Cathay Life Insurance Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Cathay Life Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, the consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022, December 31, 2021 and June 30, 2021 and its consolidated financial performance for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, and its consolidated cash flows for the six months ended June 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the six months ended June 30, 2022 are as follows:

Valuation of Policy Reserve and Liability Adequacy Test

The management of Cathay Life Insurance Co., Ltd. adopted the actuarial model and its related multiple significant assumptions for the estimation of the policy reserve and liability adequacy test. Significant assumptions in the measurement of the policy reserve include the mortality rate, discount rate, lapse rate, morbidity rate, etc. These assumptions are made based on legislation and regulations, taking into consideration its actual experience as well as industry-specific experience. The liability adequacy test on insurance contracts is performed in accordance with the requirements issued by the Actuarial Institute of Chinese Taipei, and the discount rates for future years used in the test are based on its best estimate scenario as well as the rate of the portfolio return under current information. Since any changes in the actuarial model and significant assumptions may lead to a material impact on the estimation results of the policy reserve and the liability adequacy test, the valuation of policy reserves and liability adequacy test was identified as a key audit matter. For the related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 23 to the accompanying consolidated financial statements.

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

1. We understood the internal controls related to management's valuation of policy reserves and liability adequacy test as well as evaluated the operating effectiveness of these internal controls.

2. We obtained the actuarial report issued by the contracted actuary which was used as the basis for the management's valuation of policy reserves and liability adequacy test, and evaluated the contracted actuary's professional competence and capability.

3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:

    a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.

    b. Evaluated the actuarial model and significant assumptions used in its valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.

    c. Performed profiling tests on long-term insurance policies as of June 30, 2022 to identify any abnormalities on the recognized amounts of policy reserve on each individual insurance policy.

    d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the six months ended June 30, 2022.

4. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the liability adequacy test. The actuarial specialist:

    a. Tested on a sample basis the correctness of classification of the newly issued insurance products for the six months ended June 30, 2022.

b. Sampled the significant assumptions provided by the management for our audits in order to examine whether the assumptions were consistent with the requirements and the important built-in assumptions in the information system.

c. Tested and assessed the actuarial model and its significant assumptions used by the management in its liability adequacy test on a sample basis and performed recalculations on the individual insurance policies.

d. Assessed the reasonableness of the calculation results of the liability adequacy test as a whole based on a comparative analysis of the previous year's results and taking into consideration the business development for the six months ended June 30, 2022.

Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of fair values involve significant judgments and estimates, we determined the assessment of the fair values of investment properties as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 14 to the accompanying consolidated financial statements.

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

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and verified the qualification of the appraisers.

2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by its management, including the appraisal methods, main parameters and discount rate of the appraisal reports.

Other Matter

We have audited the financial statements of the Company as of and for the six months ended June 30, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hung Kuo and Shu-Wan Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 18, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 34)	$ 157,098,412	2	$ 465,755,469	6	$ 543,285,084	7
RECEIVABLES (Notes 4, 5, 7 and 34)	108,366,031	1	73,894,118	1	65,289,877	1
CURRENT TAX ASSETS (Note 4)	37,570	-	56,763	-	-	-
INVESTMENTS						
Financial assets at fair value through profit or loss (Notes 4, 5, 8 and 39)	1,448,971,080	18	1,621,839,940	20	1,501,781,857	19
Financial assets at fair value through other comprehensive income (Notes 4, 5, 9, 37 and 39)	1,362,997,480	17	1,308,707,464	16	1,277,069,826	16
Financial assets measured at amortized cost (Notes 4, 5, 13, 37 and 39)	2,883,629,304	37	2,689,002,505	33	2,623,572,906	33
Financial assets for hedging (Notes 4, 5 and 10)	32,786	-	500,642	-	129,913	-
Investments accounted for using the equity method (Notes 4 and 12)	31,223,596	-	29,084,146	1	29,582,845	-
Investment property (Notes 4, 5, 14 and 34)	516,627,853	7	510,358,271	6	504,327,549	7
Investment property under construction (Notes 4, 14 and 34)	3,524,330	-	3,412,376	-	2,276,526	-
Prepayments for buildings and land - investments (Notes 4 and 14)	740,779	-	242,642	-	4,762,193	-
Loans (Notes 4, 5, 15 and 34)	467,954,156	6	479,852,327	6	476,520,554	6
Total investments	6,715,701,364	85	6,643,000,313	82	6,420,024,169	81
REINSURANCE ASSETS (Notes 4, 16 and 23)	1,936,306	-	2,378,996	-	2,201,001	-
PROPERTY AND EQUIPMENT (Notes 4 and 17)	30,139,933	1	29,928,347	-	30,747,678	-
RIGHT-OF-USE ASSETS (Notes 4, 18 and 34)	1,742,474	-	1,740,046	-	1,661,135	-
INTANGIBLE ASSETS (Notes 4 and 19)	41,451,865	1	41,492,461	1	42,727,532	1
DEFERRED TAX ASSETS (Note 4)	100,481,835	1	58,628,168	1	62,780,462	1
OTHER ASSETS (Notes 20, 34 and 37)	82,521,893	1	32,075,904	-	31,304,928	-
SEPARATE ACCOUNT INSURANCE PRODUCT ASSETS (Notes 4 and 35)	645,607,368	8	724,210,234	9	694,895,535	9
TOTAL	$ 7,885,085,051	100	$ 8,073,160,819	100	$ 7,894,917,401	100
LIABILITIES AND EQUITY						
PAYABLES (Notes 21 and 34)	$ 19,105,737	-	$ 22,835,359	1	$ 35,355,580	1
CURRENT TAX LIABILITIES (Note 4)	260,308	-	371,581	-	485,923	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	94,507,745	1	3,050,197	-	8,504,651	-
FINANCIAL LIABILITIES FOR HEDGING (Notes 4, 5 and 10)	1,929,739	-	20,956	-	36,014	-
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	19,215,036	1	19,496,231	-	18,396,157	1
Loss reserve	12,747,533	-	11,763,381	-	11,749,217	-
Policy reserve	6,559,857,094	83	6,334,959,547	79	6,166,669,598	78
Special reserve	11,085,195	-	11,085,059	-	11,084,737	-
Premium deficiency reserve	9,474,214	-	9,808,215	-	11,928,711	-
Other reserve	1,860,925	-	1,865,925	-	1,870,925	-
Total insurance liabilities	6,614,239,997	84	6,388,978,358	79	6,221,699,345	79
RESERVE FOR INSURANCE CONTRACTS WITH THE NATURE OF FINANCIAL PRODUCTS (Notes 4 and 24)	17,048,572	-	15,188,788	-	14,417,363	-
RESERVE FOR FOREIGN EXCHANGE VALUATION (Notes 4 and 25)	33,020,868	1	9,053,726	-	9,216,260	-
PROVISIONS (Notes 4 and 27)	56,245	-	56,245	-	56,245	-
LEASE LIABILITIES (Notes 4, 18 and 34)	15,978,424	-	12,081,162	-	11,951,848	-
DEFERRED TAX LIABILITIES (Note 4)	37,418,090	1	54,318,203	1	61,354,826	1
OTHER LIABILITIES (Notes 28 and 34)	10,224,355	-	20,863,199	-	20,004,066	-
SEPARATE ACCOUNT INSURANCE PRODUCT LIABILITIES (Notes 4 and 35)	645,607,368	8	724,210,234	9	694,895,535	9
Total liabilities	7,569,397,448	96	7,331,028,008	91	7,157,977,656	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 30)						
Share capital						
Ordinary shares	58,515,274	1	58,515,274	1	58,515,274	1
Capital surplus	60,472,624	1	60,594,868	1	60,602,352	1
Retained earnings						
Legal reserve	50,217,005	1	27,491,929	-	27,491,929	-
Special reserve	457,055,171	6	390,287,210	5	388,600,599	5
Unappropriated earnings	39,051,456	-	111,938,770	1	76,582,260	1
Total retained earnings	546,323,632	7	529,717,909	6	492,674,788	6
Other equity	(357,347,070)	(5)	85,614,861	1	117,779,014	1
Total equity attributable to owners of the Company	307,964,460	4	734,442,912	9	729,571,428	9
NON-CONTROLLING INTERESTS (Notes 4 and 30)	7,723,143	-	7,689,899	-	7,368,317	-
Total equity	315,687,603	4	742,132,811	9	736,939,745	9
TOTAL	$ 7,885,085,051	100	$ 8,073,160,819	100	$ 7,894,917,401	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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Retained earned premium (Notes 4, 26 and 34)								
Written premium	$ 100,490,423	63	$ 122,921,109	54	$ 202,287,667	57	$ 250,662,493	49
Reinsurance premium	39,829	-	27,970	-	67,084	-	56,174	-
Premium income	100,530,252	63	122,949,079	54	202,354,751	57	250,718,667	49
Less: Reinsurance expense	(622,905)	(1)	(584,475)	-	(1,209,561)	-	(1,111,551)	-
Net changes in unearned premium reserve (Notes 4 and 23)	(573,225)	-	(338,180)	-	135,749	-	204,989	-
Total retained earned premium	99,334,122	62	122,026,424	54	201,280,939	57	249,812,105	49
Reinsurance commission income	7,627	-	4,329	-	14,672	-	9,183	-
Fee income (Notes 34 and 35)	2,724,645	2	2,731,349	1	5,422,888	2	5,225,488	1
Net investment incomes (losses)								
Interest income (Notes 4, 32 and 34)	43,871,247	27	39,171,580	17	84,087,754	24	78,382,752	16
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 8)	(209,952,691)	(131)	95,870,024	42	(346,422,148)	(98)	98,126,547	19
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,699,092	1	10,982,512	5	3,720,722	1	18,432,868	4
Gain on derecognition of financial assets measured at amortized cost (Notes 4 and 13)	1,594,041	1	6,480,895	3	10,705,392	3	26,880,746	5
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	774,159	1	470,079	-	1,183,874	-	977,096	-
Foreign exchange gain (loss)	104,262,464	65	(59,686,477)	(26)	198,799,800	57	(58,511,167)	(11)
Net changes in reserve for foreign exchange valuation (Notes 4 and 25)	(9,976,218)	(6)	4,306,034	2	(23,967,142)	(7)	5,604,605	1
Gain on investment property (Notes 4 and 34)	4,517,560	3	4,043,433	2	8,287,906	2	7,002,801	2
(Expected credit loss) reversal of expected credit loss on investments (Notes 4 and 32)	(855,510)	(1)	1,108,263	-	(3,240,503)	(1)	1,867,997	-
Other net investment income	313,567	-	756,822	-	3,001,930	1	839,188	-
Gain (Loss) on reclassification using overlay approach (Notes 4 and 8)	139,201,413	87	(16,560,547)	(7)	225,958,232	64	16,823,975	3

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Other operating revenue (Note 34)	$ 2,119,563	1	$ 1,899,742	1	$ 4,134,662	1	$ 3,849,981	1
Separate account insurance product income (Notes 4 and 35)	(19,880,905)	(12)	14,193,378	6	(20,191,304)	(6)	53,425,911	10
Total operating revenue	159,754,176	100	227,797,840	100	352,777,674	100	508,750,076	100
OPERATING COSTS								
Retained claims payments (Notes 4 and 26)								
Insurance claims payments	88,322,446	55	69,284,197	30	163,230,932	46	133,954,860	26
Less: Claims and payments recovered from reinsurers	(385,261)	-	(548,918)	-	(763,437)	-	(1,015,656)	-
Total retained claims payments	87,937,185	55	68,735,279	30	162,467,495	46	132,939,204	26
Net changes in other insurance liabilities (Notes 4, 5 and 23)								
Net changes in loss reserve	590,580	-	(128,047)	-	918,199	-	(390,416)	-
Net changes in policy reserve	55,356,610	35	95,229,923	42	125,701,237	36	199,819,499	39
Net changes in special reserve	(169)	-	(194)	-	136	-	(39)	-
Net changes in premium deficiency reserve	(182,419)	-	(825,928)	-	(500,700)	-	(1,781,338)	-
Net changes in other reserve	(3,000)	-	(3,000)	-	(5,000)	-	(6,000)	-
Total net changes in other insurance liabilities	55,761,602	35	94,272,754	42	126,113,872	36	197,641,706	39
Net changes in reserve for insurance contracts with the nature of financial products (Notes 4 and 24)	252,280	-	267,244	-	506,573	-	504,461	-
Underwriting expenses (Note 32)	3,605,223	2	4,081,033	2	7,824,564	2	8,440,972	2
Commission expenses (Note 32)	3,102,230	2	4,235,027	2	6,844,080	2	8,636,014	2
Other operating costs (Note 34)	1,501,854	1	2,031,336	1	3,178,033	1	3,909,312	1
Finance costs (Notes 22 and 34)	834,620	-	745,070	-	1,694,037	1	1,481,149	-
Separate account insurance product expenses (Notes 4 and 35)	(19,880,905)	(12)	14,193,378	6	(20,191,304)	(6)	53,425,911	10
Total operating costs	133,114,089	83	188,561,121	83	288,437,350	82	406,978,729	80
OPERATING EXPENSES (Notes 32 and 34)								
General expenses	2,631,035	2	2,832,435	1	5,999,119	1	5,804,764	1
Administrative expenses	5,033,690	3	4,941,768	2	10,115,940	3	9,865,260	2
Employee training expenses	15,021	-	8,984	-	19,004	-	14,050	-
Non-investment expected credit loss (Notes 4 and 32)	757	-	4,151	-	22,801	-	8,535	-
Total operating expenses	7,680,503	5	7,787,338	3	16,156,864	4	15,692,609	3

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING INCOME	$ 18,959,584	12	$ 31,449,381	14	$ 48,183,460	14	$ 86,078,738	17
NON-OPERATING INCOME AND EXPENSES (Notes 32 and 34)	436,714	-	397,850	-	894,707	-	809,998	-
PROFIT BEFORE INCOME TAX	19,396,298	12	31,847,231	14	49,078,167	14	86,888,736	17
INCOME TAX EXPENSE (Notes 4 and 33)	(4,944,233)	(3)	(4,109,837)	(2)	(8,550,255)	(2)	(9,284,510)	(2)
NET INCOME	14,452,065	9	27,737,394	12	40,527,912	12	77,604,226	15
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 30)								
Items that will not be reclassified subsequently to profit or loss:								
(Loss) gain on equity instruments at fair value through other comprehensive income	(17,314,563)	(11)	(133,298)	-	(12,018,097)	(4)	5,085,301	1
Share of other comprehensive (loss) income of associates accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(340,343)	-	(222,887)	-	(737,324)	-	2,998	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 33)	278,338	-	328,742	-	406,484	-	116,693	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	(253,351)	-	(1,348,754)	(1)	1,945,800	1	(1,124,149)	-
(Loss) gain on debt instruments at fair value through other comprehensive income	(151,345,316)	(95)	28,515,375	13	(276,901,317)	(78)	(58,883,894)	(12)
Gain (loss) on hedging instruments	389,727	-	54,795	-	399,823	-	(91,595)	-

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of other comprehensive (loss) income of associates accounted for using the equity method for items that may be reclassified subsequently to profit or loss	$ (72,043)	-	$ (365,238)	-	$ 638,384	-	$ (494,044)	-
Other comprehensive (loss) income reclassified using overlay approach	(139,201,413)	(87)	16,560,547	7	(225,958,232)	(64)	(16,823,975)	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 33)	37,589,085	24	(8,087,136)	(3)	68,234,627	19	10,655,549	2
Total other comprehensive (loss) income for the period, net of income tax	(270,269,879)	(169)	35,302,146	16	(443,989,852)	(126)	(61,557,116)	(12)
TOTAL COMPREHENSIVE INCOME	$ (255,817,814)	(160)	$ 63,039,540	28	$ (403,461,940)	(114)	$ 16,047,110	3
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 14,206,386	9	$ 27,507,016	12	$ 40,248,033	12	$ 77,206,709	15
Non-controlling interests	245,679	-	230,378	-	279,879	-	397,517	-
	$ 14,452,065	9	$ 27,737,394	12	$ 40,527,912	12	$ 77,604,226	15
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ (256,000,392)	(160)	$ 62,796,167	28	$ (404,019,547)	(114)	$ 15,682,842	3
Non-controlling interests	182,578	-	243,373	-	557,607	-	364,268	-
	$ (255,817,814)	(160)	$ 63,039,540	28	$ (403,461,940)	(114)	$ 16,047,110	3
EARNINGS PER SHARE (Note 31)								
Basic earnings per share	$ 2.43		$ 4.70		$ 6.88		$ 13.19	

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company														
	Share Capital		Retained Earnings			Other Equity									
	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 Interest	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
Appropriation of 2020 earnings															
Legal reserve	-	-	10,333,774	-	(10,333,774)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	68,636,191	(68,636,191)	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,665,312)	3,665,312	-	-	-	-	-	-	-	-	-	-
Legal reserve offset deficits	-	-	(1,676,041)	-	1,676,041	-	-	-	-	-	-	-	-	-	-
Special reserve offset deficits	-	-	-	(23,690,492)	23,690,492	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	(4,181)	-	-	-	-	-	-	-	-	-	-	(4,181)	-	(4,181)
Changes in ownership interests in subsidiaries	-	-	-	-	(554,511)	-	-	-	-	-	-	719,914	165,403	(176,506)	(11,103)
Net profit for the six months ended June 30, 2021	-	-	-	-	77,206,709	-	-	-	-	-	-	-	77,206,709	397,517	77,604,226
Other comprehensive (loss) income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	(1,394,214)	(42,785,241)	(71,317)	(9,917)	-	(17,263,178)	-	(61,523,867)	(33,249)	(61,557,116)
Total comprehensive income (loss) for six months ended June 30, 2021	-	-	-	-	77,206,709	(1,394,214)	(42,785,241)	(71,317)	(9,917)	-	(17,263,178)	-	15,682,842	364,268	16,047,110
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	(69,938)	-	69,938	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(218,562)	(218,562)
BALANCE AT JUNE 30, 2021	$ 58,515,274	$ 60,602,352	$ 27,491,929	$ 388,600,599	$ 76,582,260	$ (14,328,326)	$ 49,820,900	$ 276,554	$ 216,841	$ 187,503	$ 84,829,931	$ (3,224,389)	$ 729,571,428	$ 7,368,317	$ 736,939,745
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
Appropriation of 2021 earnings															
Legal reserve	-	-	22,725,076	-	(22,725,076)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	72,751,078	(72,751,078)	-	-	-	-	-	-	-	-	-	-
Cash dividend of ordinary share	-	-	-	-	(22,445,733)	-	-	-	-	-	-	-	(22,445,733)	-	(22,445,733)
Reversal of special reserve	-	-	-	(5,983,117)	5,983,117	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	(122,244)	-	-	-	-	-	-	-	-	-	-	(122,244)	-	(122,244)
Change in ownership interest in subsidiaries	-	-	-	-	(621,991)	-	-	-	-	-	-	731,063	109,072	(109,072)	-
Net profit for the six months ended June 30, 2022	-	-	-	-	40,248,033	-	-	-	-	-	-	-	40,248,033	279,879	40,527,912
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	2,311,298	(237,247,256)	323,172	34,147	-	(209,688,941)	-	(444,267,580)	277,728	(443,989,852)
Total comprehensive income (loss) for six months ended June 30, 2022	-	-	-	-	40,248,033	2,311,298	(237,247,256)	323,172	34,147	-	(209,688,941)	-	(404,019,547)	557,607	(403,461,940)
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	(574,586)	-	574,586	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(415,291)	(415,291)
BALANCE AT JUNE 30, 2022	$ 58,515,274	$ 60,472,624	$ 50,217,005	$ 457,055,171	$ 39,051,456	$ (13,036,219)	$ (198,413,285)	$ 659,023	$ 1,370,603	$ 402,058	$ (145,835,924)	$ (2,493,326)	$ 307,964,460	$ 7,723,143	$ 315,687,603

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

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 49,078,167	$ 86,888,736
Adjustments for:		
Depreciation expenses	712,166	628,704
Amortization expenses	1,173,120	1,309,585
Loss (gain) on financial assets and liabilities at fair value through profit or loss	354,322,970	(93,679,139)
Gain on financial assets at fair value through other comprehensive income	(48,415)	(17,908,306)
Gain on derecognition of financial assets measured at amortized cost	(10,705,392)	(26,880,746)
Finance costs	1,724,960	1,544,726
Interest income	(84,087,754)	(78,382,752)
Dividend income	(11,573,129)	(4,971,970)
Net changes in insurance liabilities	225,394,544	164,909,604
Net changes in reserve for insurance contracts with the nature of financial products	1,859,784	685,855
Net changes in reserve for foreign exchange valuation	23,967,142	(5,604,605)
Expected credit loss (reversal of expected credit loss) on investments	3,240,503	(1,867,997)
Non-investments expected credit loss	22,801	8,535
Share of profit of associates accounted for using equity method	(1,183,874)	(977,096)
Gain on reclassification using overlay approach	(225,958,232)	(16,823,975)
Loss on disposal and retirement of property and equipment	134	1,607
Gain on disposal of investment accounted for using equity method	(20,837)	(16,691)
Gain on changes in fair value of investment property	(1,904,028)	(1,145,851)
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	11,500,646	24,080,022
Increase in financial assets at fair value through other comprehensive income	(344,261,600)	(89,955,828)
(Increase) decrease in financial assets measured at amortized cost	(185,491,797)	57,867,052
Decrease in financial assets for hedging	1,084,759	257,309
Increase in notes receivable	(63,458)	(37,264)
(Increase) decrease in other receivables	(16,931,109)	6,039,728
(Increase) decrease in prepaid expenses and other prepayments	(143,467)	839,048
Increase in guarantee deposits paid	(47,638,641)	(968,043)
Decrease (increase) in reinsurance assets	298,309	(192,118)
(Increase) decrease in other assets	(723,921)	187,700
Decrease in financial liabilities at fair value through profit or loss	(100,287,323)	(37,830,016)
Increase (decrease) in financial liabilities for hedging	1,691,703	(435,702)
Decrease in notes payable	(43,186)	(105,313)
Increase in claims payable	100,600	45,632
(Decrease) increase in other payables	(2,172,483)	8,813,646
(Decrease) increase in due to reinsurers and ceding companies	(44,480)	26,547

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	2021
(Decrease) increase in commissions payable	$ (1,555,538)	$ 386,765
Increase in advance receipts	120,974	20,057
Decrease in guarantee deposits received	(7,344,225)	(2,196,785)
Decrease in deferred fee income	(418)	(1,165)
Decrease in other liabilities	(2,503,941)	(3,068,543)
Cash used in operations	(368,393,966)	(28,509,047)
Interest received	72,302,548	76,254,072
Dividends received	12,216,485	5,129,484
Interest paid	(1,625,039)	(1,562,380)
Income tax paid	(5,071,593)	(15,894,302)
Net cash (used in) generated from operating activities	(290,571,565)	35,417,827
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(2,308,500)	(234,500)
Proceeds from disposal of investments accounted for using the equity method	29,447	17,550
Proceeds from return of capital on reduction of investments accounted for using the equity method	-	355,611
Acquisition of property and equipment	(726,275)	(672,402)
Proceeds from disposal of property and equipment	10	26
Acquisition of intangible assets	(115,436)	(105,876)
Decrease in loans	12,180,996	3,181,163
Acquisition of investment property	(1,734,439)	(9,347,699)
Net cash generated from (used in) investing activities	7,325,803	(6,806,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(542,328)	(432,289)
Cash dividend are paid	(22,445,733)	-
Acquisition of additional interests in subsidiaries	(911,234)	(605,519)
Changes in non-controlling interests	(415,291)	91,661
Net cash used in financing activities	(24,314,586)	(946,147)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,096,709)	499,230

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2022	**2021**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$(308,657,057)	$ 28,164,783
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	$ 157,098,412	$ 543,285,084

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 dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on August 18, 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. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except for deferred taxes that 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above 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.

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

New IFRSs	**Effective Date Announced by IASB (Note)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

- 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 is met.

Transition

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

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

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

Redesignation of financial assets

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

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

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

b. Basis of preparation

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

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

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

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

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

c. Basis of consolidation

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

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

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

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

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

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 is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

3) Hedges of net investments in foreign operations

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

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

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 dividends should be accounted as special reserve - provisions for risk of dividends.

According to Article 32 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the increments due to measuring the property at fair value, except for the portion in offsetting adverse effects of the first-time adoption of 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 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 Law 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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	$ 26,085	$ 26,784	$ 277,146
Cash in banks	134,961,937	238,199,168	260,375,674
Time deposits	13,843,509	177,212,844	227,805,894
Cash equivalents	8,266,881	50,316,673	54,826,370
	$ 157,098,412	$ 465,755,469	$ 543,285,084

7. RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	$ 310,366	$ 246,908	$ 311,914
Other receivables	108,593,080	73,656,842	64,984,681
Overdue receivables	19,944	18,909	12,871
	108,923,390	73,922,659	65,309,466
Less: Loss allowance	(557,359)	(28,541)	(19,589)
	$ 108,366,031	$ 73,894,118	$ 65,289,877

The movements in the loss allowance are as follows:

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 28,541	$ 10,854
Provision for the current period	546,391	8,535
Amounts written off	(17,586)	-
Foreign exchange	13	200
Ending balance	$ 557,359	$ 19,589

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic stocks	$ 262,045,761	$ 321,549,940	$ 322,182,602
Beneficiary certificates	664,428,118	730,945,252	636,041,023
Financial debentures	12,375,506	12,855,988	11,768,974
Overseas stocks	189,730,607	217,526,275	239,396,898
Real estate investment trust	20,924,488	21,695,569	22,348,025
Overseas bonds	280,002,888	294,907,239	229,262,686
Structured time deposits	14,152,546	7,771,014	10,037,843
Derivative financial assets (not under hedge accounting)			
Currency swap contracts (“SWAP”)	2,981,100	9,621,851	25,469,947
Foreign exchange forward contacts (“Forward”)	2,256,880	2,906,188	4,096,413
Cross currency swap contracts (“CCS”)	-	2,013,271	1,142,593
Options	62,520	26,534	2,991
Call warrants	10,666	20,819	31,862
	$ 1,448,971,080	$ 1,621,839,940	$ 1,501,781,857
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
SWAP	$ 54,292,718	$ 1,327,392	$ 3,646,634
Forward	35,785,936	1,692,288	4,838,760
CCS	4,429,091	-	13,097
Options	-	30,517	6,160
	$ 94,507,745	$ 3,050,197	$ 8,504,651

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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at FVTPL			
Domestic stocks	$ 256,736,706	$ 321,157,922	$ 321,137,662
Beneficiary certificates	649,707,123	710,531,686	599,557,484
Financial debentures	12,375,506	12,855,988	11,768,974
Overseas stocks	189,664,080	217,451,512	239,318,723
Real estate investment trust	20,924,488	21,695,569	22,348,025
Overseas bonds	278,553,637	294,220,757	228,668,922
Structured time deposits	14,152,546	7,771,014	10,037,843
	$ 1,422,114,086	$ 1,585,684,448	$ 1,432,837,633

Reclassification from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months and six months ended June 30, 2022 and 2021 is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
(Loss) gain due to application of IFRS 9 to profit or loss	$(116,579,747)	$ 56,063,982	$(178,681,804)	$ 76,226,191
Gain if applying IAS 39 to profit or loss	(22,621,666)	(39,503,435)	(47,276,428)	(93,050,166)
(Gain) loss reclassified due to application of overlay approach	$(139,201,413)	$ 16,560,547	$(225,958,232)	$ (16,823,975)

Due to application of overlay approach, the amounts of gain on financial assets and liabilities at FVTPL for the three months and six months ended June 30, 2022 and 2021 had decreased from loss of $209,952,691 thousand to loss of $70,751,278 thousand, decreased from gain of $95,870,024 thousand to gain of $79,309,477 thousand, decreased from loss of $346,422,148 thousand to loss of $120,463,916 thousand and increased from gain of $98,126,547 thousand to gain of $114,950,522 thousand, respectively.

b. As of June 30, 2022, December 31, 2021 and June 30, 2021, structured notes which were accounted for as financial assets at FVTPL amounted to $159,258,443 thousand, $166,150,298 thousand and $100,270,794 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

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in equity instrument at FVTOCI			
Domestic stocks	$ 172,557,363	$ 135,378,484	$ 122,158,690
Overseas stocks	4,670,393	9,330,352	11,952,273
	177,227,756	144,708,836	134,110,963
Investments in debt instrument at FVTOCI			
Corporate bonds	2,123,182	2,202,539	2,209,396
Government bonds	34,402,289	43,225,023	42,295,272
Overseas bonds	1,161,135,428	1,119,667,280	1,099,592,116
Less: Litigation deposits	(36,790)	(43,613)	(46,097)
Less: Deposits to Central Bank	(965,146)	(1,052,601)	(1,091,824)
Less: Derivative collateral	(10,889,239)	-	-
	1,185,769,724	1,163,998,628	1,142,958,863
	$ 1,362,997,480	$ 1,308,707,464	$ 1,277,069,826

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 and six months ended June 30, 2022 and 2021 were $3,542,079 thousand, $428,803 thousand, $3,672,307 thousand and $524,562 thousand, respectively. Those related to investments derecognized for the three months and six months ended June 30, 2022 and 2021 were $35,752 thousand, $5,532 thousand, $52,191 thousand and $10,020 thousand, respectively.

c. In consideration of investment strategies, the Group sold equity instruments at FVTOCI at fair values of $6,468,639 thousand and $509,350 thousand at the time of sale, and transferred unrealized loss of $574,586 thousand and loss of $69,938 thousand from other equity to retained earnings for the six months ended June 30, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets for hedging			
Interest rate swap contracts ("IRS")	$ 32,786	$ 90,307	$ 122,685
CCS	-	202,531	7,228
Forward	-	207,804	-
	$ 32,786	$ 500,642	$ 129,913

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Financial liabilities for hedging			
Forward	$ 1,929,739	$ -	$ -
IRS	-	20,956	36,014
	$ 1,929,739	$ 20,956	$ 36,014

(Concluded)

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

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Ownership Interest (%)			
Investors	**Investees**	**Business**	**June 30, 2022**	**December 31, 2021**	**June 30, 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	69.19	61.15	61.15	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	86.34	86.13	84.61	
Octagon	Octagon Credit Opportunities GP, LLC	Fund management services	100.00	100.00	100.00	
Octagon	Octagon Funds GP LLC	Fund management services	100.00	100.00	100.00	
Octagon	Octagon Funds GP II LLC	Fund management services	100.00	100.00	100.00	
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: On June 22, 2022, non-controlling interests executed the put options on the subsidiary's shares such that CHL acquired an additional 8.04% equity shares, and its ownership interest increased from 61.15% to 69.19%.

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**	**June 30, 2022**	**December 31, 2021**	**June 30, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in unconsolidated subsidiaries	$ 598,388	$ 699,974	$ 761,941
Investments in associates	30,625,208	28,384,172	28,820,904
	$ 31,223,596	$ 29,084,146	$ 29,582,845

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

	June 30, 2022	December 31, 2021	June 30, 2021
Cathay Securities Investment Consulting	$ 598,388	$ 699,974	$ 761,941

b. Investments in associates

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group' share of:				
Net income	$ 715,566	$ 414,001	$ 1,054,998	$ 853,564
Other comprehensive income	(412,953)	(588,697)	(100,001)	(491,977)
Total comprehensive income for the period	$ 302,613	$ (174,696)	$ 954,997	$ 361,587

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 audited by an independent auditor.

The investments in associates were not pledged as collateral.

13. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits	$ 8,580,927	$ 7,580,839	$ 5,201,080
Financial debentures	22,412,165	25,719,718	35,127,348
Corporate bonds	24,847,845	26,847,429	28,096,713
Government bonds	39,737,091	40,356,915	40,411,518
Overseas bonds	2,802,497,602	2,597,982,247	2,524,704,639
Asset-backed securities	2,237,000	445,000	445,000
Less: Litigation deposits	(1,181,116)	(1,151,573)	(1,441,678)
Less: Deposits to Central Bank	(8,031,115)	(8,033,844)	(8,036,610)
Less: Derivative collateral	(4,814,648)	-	-
Less: Loss allowance (Note)	(2,656,447)	(744,226)	(935,104)
	$ 2,883,629,304	$ 2,689,002,505	$ 2,623,572,906

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of June 30, 2022, December 31, 2021 and June 30, 2021, the amounts were $511 thousand, $286 thousand and $327 thousand, respectively.

a. For the three months and six months ended June 30, 2022 and 2021, the Group disposed of bonds before the maturity due to increases in credit risk, which resulted in gains (losses) on disposal $(26,244) thousand, $590,703 thousand, $443,963 thousand and $3,201,885 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cashflows, which resulted in losses on disposal of $17,824 thousand, $0 thousand, $15,943 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 $1,826,840 thousand, $5,203,298 thousand, $9,910,051 thousand and $22,282,768 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in gains (losses) on disposal of $(224,379) thousand, $686,894 thousand, $335,435 thousand and $1,396,093 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	1,504,399	7,593,300
Reclassification	4,943,596	756,420	5,700,016	(756,420)	(5,963,022)
Gain on changes in fair value of investment property	354,410	791,441	1,145,851	-	-
Foreign exchange	(116,313)	(240,436)	(356,749)	-	-
Balance at June 30, 2021	$ 379,199,243	$ 125,128,306	$ 504,327,549	$ 2,276,526	$ 4,762,193
Balance at January 1, 2022	$ 379,246,002	$ 131,112,269	$ 510,358,271	$ 3,412,376	$ 242,642
Additions	3,995,792	-	3,995,792	1,229,976	509,530
Reclassification	120,281	1,119,086	1,239,367	(1,118,022)	(11,393)
Gain on changes in fair value of investment property	426,571	1,477,457	1,904,028	-	-
Foreign exchange	(385,664)	(478,874)	(864,538)	-	-
Others	-	(5,067)	(5,067)	-	-
Balance at June 30, 2022	$ 383,402,982	$ 133,224,871	$ 516,627,853	$ 3,524,330	$ 740,779

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Rental income from investment properties	$ 3,163,778	$ 2,885,843	$ 6,383,878	$ 5,856,950
Direct operating expenses of investment properties that generate rental income	(261,744)	(239,703)	(417,143)	(368,315)
Direct operating expenses of investment properties that do not generate rental income	(30,172)	(47,530)	(175,786)	(76,133)
	$ 2,871,862	$ 2,598,610	$ 5,790,949	$ 5,412,502

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 June 30, 2022, the investment properties of Company amounted to $479,246,739 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 Cathay Life and its subsidiaries has been carried out the following appraisers of the joint appraisal firms meeting the qualification requirements for real estate appraisers in the R.O.C., with valuation dates at June 30, 2022, December 31, 2021 and June 30, 2021:

Name of Appraisal Firms	**June 30, 2022**	**December 31, 2021**	**June 30, 2021**
DTZ Real Estate Appraiser Firm	Chang-da, Yong, Gen-yuan, Li; Jia-he, Tsai; Chun-chun, Hu	Gen-yuan, Li; Jia-he, Tsai; Chun-chun, Hu	Gen-yuan, Li; Chun-chun, Hu; Jia-he, 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	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	Hong-xu, Wu; Yu-hsiang, Tsai; Hsiang-Yi, Hsu
V-LAND Real Estate Appraiser Firm	Jun-han, Lin, Yu-chi, Kao, His-chung, Wang	You-qi, Liang, Yu-chi, Kao, Jun-han, Lin, His-chung, Wang, Hong-chi, Li	You-qi, Liang; Jun-han, Lin
Shang-shang Real Estate Appraiser Firm	Hong-yuan, Wang, Jian-hao, Huang	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	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	Yu-lin, Chen; Yi-hui, Luo	Yu-lin, Chen; Yi-hui, Luo	Yu-lin, Chen; Yi-hui, Luo
CBRE Real Estate Appraiser Firm	Fu-xue, Shi; Zhi-wei, Lee	Fu-xue, Shi; Zhi-wei, Lee	Fu-xue, Shi; Zhi-wei, Lee
China Credit Information Service Ltd.	Zhi-Hao, Wu; Wei-Ru, Li	Zhi-Hao, Wu; Wei-Ru, Li	-
LinkU Real Estate Appraisal and Consulting Services	Lin-Yu, Lian; Sheng-Feng, Lai	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:

	June 30, 2022	**December 31, 2021**	**June 30, 2021**
Direct capitalization rates (net)	0.44%-4.90%	0.61%-5.12%	0.68%-5.13%
Discount rates	2.65%-3.97%	2.35%-4.26%	3.09%-4.26%

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

The Group recognized their investment properties at fair value subsequent to initial recognition and the related fair value are categorized as level 3 of fair value hierarchy. The fair value of investment property will decrease as either one of the main inputs, direct capitalization rate 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 Six Months Ended June 30	
	2022	**2021**
Beginning balance	$ 487,338,266	$ 479,767,372
Amount recognized in profit or loss		
Gain from investment property	1,904,028	1,145,851
Amount recognized in other comprehensive loss		
Exchange differences resulting from translation of the financial statements of foreign operations	(864,538)	(356,749)
Additions	3,995,792	-
Transfers from investment property under construction	1,118,359	756,420
Transfers from prepayments for buildings and land	727	-
Transfers from investment property measured at cost	2,218,659	-
Transfers from property, plant and equipment	109,615	-
Others	(5,067)	-
Ending balance	$ 495,815,841	$ 481,312,894

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

	June 30, 2022	December 31, 2021	June 30, 2021
Life insurance policy loans (a)	$ 157,405,875	$ 158,747,746	$ 155,811,839
Premium loans (b)	13,765,294	13,145,619	13,131,981
Secured loans (c)	299,265,591	310,463,414	310,239,804
Non-accrual receivables	2,242,356	2,645,039	2,146,507
	472,679,116	485,001,818	481,330,131
Less: Loss allowance	(4,724,960)	(5,149,491)	(4,809,577)
	$ 467,954,156	$ 479,852,327	$ 476,520,554

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 six months ended June 30, 2022 and 2021.

16. REINSURANCE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Due from reinsurers and ceding companies	$ 479,801	$ 801,063	$ 782,529
Reinsurance reserve assets			
Ceded unearned premium reserve	973,522	1,131,321	942,138
Ceded loss reserve	72,692	51,497	64,389
Ceded policy reserve	398,814	395,115	411,945
Non-accrual receivables	22,953	-	-
	1,947,782	2,378,996	2,201,001
Less: Loss allowance	(11,476)	-	-
	$ 1,936,306	$ 2,378,996	$ 2,201,001

CNY Co-reinsurance Business

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

a. Purpose, rationalization and expected benefit

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

b. Claims recovered from reinsurers and commission income

	For the Six Months Ended June 30	
	2022	**2021**
Claims recovered from reinsurers	$ 16,450	$ 14,380
Reinsurance commission income	946	999

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

Net income from reinsurance of $17,580 thousand was recognized for the six months ended June 30, 2022 from CNY co-reinsurance business. The amount was calculated as follows:

Reinsurance commission income of $946 thousand + Claims recovered from reinsurers of $16,450 thousand - Net changes in reinsurance reserve assets of $7,850 thousand + Foreign exchange gain of $8,034 thousand.

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

e. Accounting treatment for ceded CNY co-reinsurance business

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

f. Other notes designated by authorities: None.

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	-	-	297,785	36,224	-	32,605	305,788	672,402
Disposals	-	-	(50,151)	(22)	(3)	(21,163)	-	(71,339)
Reclassification	1,019,426	39,746	13,037	-	-	(13,507)	(39,746)	1,018,956
Foreign exchange	-	(20,672)	(23,720)	(10,990)	(36)	(2,890)	-	(58,308)
Balance at June 30, 2021	$ 18,447,500	$ 22,341,053	$ 3,676,965	$ 641,644	$ 11,204	$ 4,006,711	$ 877,042	$ 50,002,119
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 expenses	-	194,288	80,027	25,888	338	45,427	-	345,968
Disposals	-	-	(48,569)	(22)	(2)	(21,113)	-	(69,706)
Reclassification	-	-	4,984	4	-	(5,406)	-	(418)
Foreign exchange	-	(3,550)	(7,074)	(4,964)	(22)	7,225	-	(8,385)
Balance at June 30, 2021	$ 103,134	$ 12,754,976	$ 2,490,868	$ 374,742	$ 9,786	$ 3,520,935	$ -	$ 19,254,441
Carrying amount at June 30, 2021	$ 18,344,366	$ 9,586,077	$ 1,186,097	$ 266,902	$ 1,418	$ 485,776	$ 877,042	$ 30,747,678

(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	-	-	114,613	6,496	-	180,540	424,626	726,275
Disposals	-	-	(3,986)	-	-	(29,336)	-	(33,322)
Reclassification	40,797	1,277,776	(349,486)	-	-	253,570	(1,428,525)	(205,868)
Foreign exchange	-	13,984	76,829	24,177	79	5,429	-	120,498
Balance at June 30, 2022	$ 18,488,297	$ 22,301,478	$ 4,077,057	$ 671,458	$ 11,304	$ 4,444,203	$ 184,274	$ 50,178,071
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 expenses	-	187,336	118,736	27,492	128	58,896	-	392,588
Disposals	-	-	(3,961)	-	-	(29,217)	-	(33,178)
Reclassification	-	-	(17,107)	-	-	17,107	-	-
Foreign exchange	-	3,552	18,191	12,303	58	2,483	-	36,587
Balance at June 30, 2022	$ 103,134	$ 12,928,810	$ 2,931,237	$ 443,592	$ 10,247	$ 3,621,118	$ -	$ 20,038,138
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 June 30, 2022	$ 18,385,163	$ 9,372,668	$ 1,145,820	$ 227,866	$ 1,057	$ 823,085	$ 184,274	$ 30,139,933

(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

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount			
Buildings	$ 1,715,149	$ 1,703,623	$ 1,618,651
Office equipment	5,174	9,573	14,382
Transportation equipment	22,151	26,850	28,102
	$ 1,742,474	$ 1,740,046	$ 1,661,135
Right-of-use assets presented as investment properties	$ 13,720,466	$ 9,958,120	$ 10,107,931

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets	$ 231,424	$ 100,823	$ 267,872	$ 174,544
Depreciation expense for right-of-use assets				
Buildings	$ 159,723	$ 137,812	$ 309,979	$ 272,964
Office equipment	2,467	1,076	4,870	2,169
Transportation equipment	2,330	3,830	4,729	7,603
	$ 164,520	$ 142,718	$ 319,578	$ 282,736

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount	$ 15,978,424	$ 12,081,162	$ 11,951,848

Range of discount rates for lease liabilities is as follows:

	June 30, 2022	December 31, 2021	June 30, 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%-4.24%	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	105,876	-	-	-	-	-	105,876
Others	-	-	-	(172,492)	368,174	-	195,682
Foreign exchange	(3,694)	-	(8,369)	(117,866)	(254,070)	(4,450)	(388,449)
Balance at June 30, 2021	$ 2,605,696	$ 37,659,600	$ 365,627	$ 5,441,443	$ 13,392,273	$ 194,393	$ 59,659,032
Amortization and impairment							
Balance at January 1, 2021	$ 2,084,579	$ 11,436,607	$ -	$ 1,967,996	$ -	$ 185,903	$ 15,675,085
Amortizations	67,617	1,039,691	-	193,353	-	8,924	1,309,585
Foreign exchange	(2,727)	-	-	(46,184)	-	(4,259)	(53,170)
Balance at June 30, 2021	$ 2,149,469	$ 12,476,298	$ -	$ 2,115,165	$ -	$ 190,568	$ 16,931,500
Carrying amount at June 30, 2021	$ 456,227	$ 25,183,302	$ 365,627	$ 3,326,278	$ 13,392,273	$ 3,825	$ 42,727,532
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	115,436	-	-	-	-	-	115,436
Foreign exchange	8,373	-	26,710	397,517	765,154	14,201	1,211,955
Balance at June 30, 2022	$ 2,932,071	$ 37,659,600	$ 389,975	$ 5,803,816	$ 14,089,782	$ 207,339	$ 61,082,583

(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
Amortizations	97,677	894,208	-	181,235	-	-	1,173,120
Foreign exchange	6,978	-	-	173,688	-	14,201	194,867
Balance at June 30, 2022	$ 2,378,867	$ 14,410,198	$ -	$ 2,634,314	$ -	$ 207,339	$ 19,630,718
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 June 30, 2022	$ 553,204	$ 23,249,402	$ 389,975	$ 3,169,502	$ 14,089,782	$ -	$ 41,451,865

(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 June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of goodwill were $14,089,782 thousand, $13,324,628 thousand and $13,392,273 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

	June 30, 2022	December 31, 2021	June 30, 2021
Insurance Industry Stability Fund (a)	$ 13,389,500	$ 13,022,786	$ 12,560,704
Less: Reserve for Insurance Industry Stability Fund (a)	(13,389,500)	(13,022,786)	(12,560,704)
Guarantee deposits paid (b)	72,407,019	22,924,334	23,866,332
Deferred acquisition costs (c)	1,379	1,563	2,079
Prepayments	690,038	595,598	417,095
Net defined benefit assets	7,747,018	7,697,991	6,321,568
Others	1,676,439	856,418	697,854
	$ 82,521,893	$ 32,075,904	$ 31,304,928

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Insurance operation guarantee deposit	$ 11,675,644	$ 11,705,144	$ 11,730,727
Deposit for futures and options trading	6,400,448	7,006,713	7,056,341
Deposit for derivatives trading	52,273,864	2,165,104	2,687,538
Other guarantee deposits	2,057,063	2,047,373	2,391,726
	$ 72,407,019	$ 22,924,334	$ 23,866,332

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 Six Months Ended June 30	
	2022	2021
Beginning balance	$ 1,563	$ 2,596
Amortization	(184)	(517)
Ending balance	$ 1,379	$ 2,079

21. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Notes payable	$ 806,325	$ 849,511	$ 954,043
Claims payable	1,112,438	1,011,838	971,404
Commissions payable	1,558,630	3,114,168	3,069,059
Due to reinsurers and ceding companies	1,062,509	1,106,989	987,661
Other payables	14,565,835	16,752,853	29,373,413
	$ 19,105,737	$ 22,835,359	$ 35,355,580

22. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 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. The 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-y 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 $314,137 thousand, $314,137 thousand, $624,822 thousand and $624,822 thousand was recorded as finance costs for the three months and six months ended June 30, 2022 and 2021, respectively.

b. Pursuant to Order No. Securities-TPEx-Bond-10600099421 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. Key terms and conditions are as follows:

   1) Issue amount: $35,000,000 thousand.

   2) Principal amount and issue price: The face value is $1,000 thousand each, and is issued at par.

3) Years to maturity: Perpetual.

4) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year maturity.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's 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 $287,980 thousand, $287,980 thousand, $572,775 thousand and $572,775 thousand was recorded as finance costs for the three months and six months ended June 30, 2022 and 2021, respectively.

c. Pursuant to Order No. Securities-TPEx-Bond-10800055731 of the Taipei Exchange, the Company issued first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:

1) Issue amount: $10,000,000 thousand.

2) Principal amount and issue price: The face value is $1,000 thousand each, and is issued at par.

3) Years to maturity: Perpetual.

4) Coupon rate: Fixed rate of 3%.

5) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.

6) Right of early redemption: If the Company's 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 $74,790 thousand, $74,790 thousand, $148,770 thousand and $148,770 thousand was recorded as finance costs for the three months and six months ended June 30, 2022 and 2021, respectively.

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

	June 30, 2022			December 31, 2021			June 30, 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	$ 71,530	$ -	$ 71,530	$ 64,522	$ -	$ 64,522	$ 69,294	$ -	$ 69,294
Individual injury insurance	7,235,298	-	7,235,298	7,516,597	-	7,516,597	7,096,145	-	7,096,145
Individual health insurance	10,356,020	-	10,356,020	10,484,937	-	10,484,937	9,773,338	-	9,773,338
Group insurance	1,031,318	-	1,031,318	849,693	-	849,693	1,009,417	-	1,009,417
Investment-linked insurance	121,607	-	121,607	118,841	-	118,841	115,116	-	115,116
	18,815,773	-	18,815,773	19,034,590	-	19,034,590	18,063,310	-	18,063,310
Less ceded unearned premium reserve:									
Individual life insurance	741,049	-	741,049	880,519	-	880,519	729,650	-	729,650
Individual injury insurance	20,268	-	20,268	21,575	-	21,575	19,919	-	19,919
Individual health insurance	212,205	-	212,205	229,227	-	229,227	192,569	-	192,569
	973,522	-	973,522	1,131,321	-	1,131,321	942,138	-	942,138
	$ 17,842,251	$ -	$ 17,842,251	$ 17,903,269	$ -	$ 17,903,269	$ 17,121,172	$ -	$ 17,121,172

The changes in unearned premium reserve are summarized below:

	For the Six Months Ended June 30					
	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	18,815,748	-	18,815,748	18,063,323	-	18,063,323
Recovery	(19,034,590)	-	(19,034,590)	(18,390,129)	-	(18,390,129)
Foreign exchange	25	-	25	(13)	-	(13)
Ending balance	18,815,773	-	18,815,773	18,063,310	-	18,063,310
Less ceded unearned premium reserve:						
Beginning balance	1,131,321	-	1,131,321	1,113,039	-	1,113,039
Decrease	(157,799)	-	(157,799)	(170,901)	-	(170,901)
Ending balance	973,522	-	973,522	942,138	-	942,138
Net ending balance	$ 17,842,251	$ -	$ 17,842,251	$ 17,121,172	$ -	$ 17,121,172

2) Loss reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 3,721,685	$ 14,259	$ 3,735,944	$ 2,953,975	$ 31,747	$ 2,985,722	$ 2,671,551	$ 8,639	$ 2,680,190
Not yet filed	44,669	-	44,669	24,700	-	24,700	23,691	-	23,691
Individual injury insurance									
Filed but not paid	64,361	-	64,361	85,959	-	85,959	44,473	-	44,473
Not yet filed	2,103,927	-	2,103,927	1,969,841	-	1,969,841	2,068,720	-	2,068,720
Individual health insurance									
Filed but not paid	1,033,501	-	1,033,501	1,505,115	-	1,505,115	1,354,628	-	1,354,628
Not yet filed	3,574,092	-	3,574,092	3,311,515	-	3,311,515	3,525,587	-	3,525,587
Group insurance									
Filed but not paid	79,182	-	79,182	70,387	-	70,387	83,098	-	83,098
Not yet filed	1,363,572	-	1,363,572	1,028,164	-	1,028,164	1,230,621	-	1,230,621
Investment-linked insurance									
Filed but not paid	218,758	-	218,758	197,029	-	197,029	166,264	-	166,264
Not yet filed	2,230	-	2,230	930	-	930	1,800	-	1,800
	12,205,977	14,259	12,220,236	11,147,615	31,747	11,179,362	11,170,433	8,639	11,179,072
Less ceded loss reserve									
Individual life insurance	58,351	-	58,351	35,496	-	35,496	49,581	-	49,581
Individual health insurance	3,473	-	3,473	4,106	-	4,106	2,181	-	2,181
	61,824	-	61,824	39,602	-	39,602	51,762	-	51,762
	$ 12,144,153	$ 14,259	$ 12,158,412	$ 11,108,013	$ 31,747	$ 11,139,760	$ 11,118,671	$ 8,639	$ 11,127,310

The changes of loss reserve are summarized below:

	For the Six Months Ended June 30					
	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	12,175,845	14,259	12,190,104	11,181,274	8,639	11,189,913
Recovery	(11,147,616)	(31,747)	(11,179,363)	(11,622,048)	(35,590)	(11,657,638)
Foreign exchange	30,133	-	30,133	(10,841)	-	(10,841)
Ending balance	12,205,977	14,259	12,220,236	11,170,433	8,639	11,179,072
Less ceded loss reserve						
Beginning balance	39,602	-	39,602	61,357	-	61,357
Increase	22,222	-	22,222	-	-	-
Decrease	-	-	-	(9,595)	-	(9,595)
Ending balance	61,824	-	61,824	51,762	-	51,762
Net ending balance	$ 12,144,153	$ 14,259	$ 12,158,412	$ 11,118,671	$ 8,639	$ 11,127,310

3) Policy reserve

	June 30, 2022			December 31, 2021			June 30, 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)	$ 5,580,782,268	$ 3,699	$ 5,580,785,967	$ 5,398,835,257	$ 3,673	$ 5,398,838,930	$ 5,273,304,396	$ 3,735	$ 5,273,308,131
Injury insurance	7,514,400	-	7,514,400	7,497,332	-	7,497,332	7,004,044	-	7,004,044
Health insurance	900,119,114	-	900,119,114	865,362,488	-	865,362,488	828,786,522	-	828,786,522
Annuity insurance	1,302,221	9,274,788	10,577,009	1,312,175	10,396,632	11,708,807	1,358,823	12,415,352	13,774,175
Investment-linked insurance	809,088	-	809,088	743,098	-	743,098	699,477	-	699,477
Total (Note 2)	6,490,527,091	9,278,487	6,499,805,578	6,273,750,350	10,400,305	6,284,150,655	6,111,153,262	12,419,087	6,123,572,349
Less ceded policy reserve									
Life insurance	375,093	-	375,093	374,908	-	374,908	392,013	-	392,013
	$ 6,490,151,998	$ 9,278,487	$ 6,499,430,485	$ 6,273,375,442	$ 10,400,305	$ 6,283,775,747	$ 6,110,761,249	$ 12,419,087	$ 6,123,180,336

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 $6,500,265,616 thousand, $6,284,636,754 thousand and $6,124,020,851 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

The changes of policy reserve are summarized below:

	For the Six Months Ended June 30					
	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	246,376,735	36,272	246,413,007	295,156,996	43,913	295,200,909
Recovery	(127,320,644)	(1,158,116)	(128,478,760)	(99,439,736)	(1,803,943)	(101,243,679)
Foreign exchange	97,720,650	26	97,720,676	(31,907,407)	(74)	(31,907,481)
Ending balance	6,490,527,091	9,278,487	6,499,805,578	6,111,153,262	12,419,087	6,123,572,349
Less ceded policy reserve						
Beginning balance	374,908	-	374,908	403,979	-	403,979
Decrease	(7,850)	-	(7,850)	(5,525)	-	(5,525)
Foreign exchange	8,035	-	8,035	(6,441)	-	(6,441)
Ending balance	375,093	-	375,093	392,013	-	392,013
Net ending balance	$ 6,490,151,998	$ 9,278,487	$ 6,499,430,485	$ 6,110,761,249	$ 12,419,087	$ 6,123,180,336

4) Special reserve

	June 30, 2022				December 31, 2021				June 30, 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	$ (28,841)	$ -	$ -	$ (28,841)	$ (41,854)	$ -	$ -	$ (41,854)	$ (56,272)	$ -	$ -	$ (56,272)
Dividend risk reserve	30,712	-	-	30,712	43,589	-	-	43,589	57,685	-	-	57,685
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
	$ 1,871	$ -	$ 11,083,324	$ 11,085,195	$ 1,735	$ -	$ 11,083,324	$ 11,085,059	$ 1,413	$ -	$ 11,083,324	$ 11,084,737

The changes of special reserve are summarized below:

	For the Six Months Ended June 30							
	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	23,859	-	-	23,859	7,917	-	-	7,917
Recovery of participating policies dividends reserve	(10,846)	-	-	(10,846)	(10,713)	-	-	(10,713)
Provision for dividend risk reserve	-	-	-	-	2,757	-	-	2,757
Recovery of dividend risk reserve	(12,877)	-	-	(12,877)	-	-	-	-
Ending balance	$ 1,871	$ -	$ 11,083,324	$ 11,085,195	$ 1,413	$ -	$ 11,083,324	$ 11,084,737

5) Premium deficiency reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 8,078,327	$ -	$ 8,078,327	$ 8,570,062	$ -	$ 8,570,062	$ 10,662,209	$ -	$ 10,662,209
Individual injury insurance	3,022	-	3,022	3,300	-	3,300	848	-	848
Individual health insurance	1,302,566	-	1,302,566	1,234,787	-	1,234,787	1,199,432	-	1,199,432
Group insurance	90,299	-	90,299	66	-	66	66,222	-	66,222
	$ 9,474,214	$ -	$ 9,474,214	$ 9,808,215	$ -	$ 9,808,215	$ 11,928,711	$ -	$ 11,928,711

The changes of premium deficiency reserve are summarized below:

	For the Six Months Ended June 30					
	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	90,249	-	90,249	66,140	-	66,140
Recovery	(590,949)	-	(590,949)	(1,847,478)	-	(1,847,478)
Foreign exchange	166,699	-	166,699	(92,294)	-	(92,294)
Ending balance	$ 9,474,214	$ -	$ 9,474,214	$ 11,928,711	$ -	$ 11,928,711

6) Other reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 1,860,925	$ -	$ 1,860,925	$ 1,865,925	$ -	$ 1,865,925	$ 1,870,925	$ -	$ 1,870,925

The changes of other reserve are summarized below:

	For the Six Months Ended June 30					
	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	(5,000)	-	(5,000)	(6,000)	-	(6,000)
Ending balance	$ 1,860,925	$ -	$ 1,860,925	$ 1,870,925	$ -	$ 1,870,925

7) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	June 30, 2022	December 31, 2021	June 30, 2021
Unearned premium reserve	$ 18,815,773	$ 19,034,590	$ 18,063,310
Policy reserve	6,500,265,616	6,284,636,754	6,124,020,851
Premium deficiency reserve	9,474,214	9,808,215	11,928,711
Other reserve	1,860,925	1,865,925	1,870,925
Book value of insurance liabilities	$ 6,530,416,528	$ 6,315,345,484	$ 6,155,883,797
Estimated present value of cash flows	$ 5,830,136,055	$ 5,567,751,045	$ 5,379,848,907
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:

	June 30, 2022	**December 31, 2021**	**June 30, 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	Under assets allocation plan on March 31, 2022, 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.	Under assets allocation plan on March 31, 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.

b. Cathay Lujiazui Life

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

1) Unearned premium reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 4,594	$ -	$ 4,594	$ 5,034	$ -	$ 5,034	$ 4,847	$ -	$ 4,847
Individual health insurance	57,026	-	57,026	55,998	-	55,998	33,003	-	33,003
Group insurance	272,374	-	272,374	338,757	-	338,757	250,675	-	250,675
	$ 333,994	$ -	$ 333,994	$ 399,789	$ -	$ 399,789	$ 288,525	$ -	$ 288,525

The changes of unearned premium reserve are summarized below:

	For the Six Months Ended June 30					
	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	265,791	-	265,791	137,870	-	137,870
Recovery	(340,702)	-	(340,702)	(196,302)	-	(196,302)
Foreign exchange	9,116	-	9,116	(3,102)	-	(3,102)
Ending balance	$ 333,994	$ -	$ 333,994	$ 288,525	$ -	$ 288,525

2) Loss reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 2,679	$ -	$ 2,679
Not yet filed	-	-	-	19,857	-	19,857	20,578	-	20,578
Individual injury insurance									
Filed but not paid	541	-	541	212	-	212	97	-	97
Not yet filed	6,015	-	6,015	5,730	-	5,730	5,189	-	5,189
Individual health insurance									
Filed but not paid	1,395	-	1,395	14,848	-	14,848	13,368	-	13,368
Not yet filed	20,386	-	20,386	74,299	-	74,299	68,571	-	68,571
Group insurance									
Filed but not paid	21,819	-	21,819	21,972	-	21,972	15,053	-	15,053
Not yet filed	420,513	-	420,513	394,241	-	394,241	409,427	-	409,427
	470,669	-	470,669	531,501	-	531,501	534,962	-	534,962
Less ceded loss reserve									
Individual injury insurance	7	-	7	12	-	12	37	-	37
Individual health insurance	6,763	-	6,763	7,501	-	7,501	7,675	-	7,675
Group insurance	4,098	-	4,098	4,382	-	4,382	4,915	-	4,915
	10,868	-	10,868	11,895	-	11,895	12,627	-	12,627
	$ 459,801	$ -	$ 459,801	$ 519,606	$ -	$ 519,606	$ 522,335	$ -	$ 522,335

The changes of loss reserve are summarized below:

	For the Six Months Ended June 30					
	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	878,589	-	878,589	329,628	-	329,628
Recovery	(951,569)	-	(951,569)	(276,156)	-	(276,156)
Foreign exchange	12,148	-	12,148	(5,644)	-	(5,644)
Ending balance	470,669	-	470,669	534,962	-	534,962
Less ceded loss reserve						
Beginning balance	11,895	-	11,895	10,366	-	10,366
Increase	23,824	-	23,824	24,732	-	24,732
Decrease	(25,125)	-	(25,125)	(22,338)	-	(22,338)
Foreign exchange	274	-	274	(133)	-	(133)
Ending balance	10,868	-	10,868	12,627	-	12,627
Net ending balance	$ 459,801	$ -	$ 459,801	$ 522,335	$ -	$ 522,335

3) Policy reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 43,690,785	$ -	$ 43,690,785	$ 36,742,466	$ -	$ 36,742,466	$ 31,794,398	$ -	$ 31,794,398
Health insurance	5,396,839	-	5,396,839	4,445,415	-	4,445,415	3,673,023	-	3,673,023
Investment-linked insurance	764	-	764	735	-	735	854	-	854
	49,088,388	-	49,088,388	41,188,616	-	41,188,616	35,468,275	-	35,468,275
Less ceded loss reserve									
Individual life insurance	3,688	-	3,688	1,231	-	1,231	1,552	-	1,552
Health insurance	20,033	-	20,033	18,976	-	18,976	18,380	-	18,380
	23,721	-	23,721	20,207	-	20,207	19,932	-	19,932
	$ 49,064,667	$ -	$ 49,064,667	$ 41,168,409	$ -	$ 41,168,409	$ 35,448,343	$ -	$ 35,448,343

The changes of policy reserve are summarized below:

	For the Six Months Ended June 30					
	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	8,129,863	-	8,129,863	6,012,608	-	6,012,608
Recovery	(1,246,459)	-	(1,246,459)	(776,057)	-	(776,057)
Reclassification	60,417	-	60,417	5,686	-	5,686
Foreign exchange	955,951	-	955,951	(373,115)	-	(373,115)
Ending balance	49,088,388	-	49,088,388	35,468,275	-	35,468,275
Less ceded loss reserve						
Beginning balance	20,207	-	20,207	21,539	-	21,539
Increase	47,575	-	47,575	39,504	-	39,504
Decrease	(44,530)	-	(44,530)	(40,896)	-	(40,896)
Foreign exchange	469	-	469	(215)	-	(215)
Ending balance	23,721	-	23,721	19,932	-	19,932
Ending balance	$ 49,064,667	$ -	$ 49,064,667	$ 35,448,343	$ -	$ 35,448,343

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	June 30, 2022	December 31, 2021	June 30, 2021
Unearned premium reserve	$ 333,994	$ 399,789	$ 288,525
Policy reserve	49,088,388	41,188,616	35,468,275
Book value of insurance liabilities	$ 49,422,382	$ 41,588,405	$ 35,756,800
Estimated present value of cash flows	$ 39,537,906	$ 33,270,724	$ 28,605,440
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.

Liability adequacy testing methodology is listed as follows:

	June 30, 2022	December 31, 2021	June 30, 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

	June 30, 2022			December 31, 2021			June 30, 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	$ 17,803	$ -	$ 17,803	$ 18,135	$ -	$ 18,135	$ 16,107	$ -	$ 16,107
Individual health insurance	47,466	-	47,466	43,717	-	43,717	28,215	-	28,215
	$ 65,269	$ -	$ 65,269	$ 61,852	$ -	$ 61,852	$ 44,322	$ -	$ 44,322

The changes of unearned premium reserve are summarized below:

	For the Six Months Ended June 30					
	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	205	-	205	9,348	-	9,348
Foreign exchange	3,212	-	3,212	(787)	-	(787)
Ending balance	$ 65,269	$ -	$ 65,269	$ 44,322	$ -	$ 44,322

2) Loss reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 7,278	$ -	$ 7,278	$ 9,835	$ -	$ 9,835	$ 7,350	$ -	$ 7,350
Individual injury insurance									
Filed but not paid	3,216	-	3,216	2,043	-	2,043	906	-	906
Not yet filed	3,379	-	3,379	2,915	-	2,915	2,440	-	2,440
Individual health insurance									
Filed but not paid	13,211	-	13,211	14,747	-	14,747	7,783	-	7,783
Not yet filed	15,221	-	15,221	12,954	-	12,954	9,359	-	9,359
Investment-linked insurance									
Filed but not paid	14,323	-	14,323	10,024	-	10,024	7,345	-	7,345
	$ 56,628	$ -	$ 56,628	$ 52,518	$ -	$ 52,518	$ 35,183	$ -	$ 35,183

The changes of loss reserve are summarized below:

	For the Six Months Ended June 30					
	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	1,359	-	1,359	16,636	-	16,636
Foreign exchange	2,751	-	2,751	(534)	-	(534)
Ending balance	$ 56,628	$ -	$ 56,628	$ 35,183	$ -	$ 35,183

3) Policy reserve

	June 30, 2022			December 31, 2021			June 30, 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	$ 9,417,734	$ -	$ 9,417,734	$ 8,313,750	$ -	$ 8,313,750	$ 6,587,540	$ -	$ 6,587,540
Investment-linked insurance	1,085,356	-	1,085,356	820,427	-	820,427	592,932	-	592,932
	$ 10,503,090	$ -	$ 10,503,090	$ 9,134,177	$ -	$ 9,134,177	$ 7,180,472	$ -	$ 7,180,472

The changes of policy reserve are summarized below:

	For the Six Months Ended June 30					
	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	878,781	-	878,781	618,801	-	618,801
Foreign exchange	490,132	-	490,132	(136,234)	-	(136,234)
Ending balance	$ 10,503,090	$ -	$ 10,503,090	$ 7,180,472	$ -	$ 7,180,472

4) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Feature		
	June 30, 2022	December 31, 2021	June 30, 2021
Unearned premium reserve	$ 65,269	$ 61,852	$ 44,322
Policy reserve	10,503,090	9,134,177	7,180,472
Book value of insurance liabilities	$ 10,568,359	$ 9,196,029	$ 7,224,794
Estimated present value of cash flows	$ 5,754,458	$ 6,130,977	$ 5,520,392
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.

Liability adequacy testing methodology is listed as follows:

	June 30, 2022	December 31, 2021	June 30, 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 June 30, 2022, December 31, 2021 and June 30, 2021, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

a. The Company

	June 30, 2022	December 31, 2021	June 30, 2021
Life insurance	$ 70,368	$ 71,548	$ 73,968
Investment-linked insurance	1,170,373	1,093,492	1,066,250
	$ 1,240,741	$ 1,165,040	$ 1,140,218

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 1,165,040	$ 1,010,156
Claims and payments	(138,729)	(91,852)
Net provision of statutory reserve	192,672	227,409
Foreign exchange	21,758	(5,495)
Ending balance	$ 1,240,741	$ 1,140,218

b. Cathay Lujiazui Life

	June 30, 2022	December 31, 2021	June 30, 2021
Life insurance	$ 15,807,831	$ 14,023,748	$ 13,277,145

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 14,023,748	$ 12,721,352
Premiums received	2,543,447	2,154,092
Claims and payments	(1,397,702)	(1,734,837)
Net reserve of statutory reserve	313,901	277,052
Foreign exchange	324,437	(140,514)
Ending balance	$ 15,807,831	$ 13,277,145

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 Six Months Ended June 30	
	2022	2021
Beginning balance	$ 9,053,726	$ 14,820,865
Provision		
Compulsory reserve	3,002,647	3,538,863
Additional reserve	23,489,655	560,436
	26,492,302	4,099,299
Recovery	(2,525,160)	(9,703,904)
Ending balance	$ 33,020,868	$ 9,216,260

c. Effects due to reserve for foreign exchange valuation

	For the Six Months Ended June 30, 2022		
Items	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2) - (1)
Net income attributable to owners of the Company	$ 59,421,747	$ 40,248,033	$ (19,173,714)
Earnings per share	10.15	6.88	(3.27)
Reserve for foreign exchange valuation	-	33,020,868	33,020,868
Equity attributable to owners of the Company	330,778,258	307,964,460	(22,813,798)

	For the Six Months Ended June 30, 2021		
Items	Inapplicable Amount (1)	Applicable Amount (2)	Effects (2) - (1)
Net income attributable to owners of the Company	$ 72,723,026	$ 77,206,709	$ 4,483,683
Earnings per share	12.43	13.19	0.76
Reserve for foreign exchange valuation	-	9,216,260	9,216,260
Equity attributable to owners of the Company	733,341,540	729,571,428	(3,770,112)

26. RETAINED EARNED PREMIUM AND RETAINED CLAIM PAYMENTS

a. Retained earned premium

1) The Company

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 96,146,899	$ 17,846	$ 96,164,745	$ 119,417,441	$ 24,585	$ 119,442,026
Reinsurance premium	39,829	-	39,829	27,970	-	27,970
Premium income	96,186,728	17,846	96,204,574	119,445,411	24,585	119,469,996
Less: Reinsurance expenses	(568,809)	-	(568,809)	(538,525)	-	(538,525)
Net changes in unearned premium reserve	(634,220)	-	(634,220)	(390,783)	-	(390,783)
Retained earned premium	$ 94,983,699	$ 17,846	$ 95,001,545	$ 118,516,103	$ 24,585	$ 118,540,688

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 192,067,995	$ 38,181	$ 192,106,176	$ 241,770,146	$ 46,224	$ 241,816,370
Reinsurance premium	67,084	-	67,084	56,174	-	56,174
Premium income	192,135,079	38,181	192,173,260	241,826,320	46,224	241,872,544
Less: Reinsurance expenses	(1,104,916)	-	(1,104,916)	(1,022,077)	-	(1,022,077)
Net changes in unearned premium reserve	61,043	-	61,043	155,905	-	155,905
Retained earned premium	$ 191,091,206	$ 38,181	$ 191,129,387	$ 240,960,148	$ 46,224	$ 241,006,372

2) Cathay Lujiazui Life

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 3,351,942	$ -	$ 3,351,942	$ 2,734,217	$ -	$ 2,734,217
Reinsurance premium	-	-	-	-	-	-
Premium income	3,351,942	-	3,351,942	2,734,217	-	2,734,217
Less: Reinsurance expenses	(38,294)	-	(38,294)	(42,222)	-	(42,222)
Net changes in unearned premium reserve	59,761	-	59,761	58,557	-	58,557
Retained earned premium	$ 3,373,409	$ -	$ 3,373,409	$ 2,750,552	$ -	$ 2,750,552

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 8,515,620	$ -	$ 8,515,620	$ 7,480,238	$ -	$ 7,480,238
Reinsurance premium	-	-	-	-	-	-
Premium income	8,515,620	-	8,515,620	7,480,238	-	7,480,238
Less: Reinsurance expenses	(79,059)	-	(79,059)	(85,574)	-	(85,574)
Net changes in unearned premium reserve	74,911	-	74,911	58,432	-	58,432
Retained earned premium	$ 8,511,472	$ -	$ 8,511,472	$ 7,453,096	$ -	$ 7,453,096

3) Cathay Life (Vietnam)

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 973,736	$ -	$ 973,736	$ 744,866	$ -	$ 744,866
Reinsurance premium	-	-	-	-	-	-
Premium income	973,736	-	973,736	744,866	-	744,866
Less: Reinsurance expenses	(15,802)	-	(15,802)	(3,728)	-	(3,728)
Net changes in unearned premium reserve	1,234	-	1,234	(5,954)	-	(5,954)
Retained earned premium	$ 959,168	$ -	$ 959,168	$ 735,184	$ -	$ 735,184

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Written premium	$ 1,665,871	$ -	$ 1,665,871	$ 1,365,885	$ -	$ 1,365,885
Reinsurance premium	-	-	-	-	-	-
Premium income	1,665,871	-	1,665,871	1,365,885	-	1,365,885
Less: Reinsurance expenses	(25,586)	-	(25,586)	(3,900)	-	(3,900)
Net changes in unearned premium reserve	(205)	-	(205)	(9,348)	-	(9,348)
Retained earned premium	$ 1,640,080	$ -	$ 1,640,080	$ 1,352,637	$ -	$ 1,352,637

b. Retained claim payments

1) The Company

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 87,033,408	$ 589,386	$ 87,622,794	$ 67,795,676	$ 863,510	$ 68,659,186
Reinsurance claim payments	48,353	-	48,353	16,098	-	16,098
Insurance claim payments	87,081,761	589,386	87,671,147	67,811,774	863,510	68,675,284
Less: Claims recovered from reinsures	(344,682)	-	(344,682)	(514,135)	-	(514,135)
Retained claim payments	$ 86,737,079	$ 589,386	$ 87,326,465	$ 67,297,639	$ 863,510	$ 68,161,149

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 160,629,621	$ 1,212,014	$ 161,841,635	$ 130,683,430	$ 1,899,751	$ 132,583,181
Reinsurance claim payments	59,277	-	59,277	28,889	-	28,889
Insurance claim payments	160,688,898	1,212,014	161,900,912	130,712,319	1,899,751	132,612,070
Less: Claims recovered from reinsures	(693,423)	-	(693,423)	(953,288)	-	(953,288)
Retained claim payments	$ 159,995,475	$ 1,212,014	$ 161,207,489	$ 129,759,031	$ 1,899,751	$ 131,658,782

2) Cathay Lujiazui Life

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 508,419	$ -	$ 508,419	$ 537,878	$ -	$ 537,878
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	508,419	-	508,419	537,878	-	537,878
Less: Claims recovered from reinsures	(40,579)	-	(40,579)	(34,783)	-	(34,783)
Retained claim payments	$ 467,840	$ -	$ 467,840	$ 503,095	$ -	$ 503,095

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 1,110,541	$ -	$ 1,110,541	$ 1,221,843	$ -	$ 1,221,843
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	1,110,541	-	1,110,541	1,221,843	-	1,221,843
Less: Claims recovered from reinsures	(70,014)	-	(70,014)	(62,368)	-	(62,368)
Retained claim payments	$ 1,040,527	$ -	$ 1,040,527	$ 1,159,475	$ -	$ 1,159,475

3) Cathay Life (Vietnam)

	For the Three Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 142,880	$ -	$ 142,880	$ 71,035	$ -	$ 71,035
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	142,880	-	142,880	71,035	-	71,035
Less: Claims recovered from reinsures	-	-	-	-	-	-
Retained claim payments	$ 142,880	$ -	$ 142,880	$ 71,035	$ -	$ 71,035

	For the Six Months Ended June 30					
	2022			2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Direct insurance claim payments	$ 219,479	$ -	$ 219,479	$ 120,947	$ -	$ 120,947
Reinsurance claim payments	-	-	-	-	-	-
Insurance claim payments	219,479	-	219,479	120,947	-	120,947
Less: Claims recovered from reinsures	-	-	-	-	-	-
Retained claim payments	$ 219,479	$ -	$ 219,479	$ 120,947	$ -	$ 120,947

27. PROVISIONS

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 56,245	$ 56,245
Change in the period	-	-
Ending balance	$ 56,245	$ 56,245

28. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Advance receipts	$ 477,594	$ 356,620	$ 361,792
Deferred fee income	2,979	3,397	4,383
Guarantee deposits received	2,935,191	10,279,416	12,036,423
Others (Note)	6,808,591	10,223,766	7,601,468
	$ 10,224,355	$ 20,863,199	$ 20,004,066

Note: CHL recognized liabilities for put options on subsidiaries' shares, amounting to $2,232,343 thousand, $3,084,003 and $2,736,127 thousand as of June 30, 2022, December 31, 2021 and June 30, 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 Six Months Ended June 30	
	2022	2021
Beginning balance	$ 3,397	$ 5,548
Amortization	(353)	(905)
Foreign exchange	(65)	(260)
Ending balance	$ 2,979	$ 4,383

29. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
General expenses	$ 47,852	$ 57,357	$ 95,703	$ 114,714

30. EQUITY

a. Share capital

	June 30, 2022	December 31, 2021	June 30, 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

	June 30, 2022	December 31, 2021	June 30, 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	710,883	833,127	840,611
Share-based payments granted by the parent company to the Company’s employees	182,599	182,599	182,599
	$ 60,472,624	$ 60,594,868	$ 60,602,352

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 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

	June 30, 2022	December 31, 2021	June 30, 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)	36,304,306	23,277,194	23,277,194
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	149,344,667
Special reserve for gains or losses on disposal of immature debt instruments (5)	103,261,225	67,293,218	67,293,218
Others (6)	105,947,509	88,174,667	86,449,379
	$ 457,055,171	$ 390,287,210	$ 388,600,599

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:

	June 30, 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

	June 30, 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 $34,764,311 thousand transferred from insurance liabilities in accordance with Jin Guan Bao Tsai No. 10402029590.

e. Other equity

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

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ (15,347,517)	$ (12,934,112)
Recognized for the period	1,736,415	(1,009,446)
Share of associates accounted for using the equity method	691,560	(479,110)
Tax effects	(116,677)	94,342
Other comprehensive income (loss) recognized for the period	2,311,298	(1,394,214)
Ending balance	$ (13,036,219)	$ (14,328,326)

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

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 38,259,385	$ 92,536,203
Recognized for the period	(288,870,999)	(35,890,287)
Share of associates accounted for using the equity method	(833,183)	460
Reclassification adjustment		
Disposal of investments in debt instruments	(48,415)	(17,908,306)
Tax effects	52,505,341	11,012,892
Other comprehensive loss income recognized for the period	(237,247,256)	(42,785,241)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	574,586	69,938
Ending balance	$(198,413,285)	$ 49,820,900

3) Gain (loss) on hedging instruments

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 335,851	$ 347,871
Recognized for the period	348,085	(67,718)
Reclassification adjustment		
Hedged item that affects profit or loss	51,738	(23,877)
Tax effects	(76,651)	20,278
Other comprehensive income (loss) recognized for the period	323,172	(71,317)
Ending balance	$ 659,023	$ 276,554

4) Remeasurement of defined benefit plans

	For the Six Months Ended June 30	
	2022	**2021**
Beginning balance	$ 1,336,456	$ 226,758
Share of associates accounted for using the equity method	42,683	(12,396)
Tax effects	(8,536)	2,479
Other comprehensive income (loss) recognized for the period	34,147	(9,917)
Ending balance	$ 1,370,603	$ 216,841

5) Property revaluation surplus

	For the Six Months Ended June 30	
	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 Six Months Ended June 30	
	2022	**2021**
Beginning balance	$ 63,853,017	$ 102,093,109
Recognized for the period	(199,298,132)	60,220,387
Reclassification adjustment		
Disposal of investments in financial instruments	(26,728,443)	(77,125,816)
Tax effects	16,337,634	(357,749)
Other comprehensive loss recognized for the period	(209,688,941)	(17,263,178)
Ending balance	$(145,835,924)	$ 84,829,931

7) Other equity - other

	For the Six Months Ended June 30	
	2022	**2021**
Beginning balance	$ (3,224,389)	$ (3,944,303)
Actual execution of put options on subsidiaries' share	731,063	719,914
Ending balance	$ (2,493,326)	$ (3,224,389)

f. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 7,689,899	$ 7,399,117
Net income attributed to non-controlling interests		
Net profit for the period	279,879	397,517
Other comprehensive income (loss) for the period		
Exchange differences on translation of the financial statements of foreign operations	209,385	(114,703)
Other comprehensive income reclassified using overlay approach	68,343	81,454
Actual acquisition of interests in subsidiaries	(109,072)	(176,506)
Others	(415,291)	(218,562)
Ending balance	$ 7,723,143	$ 7,368,317

31. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings per share	$ 2.43	$ 4.70	$ 6.88	$ 13.19

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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Earnings used in the computation of basic earnings per share	$ 14,206,386	$ 27,507,016	$ 40,248,033	$ 77,206,709

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	5,851,527	5,851,527	5,851,527	5,851,527

If reserve for foreign exchange valuation was not applicable, earnings per share would be $3.79, $4.11, $10.15 and $12.43 for the three months and six months ended June 30, 2022 and 2021, respectively.

32. NET PROFIT FOR THE PERIOD

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Financial assets at FVTOCI	$ 12,294,379	$ 9,650,830	$ 22,440,960	$ 19,029,465
Financial assets measured at amortized cost	27,435,790	25,515,253	53,494,520	51,510,424
Loans	3,512,553	3,452,628	7,036,666	6,887,880
Others	628,525	552,869	1,115,608	954,983
	$ 43,871,247	$ 39,171,580	$ 84,087,754	$ 78,382,752

b. Expected credit impairment losses and gains on reversal

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenues - expected credit impairment losses and gains on reversal from investments				
Debt instrument investments at FVTOCI	$ (202,499)	$ 259,362	$ (1,099,441)	$ 318,138
Financial assets measured at amortized cost	(363,716)	845,998	(1,888,821)	1,639,242
Interest receivable	(323,769)	-	(535,066)	-
Loans	34,474	2,903	282,825	(89,383)
	(855,510)	1,108,263	(3,240,503)	1,867,997
Operating expenses - expected credit impairment losses from non-investments				
Receivables	(1,706)	(4,151)	(11,325)	(8,535)
Reinsurance assets	949	-	(11,476)	-
	(757)	(4,151)	(22,801)	(8,535)
	$ (856,267)	$ 1,104,112	$ (3,263,304)	$ 1,859,462

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term benefits				
Salaries	$ 7,745,745	$ 8,625,371	$ 16,497,787	$ 17,925,781
Labor and health insurance expenses	705,176	702,589	1,593,283	1,616,752
Post-employment benefits				
Defined contribution plans	268,160	269,009	557,303	578,230
Defined benefit plans (Note 29)	47,852	57,357	95,703	114,714
Remuneration of directors	23,763	22,039	46,684	46,232
Other employee benefits	184,674	210,723	374,894	442,301
	$ 8,975,370	$ 9,887,088	$ 19,165,654	$ 20,724,010
An analysis of employee benefits expense by function				
Operating costs	$ 5,811,083	$ 6,879,106	$ 12,606,278	$ 14,356,647
Operating expenses	3,164,287	3,007,982	6,559,376	6,367,363
	$ 8,975,370	$ 9,887,088	$ 19,165,654	$ 20,724,010

As of June 30, 2022 and 2021, the total numbers of the Group’s employees were 39,770 and 41,285, including 22 and 19 non-executive directors, respectively.

d. Compensation of employees and remuneration of directors and supervisors

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

In compliance with the Company’s Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors and supervisors for the three months and six months ended June 30, 2022 and 2021, respectively, as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	$ 1,896	$ 3,204	$ 4,830	$ 8,614
Remuneration of directors and supervisors	1,350	1,350	2,700	2,700

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

The compensation and remuneration of directors and supervisors for the year 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
Employees' compensation	$ 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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property and equipment	$ 206,756	$ 177,851	$ 392,588	$ 345,968
Right-of-use assets	164,520	142,718	319,578	282,736
Intangible assets	589,955	651,430	1,173,120	1,309,585
	$ 961,231	$ 971,999	$ 1,885,286	$ 1,938,289
An analysis of depreciation by function				
Operating expenses	$ 371,276	$ 320,569	$ 712,166	$ 628,704
An analysis of amortization by function				
Operating expenses	$ 589,955	$ 651,430	$ 1,173,120	$ 1,309,585

f. Non-operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Loss on disposal of property and equipment	$ (31)	$ (1,437)	$ (134)	$ (1,607)
Others	436,745	399,287	894,841	811,605
	$ 436,714	$ 397,850	$ 894,707	$ 809,998

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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	$ (259,695)	$ 3,101,523	$ (1,915,694)	$ 10,723,533
Adjustments for prior years	472,793	(64,073)	472,752	(47,902)
Deferred tax				
In respect of the current period	4,678,553	45,746	9,785,945	(2,881,265)
Adjustments for prior years	349	91,464	349	91,464
Other				
Additional income tax under Alternative Minimum Tax Act	-	1,323,334	-	2,065,439
Tax effect under integrated income tax system	52,233	(388,157)	206,903	(666,759)
Income tax expense recognized in profit or loss	$ 4,944,233	$ 4,109,837	$ 8,550,255	$ 9,284,510

Foreign withholding taxes in the amounts of $421,949 thousand, $307,755 thousand, $656,363 thousand and $431,836 thousand were recognized in current tax expense for the three months and six months ended June 30, 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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Derecognition of equity instruments at FVTOCI	$ 77,445	$ 14,136	$ 74,780	$ 30,111
Deferred tax				
Derecognition of equity instruments at FVTOCI	(77,445)	(14,136)	(74,780)	(30,111)
Capital surplus	-	57	30,088	57
Total income tax recognized directly in equity	$ -	$ 57	$ 30,088	$ 57

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Deferred tax				
Recognized in other comprehensive income (loss)				
Exchange differences on translation of the financial statements of foreign operations	$ 21,232	$ 70,344	$ (116,677)	$ 94,342
(Losses) gains on hedging instruments	(77,087)	(9,918)	(76,651)	20,278
Unrealized gains on equity instruments at FVTOCI	256,524	350,610	331,424	135,759
Unrealized gains (losses) on debt instruments at FVTOCI	28,252,691	(5,478,670)	52,086,462	10,898,671
Share of other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	21,814	(21,861)	78,919	(19,059)
Other comprehensive income (loss) reclassified using overlay approach	9,392,249	(2,668,899)	16,337,634	(357,749)
Total income tax recognized in other comprehensive income (loss)	$ 37,867,423	$ (7,758,394)	$ 68,641,111	$ 10,772,242

d. Income tax assessments

The tax returns through 2016 have been assessed by the tax authorities. The Company disagreed with the tax authorities’ assessment of its 2015 and 2016 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
PSS Co., Ltd.	Associate
TaiYang Solar Power Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CMG International One Co., Ltd.	Associate
CMG International Two 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 Venture Inc.	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

(Continued)

Related Party Name	Related Party Category
Cathay Hospitality Management Co., Ltd.	Other related party
San Ching Engineering Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Cymder Co., Ltd.	Other related party
Retail Forest Co., Ltd.	Other related party before July 2021
Hsin Chung Co., Ltd.	Other related party
Yi Ru Capital Co., Ltd.	Other related party
CDIB&PARTNERS Investment Holding Corp.	Other related party
Daiwa-Cathay Capital Markets Securities Group Inc.	Other related party
Srisawad Corporation Public Company Limited	Other related party
Other (including directors, supervisors, key management personnel and their spouses and relatives within the second-degree of kinship)	Other related party

(Concluded)

b. Significant transactions with related parties:

1) Property transactions

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

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

	For the Six Months Ended June 30			
	2022		2021	
Name	Items	Amount	Items	Amount
Associate				
Lin Yuan Property Management Co., Ltd.	Yu-Ren business building etc.	$ 1,496	Cathay Headquarters Building, etc.	$ 4,497
Other related party				
San Ching Engineering Co., Ltd.	Tucheng East Building etc.	683,555	Tucheng East Building, etc.	673,341
Ally Logistic Property Co., Ltd.	Yangmei Erchongxi Warehouse etc.	395,110	Rueifang Logistics Park, etc.	490,784
		1,078,665		1,164,125
		$ 1,080,161		$ 1,168,622

As of June 30, 2022, December 31, 2021 and June 30, 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 $2,607,361 thousand, respectively.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the total amounts of contracted projects for real estate between the Group and San Ching Engineering Co., Ltd. were $15,576,286 thousand, $7,316,509 thousand and $7,306,390 thousand, respectively.

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

	Rental Income			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
Name	2022	2021	2022	2021
Parent company				
Cathay Financial Holdings	$ 36,229	$ 34,178	$ 73,171	$ 67,271
Subsidiary				
Cathay Securities Investment Consulting	2,530	2,448	5,059	4,895
Associate and its subsidiary				
Yua-Yung Marketing (Taiwan) Co., Ltd.	9,508	7,707	20,475	17,419
Symphox Information Co., Ltd.	8,383	8,200	16,593	16,420
Hong-Sui Co., Ltd.	7,007	7,147	14,098	14,614
Lin Yuan Property Management Co., Ltd.	5,035	5,991	9,866	10,858
	29,933	29,045	61,032	59,311
Fellow subsidiary and its subsidiary				
Cathay United Bank Co., Ltd.	194,174	193,632	349,003	347,570
Cathay Century Insurance Co., Ltd.	31,675	27,285	63,593	54,807
Cathay Securities Corporation	15,627	13,260	30,213	26,491
Cathay Securities Investment Trust Co., Ltd.	14,767	15,003	29,534	28,299
Cathay Venture Inc.	2,136	1,393	3,787	2,787
Cathay Futures Co., Ltd.	1,818	1,730	3,637	3,461
	260,197	252,303	479,767	463,415
Other related party				
Ally Logistic Property Co., Ltd.	248,448	194,902	466,997	391,707
Cathay Medical Care Corp.	52,450	49,337	101,544	95,983
Cathay Hospitality Management Co., Ltd.	44,014	49,400	94,641	87,202
Cathay Hospitality Consulting Co., Ltd.	43,143	42,650	89,909	85,169
Cathay Healthcare Management Co., Ltd.	22,429	17,590	44,256	35,174
Cathay Real Estate Development Co., Ltd.	4,468	4,497	8,765	9,125
Hsin Chung Co., Ltd.	3,225	3,225	6,451	6,451
Cymder Co., Ltd.	2,075	2,075	3,459	3,459
San Ching Engineering Co., Ltd.	1,587	1,608	3,193	3,217
Cymlin Co., Ltd.	2,142	-	4,285	-
	423,981	365,284	823,500	717,487
	$ 752,870	$ 683,258	$ 1,442,529	$ 1,312,379

Name	Guarantee Deposits Received June 30, 2022	 December 31, 2021	 June 30, 2021
Parent company			
Cathay Financial Holdings	$ 33,633	$ 33,301	$ 33,301
Associate and its subsidiary			
Symphox Information Co., Ltd.	8,259	8,000	8,000
Yua-Yang Marketing (Taiwan) Co., Ltd.	4,915	4,552	3,892
Hong-Sui Co., Ltd.	4,740	4,740	5,145
	17,914	17,292	17,037
Fellow subsidiary			
Cathay United Bank Co., Ltd.	190,613	187,202	187,202
Cathay Century Insurance Co., Ltd.	32,139	32,175	26,789
Cathay Securities Corporation	14,719	13,087	12,075
Cathay Securities Investment Trust Co., Ltd.	13,275	12,931	14,080
	250,746	245,395	240,146
Other related party			
Ally Logistic Property Co., Ltd.	210,626	143,424	143,270
Cathay Hospitality Management Co., Ltd.	189,808	188,597	187,830
Cathay Hospitality Consulting Co., Ltd.	182,996	182,277	181,185
Cathay Medical Care Corp.	61,208	11,447	11,435
Cathay Healthcare Management Co., Ltd.	21,113	21,113	20,384
Cathay Real Estate Development Co., Ltd.	4,215	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
	677,119	563,971	561,092
	$ 979,412	$ 859,959	$ 851,576

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

c) Lease arrangements

i. Acquisition of right-of-use assets

Name	For the Six Months Ended June 30	
	2022	2021
Fellow subsidiary		
Cathay United Bank Co., Ltd.	$ 61,248	$ -
Other related party		
Yi Ru Capital Co., Ltd.	-	8,402
	$ 61,248	$ 8,402

ii. Lease liabilities

Name	June 30, 2022	December 31, 2021	June 30, 2021
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ 53,713	$ 7,433	$ 22,637
Other related party			
Cathay Real Estate Development Co., Ltd.	5,434	9,155	12,836
Yi Ru Capital Co., Ltd.	3,177	5,271	7,346
	8,611	14,426	20,182
	$ 62,324	$ 21,859	$ 42,819

iii. Guarantee deposits paid

Name	June 30, 2022	December 31, 2021	June 30, 2021
Fellow subsidiary			
Cathay United Bank Co., Ltd.	$ 7,694	$ 10,087	$ 11,465

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

	For the Six Months Ended June 30	
	2022	2021
Subsidiary of associate		
ThinkPower Information Co., Ltd.	$ 11,515	$ 1,729

2) Shares transactions

a) Acquisition of shares issued by the related parties

Name	Nature of Transaction	For the Six Months Ended June 30 2022	2021
Associate			
CMG International Two Co., Ltd.	Ordinary shares	$ 1,125,000	$ -
CMG International One Co., Ltd.	Ordinary shares	900,000	-
ThrivEnergy Co., Ltd.	Ordinary shares	216,000	-
TaiYang Solar Power Co., Ltd.	Ordinary shares	67,500	99,500
CM Energy Co., Ltd.	Ordinary shares	-	135,000
		$ 2,308,500	$ 234,500

b) Balance of shares issued by the related parties

Name	Nature of Transaction	June 30, 2022	December 31, 2021	June 30, 2021
Other related party				
Srisawad Corporation Public Company	Ordinary shares	$ 2,560,845	$ 3,213,864	$ 3,750,827
Cathay Real Estate Development Co., Ltd.	Ordinary shares	1,191,018	1,321,447	1,359,202
CDIB&PARTNERS Investment Holding Corp.	Ordinary shares	711,720	880,740	867,240
Daiwa-Cathay Capital Markets Securities Group Inc.	Ordinary shares	148,500	144,600	145,600
		$ 4,612,083	$ 5,560,651	$ 6,122,869

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

3) Cash in banks

Name	Nature of Transaction	June 30, 2022	December 31, 2021	June 30, 2021
Fellow subsidiary				
Cathay United Bank Co., Ltd.	Time deposit	$ 1,398,756	$ 1,280,477	$ 1,185,504
	Demand deposit	42,059,778	42,819,111	42,436,068
	Security deposit	203,484	6	6
	Checking deposit	174,814	209,910	278,313
		43,836,832	44,309,504	43,899,891
Subsidiary of fellow subsidiary				
Indovina Bank Limited	Time deposit	2,674,574	1,817,844	3,252,085
	Demand deposit	22,059	12,382	48,769
		2,696,633	1,830,226	3,300,854
		$ 46,533,465	$ 46,139,730	$ 47,200,745

For the three months and six months ended June 30, 2022 and 2021, the interest income earned from above bank deposits in Cathay United Bank Co., Ltd. amounted to $24,033 thousand, $11,031 thousand, $37,645 thousand and $21,775 thousand, respectively.

For the three months and six months ended June 30, 2022 and 2021, the interest income earned from above bank deposits in Indovina Bank Limited were $34,096 thousand, $43,511 thousand, $61,895 thousand and $58,065 thousand, respectively.

4) Loans

Name	For the Six Months Ended June 30, 2022		
	Maximum	Rate	Ending Balance
Other related party	$ 893,463	1.03%-3.72%	$ 860,163

Name	For the Six Months Ended June 30, 2021		
	Maximum	Rate	Ending Balance
Other related party	$ 978,328	0.75%-3.17%	$ 833,057

For the three months and six months ended June 30, 2022 and 2021, the interest income earned from above loans to other related party amounted to $3,298 thousand, $2,742 thousand, $5,941 thousand and $5,491 thousand, respectively.

5) Balance of bonds managed by related parties

Name	June 30, 2022	December 31, 2021	June 30, 2021
Other related party			
Bonds managed by Octagon Credit Investors, LLC	$ 5,151,044	$ 4,888,088	$ 4,927,956

6) Balance of funds managed by related parties

Name	Item	June 30, 2022	December 31, 2021	June 30, 2021
Other related party				
Funds managed by Octagon Credit Investors, LLC	Market value	$ 2,122,806	$ 2,075,270	$ 538,030
	Cost	$ 2,242,357	$ 2,041,381	$ 508,363
Funds managed by Global Evolution Holding ApS	Market value	$ 2,503,245	$ 2,782,079	$ 2,827,094
	Cost	$ 2,507,856	$ 2,440,596	$ 2,511,218
Funds managed by Cathay Securities Investment Trust Co., Ltd.	Market value	$ 67,168,527	$ 70,780,361	$ 68,655,979
	Cost	$ 80,355,872	$ 71,263,962	$ 68,138,572
Private Equity Fund managed by Cathay Private Equity	Market value	$ 1,174,054	$ 1,215,634	$ 1,009,373
	Cost	$ 1,190,055	$ 1,190,055	$ 989,445

7) Balance of discretionary management investments

Name	June 30, 2022	December 31, 2021	June 30, 2021
Fellow subsidiary			
Cathay Securities Investment Trust Co., Ltd.	$ 211,614,797	$ 343,737,780	$ 334,966,334

8) Other receivables

Name	June 30, 2022	December 31, 2021	June 30, 2021
Parent company			
Cathay Financial Holdings (Note)	$ 11,479,040	$ 5,253,915	$ -
Fellow subsidiary and its subsidiary			
Cathay Century Insurance Co., Ltd.	72,527	58,727	83,125
Indovina Bank Limited	63,296	83,628	68,330
Cathay Securities Investment Trust Co., Ltd.	53,492	63,672	64,846
Cathay Insurance (Vietnam) Co., Ltd.	4,198	-	1,381
Cathay United Bank Co., Ltd.	56,504	59,216	39,696
	250,017	265,243	257,378
	$ 11,729,057	$ 5,519,158	$ 257,378

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

9) Guarantee deposits paid (for future transactions)

Name	June 30, 2022	December 31, 2021	June 30, 2021
Subsidiary of fellow subsidiary			
Cathay Futures Co., Ltd.	$ 2,041,406	$ 2,234,611	$ 2,269,306

10) Guarantee deposits received

Name	June 30, 2022	December 31, 2021	June 30, 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	979,969
Ally Logistic Property Co., Ltd.	1,557,045	1,486,507	293,285
	3,427,922	2,455,084	1,273,254
	$ 3,432,922	$ 2,460,084	$ 1,278,254

11) Other payables

Name	June 30, 2022	December 31, 2021	June 30, 2021
Parent company			
Cathay Financial Holdings (Note)	$ 690,411	$ 70,989	$ 3,168,920
Subsidiary			
Cathay Securities Investment Consulting	29,694	30,963	30,120
Associate			
Symphox Information Co., Ltd.	15,322	18,642	12,142
Lin Yuan Property Management Co., Ltd.	8,348	1,189	10,473
	23,670	19,831	22,615
Fellow subsidiary			
Cathay United Bank Co., Ltd.	349,531	185,415	1,445,799
Cathay Securities Investment Trust Co., Ltd.	13,202	18,921	18,207
Cathay Century Insurance Co., Ltd.	3,383	419	2,488
	366,116	204,755	1,466,494
	$ 1,109,891	$ 326,538	$ 4,688,149

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

12) Bonds payable

Name	June 30, 2022	December 31, 2021	June 30, 2021
Parent company			
Cathay Financial Holdings	$ 35,000,000	$ 35,000,000	$ 35,000,000

13) Premium income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fellow subsidiary				
Cathay United Bank Co., Ltd.	$ 55,574	$ 20,537	$ 68,310	$ 31,219
Cathay Century Insurance Co., Ltd.	7,296	6,897	12,159	11,477
Cathay Securities Corporation	5,813	3,642	8,694	7,245
	68,683	31,076	89,163	49,941
Other related party				
Cathay Medical Care Corp.	15,522	8,962	25,438	17,939
Other	16,055	69,418	38,879	131,520
	31,577	78,380	64,317	149,459
	$ 100,260	$ 109,456	$ 153,480	$ 199,400

14) Fee income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fellow subsidiary				
Cathay Securities Investment Trust Co., Ltd.	$ 16,990	$ 18,136	$ 36,011	$ 36,270

15) Insurance expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fellow subsidiary				
Cathay Century Insurance Co., Ltd.	$ 3,937	$ 5,264	$ 106,449	$ 98,417

16) Other operating revenue

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fellow subsidiary				
Cathay Securities Investment Trust Co., Ltd.	$ 32,498	$ 42,182	$ 71,593	$ 84,275

17) Other operating costs

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fellow subsidiary				
Cathay United Bank	$ 213,434	$ 245,940	$ 475,627	$ 557,296
Cathay Securities Investment Trust Co., Ltd.	104,889	116,628	219,943	232,565
	$ 318,323	$ 362,568	$ 695,570	$ 789,861

18) Finance costs

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Parent company				
Cathay Financial Holdings	$ 314,137	$ 314,137	$ 624,822	$ 624,822

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

19) Operating expenses

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Subsidiary				
Cathay Securities Investment Consulting	$ 29,372	$ 30,202	$ 59,678	$ 60,855
Associate and its subsidiary				
Lin Yuan Property Management Co., Ltd.	236,795	198,227	461,318	386,376
Symphox Information Co., Ltd.	45,493	39,152	80,430	82,965
Seaward Card Co., Ltd.	17,397	11,165	36,432	29,081
ThinkPower Information Co., Ltd.	6,182	2,468	10,747	5,429
	305,867	251,012	588,927	503,851
Fellow subsidiary				
Cathay United Bank Co., Ltd.	1,293,450	1,511,628	3,226,338	3,044,062
Other related party				
Cathay Healthcare Management Co., Ltd.	1,685	317	3,986	3,853
Cathay Medical Care Corp.	1,466	5,145	2,442	6,772
	3,151	5,462	6,428	10,625
	$ 1,631,840	$ 1,798,304	$ 3,881,371	$ 3,619,393

20) Non-operating income

Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Parent company				
Cathay Financial Holdings	$ 3,355	$ 3,818	$ 5,038	$ 5,321
Fellow subsidiary and its subsidiary				
Cathay Century Insurance Co., Ltd.	172,237	165,677	335,266	322,630
Cathay United Bank Co., Ltd.	62,571	51,730	107,370	101,283
Cathay Securities Co., Ltd.	20,992	23,717	38,693	38,151
Cathay Securities Investment Trust Co., Ltd.	8,087	6,871	15,276	12,966
Cathay Insurance (Vietnam) Co., Ltd.	2,455	1,258	4,300	2,518
	266,342	249,253	500,905	477,548
Other related party				
Cathay Hospitality Consulting Co., Ltd.	2,291	-	3,437	-
	$ 271,988	$ 253,071	$ 509,380	$ 482,869

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

21) Others

As of June 30, 2022, December 31, 2021 and June 30, 2021, the nominal amounts of the derivative instruments transacted with Cathay United Bank Co., Ltd. are summarized as follows (in thousands of each currency):

Name	June 30, 2022	December 31, 2021	June 30, 2021
SWAP	US$ 2,485,000	US$ 2,885,000	US$ 2,250,000
CCS	NT$ 100,000	NT$ 100,000	NT$ 100,000

c. Remuneration of key management personnel compensation

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 15,149	$ 14,369	$ 42,569	$ 38,970
Post-employment benefits	710	667	1,421	1,325
	$ 15,859	$ 15,036	$ 43,990	$ 40,295

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

35. SEPARATE ACCOUNT INSURANCE PRODUCTS

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

	June 30, 2022	December 31, 2021	June 30, 2021
Separate account insurance product assets			
Cash in bank	$ 1,854,845	$ 536,869	$ 468,482
Financial assets at FVTPL	638,942,859	716,214,583	688,940,205
Other receivables	4,695,018	7,345,361	5,352,037
	$ 645,492,722	$ 724,096,813	$ 694,760,724
Separate account insurance product liabilities			
Other payables	$ 367,423	$ 319,598	$ 455,577
Reserve for separate account - insurance contracts	258,868,770	306,089,604	304,465,593
Reserve for separate account - investment contracts	386,256,529	417,687,611	389,839,554
	$ 645,492,722	$ 724,096,813	$ 694,760,724

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Separate account insurance product income				
Premium income	$ 6,664,887	$ 7,258,139	$ 14,954,287	$ 39,633,523
Interest income	1,151	73	1,307	1,381
(Losses) gains from financial assets at FVTPL	(33,635,448)	11,794,200	(49,534,235)	17,138,554
Foreign exchange losses	7,087,295	(4,867,721)	14,387,924	(3,355,627)
	$ (19,882,115)	$ 14,184,691	$ (20,190,717)	$ 53,417,831
Separate account insurance product expenses				
Claims and payments	$ 16,586,459	$ 3,484,816	$ 19,749,584	$ 6,053,394
Cash surrender value	3,830,344	6,784,730	8,545,373	16,827,046
(Recovery) provision of separate account reserve	(41,369,814)	2,776,232	(50,646,753)	28,267,057
Administrative expenses	1,113,246	1,178,198	2,237,672	2,339,921
Non-operating income and expenses	(42,350)	(39,285)	(76,593)	(69,587)
	$ (19,882,115)	$ 14,184,691	$ (20,190,717)	$ 53,417,831

For the three months and six months ended June 30, 2022 and 2021, the rebates earned from counterparties due to the business of separate account insurance products amounted to $199,775 thousand, $206,481 thousand, $403,692 thousand and $412,515 thousand, respectively, which were recorded under fee income.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Separate account insurance product assets			
Cash in bank	$ 14,326	$ 10,758	$ 3,348
Financial assets at FVTPL	100,306	102,651	131,423
Other	14	12	40
	$ 114,646	$ 113,421	$ 134,811
Separate account insurance product liabilities			
Other payables	$ 57	$ 7	$ 1,890
Reserve for separate account	114,589	113,414	132,921
	$ 114,646	$ 113,421	$ 134,811

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Separate account insurance product income				
Premium income	$ 13	$ 12	$ 26	$ 25
Gains (losses) from financial assets at FVTPL	1,181	8,669	(637)	8,044
Interest income	16	6	24	11
	$ 1,210	$ 8,687	$ (587)	$ 8,080
Separate account insurance product expenses				
Provision (recovery) of separate account reserve	$ 843	8,206	$ (1,304)	7,191
Administrative expenses	361	417	712	835
Tax expenses	6	64	5	54
	$ 1,210	$ 8,687	$ (587)	$ 8,080

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Guarantee deposits paid - government bonds	$ 9,897,233	$ 10,214,705	$ 10,549,214
Guarantee deposits paid - time deposits	705,494	455,640	522,333
Guarantee deposits paid - others	32,320	37,397	36,250
	$ 10,635,047	$ 10,707,742	$ 11,107,797

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):

	June 30, 2022	December 31, 2021	June 30, 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):

	June 30, 2022	December 31, 2021	June 30, 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 June 30, 2022, the remaining capital commitments for the contracted private equity fund of the Company were in the amount of NT$804,500 thousand, US$4,374,394 thousand, EUR506,850 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 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:

June 30, 2022

	Carrying Amount	Fair Values			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial asset					
Financial assets measured at amortized cost (Note)	$ 2,897,655,672	$ 16,064,399	$ 2,492,401,166	$ -	$ 2,508,465,565

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

June 30, 2021

	Carrying Amount	Fair Values			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial asset					
Financial assets measured at amortized cost (Note)	$ 2,633,050,867	$ 14,602,719	$ 2,875,454,982	$ -	$ 2,890,057,701

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	June 30, 2022				December 31, 2021				June 30, 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	$ 451,776,368	$ 436,986,332	$ 11,267,811	$ 3,522,225	$ 539,076,215	$ 523,092,263	$ 12,026,990	$ 3,956,962	$ 561,579,500	$ 538,892,122	$ 17,707,759	$ 4,979,619
Bonds	292,378,394	3,296,002	286,070,907	3,011,485	307,763,227	2,455,487	302,429,988	2,877,752	241,031,660	2,825,545	235,426,496	2,779,619
Other	699,505,152	465,201,465	31,835,939	202,467,748	760,411,835	550,948,527	24,001,830	185,461,478	668,426,891	499,819,419	23,314,372	145,293,100
Financial assets at FVTOCI												
Stocks	177,227,756	174,786,710	-	2,441,046	144,708,836	141,944,014	-	2,764,822	134,110,963	129,337,154	-	4,773,809
Bonds (Note)	1,197,660,899	21,891,440	1,175,769,459	-	1,165,094,842	14,715,531	1,150,379,311	-	1,144,096,784	7,992,767	1,136,104,017	-
Derivative instruments												
Assets												
Financial assets at FVTPL	5,311,166	73,186	5,237,980	-	14,588,663	47,352	14,541,311	-	30,743,806	34,853	30,708,953	-
Financial assets for hedging	32,786	-	32,786	-	500,642	-	500,642	-	129,913	-	129,913	-
Liabilities												
Financial liabilities at FVTPL	94,507,745	-	94,507,745	-	3,050,197	30,517	3,019,680	-	8,504,651	6,160	8,498,491	-
Financial liabilities for hedging	1,929,739	-	1,929,739	-	20,956	-	20,956	-	36,014	-	36,014	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

For the six months ended June 30, 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 Six Months Ended June 30, 2022	
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**
Beginning balance	$ 192,296,192	$ 2,764,822
Recognized in profit or loss		
Gains on financial assets and liabilities at FVTPL	23,479,378	-
Losses reclassified using overlay approach	(10,326,202)	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	163,201	432
Other comprehensive income reclassified using overlay approach	10,326,202	-
Losses on equity instruments at FVTOCI	-	(294,371)
Purchases	22,533,512	
Disposals	(29,308,692)	(29,837)
Transfers in of Level 3	280,635	-
Transfers out of Level 3	(442,768)	-
Ending balance	$ 209,001,458	$ 2,441,046

	For the Six Months Ended June 30, 2021	
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**
Beginning balance	$ 126,990,396	$ 4,743,415
Recognized in profit or loss		
Gains on financial assets and liabilities at FVTPL	21,363,640	-
Losses reclassified using overlay approach	(15,405,158)	-
Recognized in other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	(55,896)	(111)
Other comprehensive income reclassified using overlay approach	15,405,158	-
Gains on equity instruments at FVTOCI	-	76,410
Purchases	20,579,768	60,200
Disposals	(15,794,370)	(106,105)
Transfers out of Level 3	(31,200)	-
Ending balance	$ 153,052,338	$ 4,773,809

Regarding the above amounts recognized in profit or loss for the six months ended June 30, 2022 and 2021, unrealized gains of $727,944 thousand and unrealized gains of $593,778 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:

	June 30, 2022			
Items	Valuation Techniques	Significant Unobservable Inputs	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	10%-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	(113%)-281%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	58%-140%	The higher the dividend payout ratio, the higher the fair value estimates

	December 31, 2021			
Items	Valuation Techniques	Significant Unobservable Inputs	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

	June 30, 2021			
Items	Valuation Techniques	Significant Unobservable Inputs	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	0%-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.	18%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(82%)-532%	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

Items	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets			
Financial assets at FVTPL	$ 1,448,971,080	$ 1,621,839,940	$ 1,501,781,857
Financial assets at FVTOCI	1,362,997,480	1,308,707,464	1,277,069,826
Measured at amortized cost			
Cash and cash equivalents (Note 1)	157,072,327	465,728,685	543,007,938
Receivables	96,885,004	68,638,216	65,289,877
Financial assets measured at amortized cost	2,883,629,304	2,689,002,505	2,623,572,906
Loans	467,954,156	479,852,327	476,520,554
Guarantee deposits paid	72,407,019	22,924,334	23,866,332
Financial assets for hedging	32,786	500,642	129,913
Financial liabilities			
Financial liabilities at FVTPL	94,507,745	3,050,197	8,504,651
Financial liabilities at amortized cost			
Payables (Note 2)	19,105,737	22,835,359	32,882,471
Bonds payable	80,000,000	80,000,000	80,000,000
Lease liabilities	15,978,424	12,081,162	11,951,848
Guarantee deposits received	2,935,191	10,279,416	12,036,423
Financial liabilities for hedging	1,929,739	20,956	36,014

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

		Changes in Equity for the Six Months Ended June 30	
Risk Factor	**Variable (+/-)**	**2022**	**2021**
Equity risk (stock price index)	-10%	$ (80,673,266)	$ (82,463,750)
Interest rate risk (yield curve)	+100bps	(215,274,741)	(169,183,993)
Foreign currency risk (foreign exchange rate)	Appreciation of NTD to all foreign currencies by 1%	(15,390,196)	(10,767,947)

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.

Note 5: Beginning this period, the Company’s equity risk is calculated by including other financial instruments, such as unlisted stocks, hedge funds, private equity funds and infrastructure funds, and the disclosure for comparison period was revised accordingly.

c) Sensitivity analysis

Summary of Sensitivity Analysis

Risk Factor	For the Six Months Ended June 30, 2022 Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	$ 6,547,269	$ 5,645,140
	Appreciation of CNY/USD by 1%	455,428	301,447
	Appreciation of HKD/USD by 1%	5,351	269,992
	Appreciation of EUR/USD by 1%	39,993	335,730
	Appreciation of GBP/USD by 1%	35,746	259,085
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	-	(1,592,004)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(7,588)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(3,647)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(3,265)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(684,979)
Equity price risk	Increase in equity price by 1%	204,187	7,860,012

Risk Factor	For the Six Months Ended June 30, 2021 Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	$ 5,622,617	$ 5,253,010
	Appreciation of CNY/USD by 1%	242,449	301,571
	Appreciation of HKD/USD by 1%	4,306	295,860
	Appreciation of EUR/USD by 1%	44,771	274,191
	Appreciation of GBP/USD by 1%	42,476	279,359
Interest rate risk	Upward parallel shift of the yield curve (USD) by 1bp	3,189	(1,376,831)
	Upward parallel shift of the yield curve (CNY) by 1bp	-	(48,032)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(9,481)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(5,078)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(355,998)
Equity price risk	Increase in equity price by 1%	(1,879)	8,388,775

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.

Note 6: Beginning this period, the Company's equity risk is calculated by including other financial instruments, such as unlisted stocks, hedge funds, private equity funds and infrastructure funds, and the disclosure for comparable period was revised accordingly.

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 LIBORs, 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 June 30, 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	$ 282,833,204	$ -
Loans	1,130,069	-

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:

	June 30, 2022					
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Emerging Markets and Others**	**Total**
Cash and cash equivalents	$ 74,269,802	$ 978,018	$ 162,622	$ 64,523,961	$ -	$ 139,934,403
Financial assets at FVTPL	43,963,908	12,186,587	102,275,828	87,686,722	21,652,018	267,765,063
Financial assets at FVTOCI	32,930,020	49,245,741	145,313,166	550,098,019	408,182,778	1,185,769,724
Financial assets for hedging	12,921	-	-	14,365	-	27,286
Financial assets measured at amortized cost	129,027,984	191,200,961	472,259,887	1,450,267,086	632,609,126	2,875,365,044
	$ 280,204,635	$ 253,611,307	$ 720,011,503	$ 2,152,590,153	$ 1,062,443,922	$ 4,468,861,520
Proportion	6.3%	5.7%	16.1%	48.1%	23.8%	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%

	June 30, 2021					
Financial Assets	**Taiwan**	**Asia**	**Europe**	**North America**	**Emerging Markets and Others**	**Total**
Cash and cash equivalents	$ 375,051,846	$ 10,788,863	$ 257,861	$ 114,110,290	$ 21,100,000	$ 521,308,860
Financial assets at FVTPL	47,656,831	22,835,607	93,830,420	61,782,905	27,786,352	253,892,115
Financial assets at FVTOCI	43,385,120	43,579,966	164,206,998	450,329,643	441,457,136	1,142,958,863
Financial assets for hedging	62,703	-	7,228	59,982	-	129,913
Financial assets measured at amortized cost	137,930,662	175,632,995	437,642,779	1,254,322,874	612,909,183	2,618,438,493
	$ 604,087,162	$ 252,837,431	$ 695,945,286	$ 1,880,605,694	$ 1,103,252,671	$ 4,536,728,244
Proportion	13.3%	5.6%	15.3%	41.5%	24.3%	100%

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

	June 30, 2022				
Location of Collaterals	**Northern and Eastern Areas**	**Central Area**	**Southern Area**	**Overseas**	**Total**
Secured loans	$ 196,406,105	$ 43,237,709	$ 58,171,742	$ 1,450,035	$ 299,265,591
Non-accrual receivables	597,308	26,255	38,313	1,580,480	2,242,356
	$ 197,003,413	$ 43,263,964	$ 58,210,055	$ 3,030,515	$ 301,507,947
Proportion	65.3%	14.4%	19.3%	1.0%	100%

	December 31, 2021				
Location of Collaterals	**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%

	June 30, 2021				
Location of Collaterals	**Northern and Eastern Areas**	**Central Area**	**Southern Area**	**Overseas**	**Total**
Secured loans	$ 206,351,936	$ 42,107,800	$ 59,519,826	$ 2,260,242	$ 310,239,804
Non-accrual receivables	105,878	20,234	30,744	1,989,651	2,146,507
	$ 206,457,814	$ 42,128,034	$ 59,550,570	$ 4,249,893	$ 312,386,311
Proportion	66.1%	13.5%	19.1%	1.3%	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

	June 30, 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	$ 1,170,532,356	$ -	$ -	$ -	$ -	$ 1,170,532,356
Financial assets measured at amortized cost	2,849,163,747	-	-	-	(899,190)	2,848,264,557
Non-investment grade						
Debt instruments at FVTOCI	13,008,451	57,392	2,171,525	-	-	15,237,368
Financial assets measured at amortized cost	9,837,166	810,627	18,209,951	-	(1,757,257)	27,100,487

	December 31, 2021					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	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

	June 30, 2021					
	Stage 1	Stage 2	Stage 3			
	12-month Expected Credit Losses	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	$ 1,118,272,164	$ -	$ -	$ -	$ -	$ 1,118,272,164
Financial assets measured at amortized cost	2,604,394,160	-	-	-	(709,033)	2,603,685,127
Non-investment grade						
Debt instruments at FVTOCI	24,686,699	-	-	-	-	24,686,699
Financial assets measured at amortized cost	12,204,950	2,774,487	-	-	(226,071)	14,753,366

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

ii) Secured loans and overdue receivables of the Company

	June 30, 2022						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Accrued in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non-accrual receivables	$ 293,666,903	$ 1,793,575	$ 6,047,469	$ -	$ (993,911)	$ (3,731,049)	$ 296,782,987

	December 31, 2021						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Accrued 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

	June 30, 2021						
	Stage 1	Stage 2	Stage 3				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Accrued in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non-accrual receivables	$ 304,753,688	$ 631,685	$ 7,000,938	$ -	$ (876,472)	$ (3,933,105)	$ 307,576,734

viii. Reconciliation for loss allowance is summarized below:

i) Debt instruments at FVTOCI

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 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	125,802	-	95	-	125,897
Financial assets that have been derecognized during the period	(65,483)	(2,734)	-	-	(68,217)
Changes in models/risk parameters	110,993	3,805	832,488	-	947,286
Foreign exchange and other movements	30,839	1,376	72,563	-	104,778
June 30, 2022	$ 545,662	$ 2,560	$ 907,416	$ -	$ 1,455,638

		Lifetime Expected Credit Losses			
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9
January 1, 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	291,975	-	-	-	291,975
Financial assets that have been derecognized during the period	(141,470)	(2,852)	-	-	(144,322)
Changes in models/risk parameters	(453,177)	(69)	-	-	(453,246)
Foreign exchange and other movements	(12,532)	(12)	-	-	(12,544)
June 30, 2021	$ 375,010	$ -	$ -	$ -	$ 375,010

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	(4,064)	-	4,064	-	-
Transferred to 12-month expected credit losses	24,139	(24,139)	-	-	-
New financial assets originated or purchased	49,819	-	49	-	49,868
Financial assets that have been derecognized during the period	(54,193)	(71,281)	-	-	(125,474)
Changes in models/risk parameters	215,918	37,268	1,505,170	-	1,758,356
Foreign exchange and other movements	52,804	5,174	171,493	-	229,471
June 30, 2022	$ 911,450	$ 64,221	$ 1,680,776	$ -	$ 2,656,447

	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	119,985	-	-	-	119,985
Financial assets that have been derecognized during the period	(105,238)	(163,406)	-	-	(268,644)
Changes in models/risk parameters	(1,037,806)	(413,864)	-	-	(1,451,670)
Foreign exchange and other movements	(27,582)	(10,400)	-	-	(37,982)
June 30, 2021	$ 724,531	$ 210,573	$ -	$ -	$ 935,104

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

iii) Secured loans and non-accrual receivables

		Lifetime Expected Credit Losses					
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	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	(3)	3	-	-	-	-	-
Transferred to credit-impaired financial assets	(12)	(3)	15	-	-	-	-
Transferred to 12-month expected credit losses	71,569	(15)	(71,554)	-	-	-	-
New financial assets originated or purchased	2,566	-	4,847	-	7,413	-	7,413
Financial assets that have been derecognized during the period	(3,023)	(5)	(11,900)	-	(14,928)	-	(14,928)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(692,899)	(692,899)
Changes in models/risk parameters	(38,531)	3,383	311,031	-	275,883	-	275,883
June 30, 2022	$ 59,747	$ 7,042	$ 927,122	$ -	$ 993,911	$ 3,731,049	$ 4,724,960

		Lifetime Expected Credit Losses					
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	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	(2,368)	2,368	-	-	-	-	-
Transferred to credit-impaired financial assets	(26)	(18)	44	-	-	-	-
Transferred to 12-month expected credit losses	65,610	(8)	(65,602)	-	-	-	-
New financial assets originated or purchased	2,372	-	2,324	-	4,696	-	4,696
Financial assets that have been derecognized during the period	(1,784)	-	(23,547)	-	(25,331)	-	(25,331)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(160,322)	(160,322)
Changes in models/risk parameters	(54,009)	(959)	311,786	-	256,818	-	256,818
June 30, 2021	$ 43,079	$ 1,415	$ 831,978	$ -	$ 876,472	$ 3,933,105	$ 4,809,577

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

ix. Exposure to credit risk and loss allowance of receivables

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

	Aging of Receivables Recognized				
	Not Yet Due/ within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total
June 30, 2022					
Gross carrying amount (Note)	$ 45,004,413	$ 58,649	$ 310	$ 13	$ 45,063,385
Loss rate	0%	2%	10%	50%	
Lifetime expected credit losses	-	1,173	31	7	1,211

Note: Notes receivable of $89,497 thousand and other receivables of $44,973,888 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
June 30, 2021					
Gross carrying amount (Note)	$ 15,765,526	$ 89,963	$ 8,235	$ -	$ 15,863,724
Loss rate	0%	2%	10%	50%	
Lifetime expected credit losses	-	1,799	824	-	2,623

Note: Notes receivable of $76,050 thousand and other receivables of $15,787,674 thousand were included.

The loss allowance was reconciled as follows:

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 1,031	$ 1,611
Provision for the period	180	1,012
Ending balance	$ 1,211	$ 2,623

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.

	June 30, 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	$ 17,565,512	$ 1,237,131	$ 224,744	$ 78,350	$ -
Bonds payable (Note 2)	569,589	1,293,120	2,715,000	8,145,000	80,600,000
Lease liabilities (Note 3)	393,892	469,630	702,456	2,061,393	33,906,154
Derivative financial liabilities					
SWAP	52,745,394	8,793,811	-	-	-
Forward	28,806,655	12,525,940	3,734,750	-	-
CCS	310,678	868,496	3,249,917	-	-

	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	-	-	-	-

	June 30, 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)	$ 31,029,127	$ 682,463	$ 992,509	$ 178,372	$ -
Bonds payable (Note 2)	569,589	1,293,120	2,715,000	8,145,000	83,315,000
Lease liabilities (Note 3)	352,084	422,042	781,307	1,601,495	20,714,139
Derivative financial liabilities					
SWAP	3,415,173	617,371	-	-	-
Forward	6,268,127	202,400	-	-	-
CCS	-	-	6,912	6,185	-
Option	6,160	-	-	-	-

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 70 years.

f. Hedge accounting disclosures

Cash flow hedges

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

1) Hedging instruments

	June 30, 2022				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	**Nominal Amount of the Hedging Instrument**	**Assets**	**Liabilities**	**Line Items in Balance Sheet Where the Hedging Instrument Is Included**	**Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period**
IRS	$ 4,817,465	$ 32,786	$ -	Financial assets for hedging	$ (19,754)

	December 31, 2021				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	**Nominal Amount of the Hedging Instrument**	**Assets**	**Liabilities**	**Line Items in Balance Sheet Where the Hedging Instrument Is Included**	**Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period**
IRS	$ 4,000,000	$ 90,307	$ -	Financial assets for hedging	$ (8,497)
IRS	865,313	-	20,956	Financial liabilities for hedging	28,176

	June 30, 2021				
	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
Hedging Instrument		Assets	Liabilities		
IRS	$ 4,000,000	$ 122,685	$ -	Financial assets for hedging	$ (392)
IRS	975,450	-	36,014	Financial liabilities for hedging	9,271

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
June 30, 2022					
IRS					
Nominal principal	$ -	$ -	$ 817,465	$ 4,000,000	$ -
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
June 30, 2021					
IRS					
Nominal principal	$ -	$ -	$ 209,025	$ 4,766,425	$ -
Average fixed rate	-	-	2.5%	1.7%-2.5%	-

3) Hedged items

	For the Six Months Ended June 30, 2022							
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period	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 Compre-hensive 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	$ 40,573	$ 27,286	N/A	$ (40,573)	$ -	$ -	$ (22,448)	Finance costs
Payables	(20,819)	5,500	N/A	20,819	-	-	-	Finance costs
Discontinued hedge - bond investments	N/A	N/A	(248)	N/A	N/A	N/A	4	Finance costs

	For the Six Months Ended June 30, 2021							
	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period	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 Compre-hensive 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	$ 392	$ 122,685	N/A	$ (392)	$ -	$ -	$ (23,882)	Finance costs
Payables	(9,271)	(36,014)	N/A	9,271	-	-	-	Finance costs
Discontinued hedge - bond investments	N/A	N/A	(242)	N/A	N/A	N/A	5	Finance costs

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

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	$ 51,118	$ 74,960
Gross amount recognized in other comprehensive income (loss)		
Changes in the values of the hedging instruments recognized in other comprehensive (loss) income	(19,772)	8,883
Amount reclassified from cash flow hedge reserve to profit or loss	(22,444)	(23,877)
Tax effect	11,757	4,958
Ending balance	$ 20,659	$ 64,924

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

	June 30, 2022				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	Nominal Amount of the Hedging Instrument	Assets	Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
Forward	$ 37,881,650	$ -	$ 1,929,739	Financial liabilities for hedging	$ (2,505,400)

	December 31, 2021				
		Carrying Amount of the Hedging Instrument			
Hedging Instrument	Nominal Amount of the Hedging Instrument	Assets	Liabilities	Line Items in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for Current Year
CCS	$ 4,687,225	$ 202,531	$ -	Financial assets for hedging	$ 418,611
Forward	21,550,450	207,804	-	Financial assets for hedging	188,400

	June 30, 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	$ 4,717,694	$ 7,228	$ -	Financial assets for hedging	$ 174,800

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
June 30, 2022					
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
June 30, 2021					
CCS					
Nominal principal	$ -	$ -	$ -	$ -	$ 4,717,694
Interest rate	-	-	-	-	2.39%
Exchange rate (EUR/USD)	-	-	-	-	1.1285

3) Hedged items

	For the Six Months Ended June 30, 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	$ 37,881,650	$ -	$ 2,505,400	$ -	Financial assets measured at amortized cost	$ 2,505,400	$ -	$ -

	For the Six Months Ended June 30, 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	$ 4,717,694	$ -	$ (174,800)	$ -	Financial assets measured at amortized cost	$ (174,800)	$ -	$ -

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

	For the Six Months Ended June 30	
	2022	2021
Foreign currency basis-related period		
Beginning balance	$ 284,733	$ 272,911
Gross amount recognized in other comprehensive income (loss)		
Changes in the values of the hedging instruments recognized in other comprehensive income (loss)	367,857	(76,601)
Reclassification	74,182	-
Tax effects	(88,408)	15,320
Ending balance	$ 638,364	$ 211,630

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:

June 30, 2022

Financial Assets Bound by Offsetting or Master Netting Arrangements or Similar Agreement						
				Relevant Amount That Has Not Been Offset on Balance Sheet (d)		
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)	Financial Instruments	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	$ 5,265,266	$ -	$ 5,265,266	$ 5,252,345	$ -	$ 12,921

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)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	$ 96,437,484	$ -	$ 96,437,484	$ 5,252,345	$ 48,538,470	$ 42,646,669

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)	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)

June 30, 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	$ 30,838,866	$ -	$ 30,838,866	$ 7,829,651	$ 9,435,419	$ 13,573,796

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)	Relevant Amount That Has Not Been Offset on Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments	Cash Collateral Paid	
Derivative financial instruments	$ 8,498,491	$ -	$ 8,498,491	$ 7,829,651	$ 1,493,024	$ (824,184)

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 assist in the review of the risk limit development process.

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

vi. The committee should enhance cross-department interaction and communication.

c) Chief risk officer

i. The chief risk officer should maintain independence. Besides a position directly related to risk management and without conflict of interest, the chief risk officer should not hold a position in any profit center of the Company.

    ii. The chief risk officer should be able to access any business information which may have an impact on risk overview of the Company.

    iii. The chief risk officer should be in charge of overall risk management of the Company.

    iv. The chief risk officer should participate in the Company’s important decision-making process and, as appropriate, provide opinions from a risk management perspective.

d) Risk management department

    i. The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently to business units.

    ii. The department should perform the following functions with regard to different business activities:

        i) Propose and execute the risk management policies set by the board of directors.

        ii) Propose the risk limits based on risk appetite.

        iii) Summarize the risk information provided by each department, negotiate and communicate with each department to facilitate the execution of the policies and the risk limits.

        iv) Regularly present risk management reports.

        v) Regularly review the risk limits of each business unit and deal with the violation of the business units authorized by the board of directors.

        vi) Assist to execute stress testing.

        vii) Execute back testing if necessary.

        viii) Other risk management related issues.

e) Business units

    i. Each business unit should assign a risk management coordinator to assist in execution of the risk management of each business unit.

    ii. The duties of the risk management include the following:

        i) Identify and measure risks and report risk exposures and potential impacts on time.

        ii) Regularly review the risks and their limits and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.

        iii) Assist to develop the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.

        iv) Ensure that internal control procedures are executed effectively to comply with applicable rules and the risk management policies.

        v) Assist to collect data related to operational risk.

vi) Manager of a business unit is responsible for daily risk management and risk reporting of the unit, if necessary, and takes necessary actions to mitigate such risks.

vii) Manager of a business unit should supervise the unit to 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, completeness 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 Six Months Ended June 30, 2022					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 1,631,019	Decrease (increase)	$ 1,304,815
Expense	×1.05 (×0.95)	Decrease (increase)	1,389,412	Decrease (increase)	1,111,530
Surrender rate	×1.05 (×0.95)	Increase (decrease)	111,810	Increase (decrease)	89,448
Rate of return	+0.1%	Increase	3,414,957	Increase	2,731,966
Rate of return	-0.1%	Decrease	3,416,646	Decrease	2,733,317

For the Six Months Ended June 30, 2021					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 1,532,480	Decrease (increase)	$ 1,225,984
Expense	×1.05 (×0.95)	Decrease (increase)	1,535,891	Decrease (increase)	1,228,713
Surrender rate	×1.05 (×0.95)	Increase (decrease)	104,848	Increase (decrease)	83,878
Rate of return	+0.1%	Increase	3,319,718	Increase	2,655,774
Rate of return	-0.1%	Decrease	3,321,355	Decrease	2,657,084

b) Cathay Lujiazui Life

For the Six Months Ended June 30, 2022					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	$ 83,268	Decrease (increase)	$ 62,451
Expense	×1.05 (×0.95)	Decrease (increase)	53,554	Decrease (increase)	40,166
Surrender rate	×1.10 (×0.90)	Increase (decrease)	36,315	Increase (decrease)	27,236
Rate of return	+0.25%	Increase	189,695	Increase	142,271
Rate of return	-0.25%	Decrease	190,164	Decrease	142,623

For the Six Months Ended June 30, 2021					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	$ 80,179	Decrease (increase)	$ 60,135
Expense	×1.05 (×0.95)	Decrease (increase)	48,916	Decrease (increase)	36,687
Surrender rate	×1.10 (×0.90)	Increase (decrease)	38,788	Increase (decrease)	29,091
Rate of return	+0.25%	Increase	149,585	Increase	112,189
Rate of return	-0.25%	Decrease	149,954	Decrease	112,466

c) Cathay Life (Vietnam)

For the Six Months Ended June 30, 2022					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 3,486	Decrease (increase)	$ 2,789
Expense	×1.05 (×0.95)	Decrease (increase)	36,797	Decrease (increase)	29,438
Surrender rate	×1.05 (×0.95)	Increase (decrease)	8,601	Increase (decrease)	6,881
Rate of return	+0.1%	Increase	16,226	Increase	12,981
Rate of return	-0.1%	Decrease	16,234	Decrease	12,987

For the Six Months Ended June 30, 2021					
	Scenarios	**Changes in Income Before Tax**		**Changes in Equity**	
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	$ 1,682	Decrease (increase)	$ 1,346
Expense	×1.05 (×0.95)	Decrease (increase)	35,694	Decrease (increase)	28,555
Surrender rate	×1.05 (×0.95)	Increase (decrease)	7,353	Increase (decrease)	5,882
Rate of return	+0.1%	Increase	11,591	Increase	9,273
Rate of return	-0.1%	Decrease	11,597	Decrease	9,277

i. Changes in income before tax listed above referred to the effects of income before tax for the six months ended June 30, 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 the 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		
2015Q3-2016Q2	15,612,219	19,236,420	19,604,451	19,681,903	19,729,832	19,758,546	19,779,775	-	-
2016Q3-2017Q2	16,041,023	19,907,013	20,260,407	20,348,766	20,387,112	20,412,507	20,434,121	21,614	21,658
2017Q3-2018Q2	18,543,719	22,888,227	23,332,963	23,447,982	23,528,569	23,559,578	23,583,152	54,583	54,692
2018Q3-2019Q2	20,263,104	25,132,218	25,605,267	25,727,678	25,799,587	25,833,654	25,858,597	130,919	131,182
2019Q3-2020Q2	21,103,207	26,299,751	26,814,752	26,941,941	27,017,465	27,053,302	27,079,191	264,439	264,967
2020Q3-2021Q2	20,934,771	25,491,017	25,961,381	26,075,261	26,142,461	26,177,217	26,203,789	712,772	714,197
2021Q3-2022Q2	20,402,725	25,112,224	25,567,050	25,676,532	25,741,134	25,775,201	25,802,321	5,399,596	5,410,397

Expected future payments	$ 6,597,093
Add: Assumed reserve for claims not yet filed	42,518
Reserve for claims not yet filed	6,639,611
Add: Claims filed but not yet paid	448,879
Add: Claims of pandemic insurance not yet filed	5,131,746
Loss reserve balance	$ 12,220,236

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		
2015Q3-2016Q2	15,749,673	19,399,201	19,773,769	19,851,792	19,899,854	19,928,726	19,950,140	-	-
2016Q3-2017Q2	16,100,992	20,016,979	20,373,156	20,461,802	20,500,332	20,525,902	20,547,697	21,795	21,839
2017Q3-2018Q2	18,688,695	23,063,158	23,509,021	23,624,332	23,705,294	23,736,678	23,760,664	55,370	55,480
2018Q3-2019Q2	20,326,834	25,207,686	25,682,155	25,805,086	25,877,602	25,912,290	25,937,916	132,830	133,095
2019Q3-2020Q2	21,131,012	26,339,764	26,857,089	26,984,716	27,060,606	27,096,818	27,123,119	266,030	266,561
2020Q3-2021Q2	20,970,362	25,544,802	26,017,501	26,131,987	26,199,696	26,234,975	26,262,121	717,319	718,753
2021Q3-2022Q2	20,465,244	25,200,845	25,659,451	25,769,902	25,835,318	25,870,221	25,898,259	5,433,015	5,443,883

Expected future payments	$ 6,639,611
Add: Claims filed but not yet paid	448,879
Add: Claims of pandemic insurance not yet filed	5,069,922
Retained loss reserve balance	$ 12,158,412

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

In accordance with Jin Guan Bao Shou No. 10402133590 issued on December 22, 2015 by the FSC, reserve for claims not yet filed is provided as claims filed and adjusted for related expenses. Regarding insurance products with payments for notifiable communicable disease, as the Covid-19 has gradually spread since April 2022, the reserve is estimated with reference to the actual claim experience and the daily incidence rate announced by the Ministry of Health and Welfare, and reserve for claims filed but not yet paid is provided on a case-by-case basis. The loss reserve is the sum of the above reserve, and due to uncertainty, estimation, and judgment, there is a high degree of complexity in the provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to the Company may be delayed in certain cases, and estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

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

b) Cathay Lujiazui Life

i. Direct business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2015Q3-2016Q2	261,332	488,739	534,650	571,621	571,621	571,621	571,621	-
2016Q3-2017Q2	268,859	486,830	531,714	531,714	531,714	531,714	531,714	-
2017Q3-2018Q2	287,740	327,531	461,315	461,315	461,315	461,315	461,315	-
2018Q3-2019Q2	367,327	520,382	703,220	703,220	703,220	703,220	703,220	-
2019Q3-2020Q2	384,281	544,396	800,583	813,851	813,851	813,851	813,851	13,268
2020Q3-2021Q2	430,316	616,786	789,641	802,727	802,727	802,727	802,727	185,941
2021Q3-2022Q2	291,947	435,714	557,824	567,068	567,068	567,068	567,068	275,121

Expected future payments	$ 474,330
Add: Assumed reserve for claims not yet filed	(27,416)
Reserve for claims not yet filed	446,914
Add: Claims filed but not yet paid	23,755
Loss reserve balance	$ 470,669

ii. Retained business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2015Q3-2016Q2	247,327	475,511	510,356	510,356	510,356	510,356	510,356	-
2016Q3-2017Q2	282,984	454,387	482,567	488,144	488,144	488,144	488,144	-
2017Q3-2018Q2	339,427	365,200	442,354	442,354	442,354	442,354	442,354	-
2018Q3-2019Q2	405,404	748,131	1,053,704	1,053,704	1,053,704	1,053,704	1,053,704	-
2019Q3-2020Q2	397,070	562,518	815,244	817,070	817,070	817,070	817,070	1,826
2020Q3-2021Q2	447,731	634,286	804,308	806,110	806,110	806,110	806,110	171,824
2021Q3-2022Q2	311,150	475,548	603,020	604,371	604,371	604,371	604,371	293,221

Expected future payments	$ 466,871
Less: Expected claims filed but not yet paid	(27,416)
Add: Claims filed but not yet paid	20,346
Retained loss reserve balance	$ 459,801

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
2017Q3-2018Q2	31,825	36,734	36,797	36,847	36,847
2018Q3-2019Q2	103,595	131,492	131,492	131,492	131,492
2019Q3-2020Q2	159,865	203,865	203,965	204,024	204,024
2020Q3-2021Q2	395,320	434,729	434,913	435,039	435,039
2021Q3-2022Q2	444,470	519,504	519,724	519,874	519,874

ii. Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2017Q3-2018Q2	31,825	36,734	36,797	36,847	36,847
2018Q3-2019Q2	103,595	131,492	131,492	131,492	131,492
2019Q3-2020Q2	159,865	203,865	203,965	204,024	204,024
2020Q3-2021Q2	395,320	434,729	434,913	435,039	435,039
2021Q3-2022Q2	444,470	519,504	519,724	519,874	519,874

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 of Millions of NTD

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**
June 30, 2022	$ 524	$ 4,592	$ 180,130
December 31, 2021	622	4,829	175,742
June 30, 2021	(170)	4,858	175,603

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 Pandemic

The Group has evaluated the economic impact caused by the COVID-19 pandemic, 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:

	June 30, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 149,294,388	29.726000	$ 4,437,924,980
CNY	11,767,216	4.439897	52,245,229
AUD	5,770,462	20.452974	118,023,110
Non-monetary items			
USD	12,258,878	29.726000	364,407,407
HKD	7,126,099	3.788779	26,999,211
Investments accounted for the using equity method			
CNY	458,357	4.440500	2,035,336
PHP	29,762,689	0.540600	16,089,710
Financial liabilities			
Monetary items			
USD	454,784	29.726000	13,518,902

	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

	June 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 135,451,091	27.870000	$ 3,775,021,907
CNY	47,872,612	4.310972	206,377,469
AUD	5,140,247	20.949879	107,687,562
Non-monetary items			
USD	11,800,971	27.870000	328,893,068
HKD	8,243,112	3.589182	29,586,032
Investments accounted for the using equity method			
CNY	436,932	4.313400	1,884,661
PHP	28,603,777	0.571000	16,332,756
Financial liabilities			
Monetary items			
USD	4,920,596	27.870000	137,137,013
CNY	18,166,430	4.3109720	78,314,961

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

Items	June 30, 2022 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 157,098,412	$ -	$ 157,098,412
Receivables	107,820,729	545,302	108,366,031
Current tax assets	37,570	-	37,570
Investments			
Financial assets at FVTPL	41,070,562	1,407,900,518	1,448,971,080
Financial assets at FVTOCI	9,082,168	1,353,915,312	1,362,997,480
Financial assets measured at amortized cost	15,319,232	2,868,310,072	2,883,629,304
Financial assets for hedging	-	32,786	32,786
Investments accounted for using the equity method	-	31,223,596	31,223,596
Investment property	-	516,627,853	516,627,853
Investment property under construction	-	3,524,330	3,524,330
Prepayments for buildings and land - investments	-	740,779	740,779
Loans	7,296,827	460,657,329	467,954,156
Total investments	72,768,789	6,642,932,575	6,715,701,364
Reinsurance assets	502,755	1,433,551	1,936,306
Property and equipment	-	30,139,933	30,139,933
Right-of-use assets	-	1,742,474	1,742,474
Intangible assets	-	41,451,865	41,451,865
Deferred tax assets	-	100,481,835	100,481,835
Other assets	8,605,229	73,916,664	82,521,893
Separate account insurance product assets	6,578,246	639,029,122	645,607,368
Total assets	$ 353,411,730	$ 7,531,673,321	$ 7,885,085,051
Payables	$ 17,856,881	$ 1,248,856	$ 19,105,737
Current tax liabilities	260,308	-	260,308
Financial liabilities at FVTPL	91,257,828	3,249,917	94,507,745
Financial liabilities for hedging	-	1,929,739	1,929,739
Bonds payable	-	80,000,000	80,000,000
Insurance liabilities	-	6,614,239,997	6,614,239,997
Reserve for insurance contracts with the nature of financial products	-	17,048,572	17,048,572
Reserve for foreign exchange valuation	-	33,020,868	33,020,868
Provisions	-	56,245	56,245
Lease liabilities	831,722	15,146,702	15,978,424
Deferred tax liabilities	-	37,418,090	37,418,090
Other liabilities	2,898,052	7,326,303	10,224,355
Separate account insurance product liabilities	345,231	645,262,137	645,607,368
Total liabilities	$ 113,450,022	$ 7,455,947,426	$ 7,569,397,448

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
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

(Continued)

Items	December 31, 2021 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
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	June 30, 2021 Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Cash and cash equivalents	$ 543,285,084	$ -	$ 543,285,084
Receivables	65,286,653	3,224	65,289,877
Investments			
Financial assets at FVTPL	56,892,747	1,444,889,110	1,501,781,857
Financial assets at FVTOCI	11,986,375	1,265,083,451	1,277,069,826
Financial assets measured at amortized cost	31,653,900	2,591,919,006	2,623,572,906
Financial assets for hedging	-	129,913	129,913
Investments accounted for using the equity method	-	29,582,845	29,582,845
Investment property	-	504,327,549	504,327,549
Investment property under construction	-	2,276,526	2,276,526
Prepayments for buildings and land - investments	-	4,762,193	4,762,193
Loans	6,964,151	469,556,403	476,520,554
Total investments	107,497,173	6,312,526,996	6,420,024,169
Reinsurance assets	782,529	1,418,472	2,201,001
Property and equipment	-	30,747,678	30,747,678
Right-of-use assets	-	1,661,135	1,661,135
Intangible assets	-	42,727,532	42,727,532
Deferred tax assets	-	62,780,462	62,780,462
Other assets	6,781,834	24,523,094	31,304,928
Separate account insurance product assets	5,823,137	689,072,398	694,895,535
Total assets	$ 729,456,410	$ 7,165,460,991	$ 7,894,917,401

(Continued)

Items	June 30, 2021		
	Recovery/ Settlement within 12 Months	Recovery/ Settlement Over 12 Months	Total
Payables	$ 34,184,699	$ 1,170,881	$ 35,355,580
Current tax liabilities	485,923	-	485,923
Financial liabilities at FVTPL	8,491,554	13,097	8,504,651
Financial liabilities for hedging	-	36,014	36,014
Bonds payable	-	80,000,000	80,000,000
Insurance liabilities			
Unearned premium reserve	-	18,396,157	18,396,157
Loss reserve	-	11,749,217	11,749,217
Policy reserve	-	6,166,669,598	6,166,669,598
Special reserve	-	11,084,737	11,084,737
Premium deficiency reserve	-	11,928,711	11,928,711
Other reserve	-	1,870,925	1,870,925
Total insurance liabilities	-	6,221,699,345	6,221,699,345
Reserve for insurance contracts with the nature of financial products	-	14,417,363	14,417,363
Reserve for foreign exchange valuation	-	9,216,260	9,216,260
Provisions	-	56,245	56,245
Lease liabilities	774,126	11,177,722	11,951,848
Deferred tax liabilities	-	61,354,826	61,354,826
Other liabilities	3,238,621	16,765,445	20,004,066
Separate account insurance product liabilities	457,467	694,438,068	694,895,535
Total liabilities	$ 47,632,390	$ 7,110,345,266	$ 7,157,977,656

(Concluded)

d. Information on discretionary investments

1) As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

Items	June 30, 2022	December 31, 2021	June 30, 2021
Domestic stocks	$ 145,569,587	$ 194,785,199	$ 189,001,907
Overseas stocks	48,022,128	63,875,230	85,478,536
Notes and bonds purchased under resale agreements	4,800,000	22,665,650	14,291,500
Cash in banks	12,919,671	61,954,809	45,786,876
Beneficiary certificates	86,575	240,069	190,703
Futures and options	216,836	216,823	216,812
	$ 211,614,797	$ 343,737,780	$ 334,966,334

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

2) As of June 30, 2022, December 31, 2021 and June 30, 2021, the discretionary investment limits are as follows (in thousands of each currency):

	June 30, 2022	December 31, 2021	June 30, 2021
Monetary items			
NTD	$ 47,379,839	$ 99,779,839	$ 100,979,839
USD	593,300	1,002,600	1,131,400
HKD	-	2,084	2,084

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 June 30, 2022, December 31, 2021 and June 30, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of the Group's assets related to its interests in unconsolidated structured entities are disclosed as follows:

	June 30, 2022	
	Private Equity Funds	Securitization Vehicle
Financial assets at FVTPL	$ 202,467,748	$ 33,182,668
Financial assets at FVTOCI	-	62,045,179
Financial assets measured at amortized cost	-	117,966,181
	$ 202,467,748	$ 213,194,028

	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

	June 30, 2021	
	Private Equity Funds	**Securitization Vehicle**
Financial assets at FVTPL	$ 145,293,100	$ 36,477,823
Financial assets at FVTOCI	-	48,748,285
Financial assets measured at amortized cost	-	109,705,955
	$ 145,293,100	$ 194,932,063

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

TABLE 1

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars/In Thousands Share of Ordinary Shares)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Cathay Life Insurance Co., Ltd.	Conning Holdings Limited	UK	Holding company	$ 15,723,539	$ 15,723,539	2,029	100.00	$ 15,885,479	$ 801,580	$ 675,887	Subsidiary (Note 2)
	Cathay Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life insurance	20,370,930	20,370,930	-	100.00	23,969,111	884,651	884,651	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	12,886,106	188,829	188,829	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	127,182	1,132	1,132	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	8,129,389	(173,340)	(173,340)	Subsidiary (Note 1)
	Cathay Walbrook Holding 2 Limited	Jersey Island	Real estate investment and operation management	536,268	536,268	11,250	100.00	422,278	(9,950)	(9,950)	Subsidiary (Note 1)
	Cathay Industrial Research and Design Center Co., Ltd.	Taiwan	Real estate leasing	990,000	990,000	99,000	99.00	879,271	(28,864)	(28,577)	Subsidiary (Note 1)
	Rizal Commercial Banking Corporation	Philippines	Banking	15,683,953	15,683,953	452,019	22.19	16,089,710	3,105,445	688,949	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	598,388	128,876	128,876	Subsidiary (Note 1)
	Symphox Information Co., Ltd	Taiwan	Wholesale of information software	404,432	404,432	24,511	49.12	358,746	(53,185)	(26,124)	Associate (Note 2)
	WK Technology Fund VI Co., Ltd.	Taiwan	Venture investment	-	54,186	-	-	-	-	-	Associate (Note 4)
	Dasheng Venture Capital Co., Ltd.	Taiwan	Venture investment	425,009	425,009	42,501	25.00	857,595	786,295	196,574	Associate (Note 2)
	Dasheng IV Venture Capital Co., Ltd.	Taiwan	Venture investment	712,500	712,500	71,250	21.43	1,309,689	5,802	1,244	Associate (Note 2)
	CMG International One Co., Ltd.	Taiwan	Lease and development of residence and buildings	1,575,000	675,000	157,500	45.00	1,566,653	(4,851)	(2,183)	Associate (Note 2)
	CMG International Two Co., Ltd.	Taiwan	Lease and development of residence and buildings	1,800,000	675,000	180,000	45.00	1,785,306	(6,826)	(3,071)	Associate (Note 2)
	CM Energy Co., Ltd.	Taiwan	Energy technical services	450,000	450,000	45,000	45.00	469,186	27,811	12,515	Associate (Note 2)
	Neo Cathay Power Corp.	Taiwan	Energy technical services	675,000	675,000	67,500	45.00	700,528	33,452	15,053	Associate (Note 2)
	Cathay Power Inc.	Taiwan	Energy technical services	675,000	675,000	67,500	45.00	698,118	20,859	9,387	Associate (Note 2)
	DingTeng Co., Ltd.	Taiwan	Sewage treatment	756,116	756,116	44,538	27.36	873,548	67,103	18,361	Associate (Note 2)
	PSS Co., Ltd.	Taiwan	Parking space management	832,750	832,750	21,238	35.26	959,937	74,789	26,540	Associate (Note 2)
	Greenhealth Water Resources Co., Ltd.	Taiwan	Sewage treatment	470,916	470,916	45,600	30.00	483,675	48,009	14,402	Associate (Note 2)
	Cathay Venture Inc.	Taiwan	Venture investment	1,567,574	1,567,574	129,543	25.00	1,691,314	55,841	13,960	Associate (Note 1)
	Lin Yuan Property Management Co., Ltd.	Taiwan	Property management services	63,636	63,636	1,470	49.00	44,910	40,715	19,951	Associate (Note 2)
	TaiYang Solar Power Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	495,000	427,500	49,500	45.00	484,974	715	322	Associate (Note 2)
	ThrivEnergy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	216,000	-	21,600	30.00	215,983	(54)	(17)	Associate (Note 2)

Note 1: Share of profit or loss is recognized on the basis of the financial statements which have been audited by an independent auditor.

Note 2: Share of profit or loss is recognized on the basis of the financial statements which have not been audited by an independent auditor.

Note 3: The 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: WK Technology Fund VI Co., Ltd. was dissolved on April 25, 2022 and completed the liquidation procedure.

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2022
(In Thousands of New Taiwan Dollars/In Thousands Share of Ordinary Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	June 30, 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	$ 6,301	1.76	$ 6,301	
	Stocks							
Symphox Information Co., Ltd.	Fashionguide Co., Ltd.	N/A	Financial assets at FVTOCI	1,293	30,833	7.72	30,833	
	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	52,588	100.00	52,588	
	Thinkpower Information Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	9,362	454,994	71.08	454,994	
	Bowl Cut Entertainment Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	2,342	28,525	100.00	28,525	
Greenhealth Water Resources Co., Ltd.	Lung Chuan Water Resources Co., Ltd.	Parent and subsidiary	Investments accounted for using the equity method	152,000	1,578,439	100.00	1,578,439	

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 SIX MONTHS ENDED JUNE 30, 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	Payments by installment according to the contract	ROC. (Managed by TRA)	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.

TABLE 4

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	$ 13,497,155	a	$ 6,748,578	$ -	$ -	$ 6,748,578	$ 308,950	50.0	$ 154,475 (Note 2,b,2)	$ 6,917,834	$ -
Cathay Insurance Company Limited (China)	Property insurance	12,196,844	a	2,943,663	-	-	2,943,663	282,185	24.5	69,135 (Note 2,b,3)	2,035,336	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office leasing	7,223,435	a	7,223,435	-	-	7,223,435	66,081	100.0	60,273 (Note 2,b,2)	8,216,577	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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)	$184,778,676

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

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

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

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

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

1) Financial statement is audited by an international. CPA firms with the cooperation of the ROC CPA firm.
2) Financial statement is audited by the parent company's CPA firm in Taiwan.
3) Other.

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 June 30, 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 June 30, 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 June 30, 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 SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	**Amount**	**Payment Terms (Note 4)**	**% of Total Operating Revenue or Assets (Note 3)**
0	Cathay Life Insurance Co., Ltd.	Cathay Walbrook Holding 1 Limited	a	Other loans	$ 11,342,396	Equivalent to general conditions of transactions	0.14
		Cathay Walbrook Holding 1 Limited	a	Interest income	231,175	Equivalent to general conditions of transactions	0.07
		Cathay Walbrook Holding 1 Limited	a	Other receivables	16,586	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Other loans	603,990	Equivalent to general conditions of transactions	0.01
		Cathay Walbrook Holding 2 Limited	a	Interest income	12,310	Equivalent to general conditions of transactions	-
		Cathay Walbrook Holding 2 Limited	a	Other receivables	883	Equivalent to general conditions of transactions	-
		Conning Holdings Limited	a	Processing fee expense	636,254	Equivalent to general conditions of transactions	0.18
		Conning Holdings Limited	a	Other payables	323,048	Equivalent to general conditions of transactions	-
		Conning Holdings Limited	a	Prepaid expense	4,760	Equivalent to general conditions of transactions	-
		Conning Holdings Limited	a	Administrative expense	3,076	Equivalent to general conditions of transactions	-
		Global Evolution Holding ApS	a	Processing fee expense	36,801	Equivalent to general conditions of transactions	0.01
		Global Evolution Holding ApS	a	Other payable	18,536	Equivalent to general conditions of transactions	-
1	Lin Yuan (Shanghai) Real Estate Co., Ltd.	Cathay Life Insurance Co., Ltd.	b	Rental income	541	Equivalent to general conditions of transactions	-
		Cathay Life Insurance Co., Ltd.	b	Guarantee deposits received	142	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.

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

JUNE 30, 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.	The Company's parent company	$ 11,479,040 (Note 1)	-	$ -	-	$ -	$ -
Conning Holdings Limited	Cathay Life Insurance Co., Ltd.	The Company's parent company	323,048 (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.