services	216,000	-	21,600	31.58	216,000	-	-	Associate (Note 2)

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 Company lost significant influence on the investee as the shareholding percentage decreased to less than 20% in March 2022, and reclassified the investment to financial assets at FVTPL.

Note 4: Cathay Sunrise Corporation was renamed as Cathay Power Inc. on April 30, 2021.

TABLE 2

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2022
(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, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Preference shares							
Conning Inc.	Centerprise Services Inc.	N/A	Financial assets at FVTOCI	400	$ 6,067	1.76	$ 6,067	
	Stocks							
Symphox Information Co., Ltd.	Fashionguide Co., Ltd.	N/A	Financial assets at FVTOCI	1,293	33,497	7.72	33,497	
	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	55,737	100.00	55,737	
	Thinkpower Information Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	5,975	320,305	71.08	320,305	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	500	27,987	100.00	27,987	
Greenhealth Water Resources Co., Ltd.	Lung Chuan Water Resources Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	152,000	1,545,305	100.00	1,545,305	

TABLE 3

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount (Note 1)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Land located at Qingsheng Section, Zhongli Dist., Taoyuan City	2022.03.02	$ 4,601,136	Payment by installment according to the contract	ROC. (Managed by Taiwan Railway Administration)	Non-related party	-	-	-	$ -	Valuation report of appraisers	Real estate investment in accordance with the Insurance Act.	None

Note 1: The transaction amount is the total contract price, not including the land registration fee, transcript expense, scrivener expense and stamp duty.

Note 2: The term “event date” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of boards of directors’ resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	$ 13,497,155	(a)	$ 6,748,578	$ -	$ -	$ 6,748,578	$ (57,089)	50.0	$ (28,544) (Note 2,b,2)	$ 6,819,072	$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	(a)	2,943,663	-	-	2,943,663	198,548	24.5	48,644 (Note 2,b,3)	2,014,624	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	(a)	7,223,435	-	-	7,223,435	31,832	100.0	28,220 (Note 2,b,2)	8,316,308	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022	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)	$351,782,113

Note 1: The 3 methods of investment are as follows:

a. Direct investment in China.
b. Reinvestment in China through the third-region companies.
c. Others.

Note 2: The column of investment profit or loss for the period:

a. If it is in preparation, there are no investment gains and losses, it should be noted.

b. The recognition basis for investment gain (loss) are as follows:

1) Financial statement is audited by an international. CPA firm with the cooperation of the ROC CPA firm.
2) Financial statement is audited 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 China Insurance Regulatory Commission 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, 2022, 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 China Insurance Regulatory Commission 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, 2022, 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, 2022, the Company's remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. amounted to approximately CNY1,500,000 thousand.

(Concluded)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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	$ 11,825,957	Equivalent to general conditions of transactions	0.15
		Cathay Walbrook Holding 1 Limited	a	Other receivables	13,175	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 1 Limited	a	Interest income	91,727	Equivalent to general conditions of transactions	0.05
		Cathay Walbrook Holding 2 Limited	a	Other loans	629,740	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 2 Limited	a	Other receivables	702	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Interest income	4,885	Equivalent to general conditions of transactions	-
		Conning Holdings Limited	a	Processing fee expense	326,114	Equivalent to general conditions of transactions	0.17
		Conning Holdings Limited	a	Other payables	332,845	Equivalent to general conditions of transactions	-
		Conning Holdings Limited	a	Administrative expense	1,489	Equivalent to general conditions of transactions	-
		Global Evolution Holding ApS	a	Processing fee expense	19,033	Equivalent to general conditions of transactions	0.01
		Global Evolution Holding ApS	a	Other payables	19,163	Equivalent to general conditions of transactions	-
1	Lin Yuan (Shanghai) Real Estate	Cathay Life Insurance Co., Ltd.	b	Guarantee deposits received	145	Equivalent to general conditions of transactions	-
		Cathay Life Insurance Co., Ltd.	b	Rental income	539	Equivalent to general conditions of transactions	-

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: Transaction amount ÷ Total consolidated assets
For income statement accounts: Accumulated transaction amount in current period ÷ 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.

TABLE 6

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, 2022
(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	$ 7,175,025 (Note 1)	-	$ -	-	$ -	$ -
Conning Holdings Limited	Cathay Life Insurance Co., Ltd.	Parent Company	332,845 (Note 2)	-	-	-	-	-

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.