China Life Insurance Co., Ltd.
Financial Statements
For the Three-month Periods Ended
31 March 2022 and 2021
With Review Report of Independent Auditors

The reader is advised that these financial statements have been prepared originally in Chinese. These financial statements do not include additional disclosure information that is required for Chinese-language reports under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese language financial statements shall prevail.

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Review Report of Independent Auditors

English Translation of a Report Originally Issues in Chinese

To China Life Insurance Co., Ltd.

Introduction

We have reviewed the accompanying balance sheets of China Life Insurance Co., Ltd. (the "Company") as of 31 March 2022 and 2021, and the related statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 31 March 2022 and 2021, and notes to the financial statements, including the summary of significant accounting policies (together "the financial statements"). Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and become effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2022 and 2021, and their financial performance and cash flows for the three-month periods ended 31 March 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

/s/ CHANG, CHENG-TAO

/s/ HUANG, CHIEN-CHE

Ernst & Young, Taiwan

5 May 2022

English Translation of Financial Statements Originally Issued in Chinese

China Life Insurance Co., Ltd.

Balance sheets

As at 31 March 2022, 31 December 2021 and 31 March 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022/3/31		2021/12/31		2021/3/31	
Assets	Notes	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	VI.1	$106,166,605	5	$153,787,291	7	$92,140,497	4
Receivables	VI.2	26,516,127	1	17,038,235	1	26,407,784	1
Current tax assets		71,073	0	-	-	526,131	0
Financial assets at fair value through profit or loss	VI.3	424,586,541	18	435,588,827	19	395,174,281	18
Financial assets at fair value through other comprehensive income	VI.4	214,204,476	9	280,355,344	12	397,411,820	18
Financial assets at amortized cost	VI.5	1,313,378,880	56	1,201,310,968	52	1,114,032,856	50
Investments accounted for using equity method	VI.7	1,353,914	0	1,017,001	0	69,652	0
Investment property	VI.8	58,269,380	2	43,216,992	2	36,837,475	1
Loans	VI.6	33,454,513	1	33,931,189	1	33,432,944	1
Reinsurance assets	VI.9	1,053,512	0	891,059	0	863,787	0
Property and equipment	VI.10	12,313,908	1	12,036,982	1	12,403,728	1
Right-of-use assets	VI.11	4,680,958	0	4,699,054	0	6,013,101	0
Intangible assets		296,979	0	304,998	0	261,780	0
Deferred tax assets	VI.29	14,243,047	1	13,074,033	1	10,520,109	1
Other assets	VI.12	22,095,297	1	7,749,971	0	13,224,075	1
Separate account product assets	VI.31	104,711,565	5	101,041,555	4	88,203,699	4
Total assets		$2,337,396,775	100	$2,306,043,499	100	$2,227,523,719	100

The accompanying notes are an integral part of these financial statements.

English Translation of Financial Statements Originally Issued in Chinese

China Life Insurance Co., Ltd.

Balance sheets - (continued)

As at 31 March 2022, 31 December 2021 and 31 March 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022/3/31		2021/12/31		2021/3/31	
Liabilities and equity	Notes	Amount	%	Amount	%	Amount	%
Payables	VI.13	$11,951,317	1	$13,169,025	1	$21,307,037	1
Current tax liabilities		1,924,345	0	1,924,345	0	3,988,388	0
Financial liabilities at fair value through profit or loss	VI.15	21,622,900	1	981,018	0	10,181,997	1
Bonds payable	VI.14	10,000,000	0	10,000,000	1	10,000,000	1
Lease liabilities	VI.11	1,797,397	0	1,768,675	0	1,733,395	0
Insurance liabilities	VI.16	2,027,126,167	87	1,988,686,889	87	1,923,921,558	86
Foreign exchange valuation reserve	VI.17	6,735,634	0	3,351,124	0	3,893,775	0
Provisions	VI.18	191,469	0	199,799	0	193,993	0
Deferred tax liabilities	VI.29	1,627,899	0	4,153,657	0	3,047,264	0
Other liabilities		1,920,541	0	3,757,700	0	1,847,091	0
Separate account product liabilities	VI.31	104,711,565	5	101,041,555	4	88,203,699	4
Total liabilities		2,189,609,234	94	2,129,033,787	93	2,068,318,197	93
Share capital	VI.20						
Common stock		49,206,531	2	49,206,531	2	47,313,972	2
Capital surplus	VI.21	7,254,547	0	7,224,556	0	7,214,523	0
Retained earnings	VI.22						
Legal capital reserve		19,283,918	1	19,283,918	1	16,263,019	1
Special capital reserve		46,701,195	2	46,701,195	2	38,374,504	2
Unappropriated retained earnings		39,562,493	2	29,005,543	1	25,477,088	1
Other equity	VI.23	(14,221,143)	(1)	25,587,969	1	24,562,416	1
Total equity		147,787,541	6	177,009,712	7	159,205,522	7
Total liabilities and equity		$2,337,396,775	100	$2,306,043,499	100	$2,227,523,719	100

The accompanying notes are an integral part of these financial statements.

English Translation of Financial Statements Originally Issued in Chinese

China Life Insurance Co., Ltd.
Statements of comprehensive income
For the three-month periods ended 31 March 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	1 January-31 March 2022 Amount	%	1 January-31 March 2021 Amount	%
Operating revenue					
Direct premium income		$40,025,632	60	$51,412,232	65
Premium income		40,025,632	60	51,412,232	65
Deduct: Reinsurance expenses		(413,157)	(1)	(376,221)	(0)
Net changes in unearned premium reserve	VI.16	329,967	0	336,991	0
Retained earned premium	VI.26	39,942,442	59	51,373,002	65
Reinsurance commission received		78,455	0	62,443	0
Fee income		351,821	1	272,355	0
Net investment incomes (losses)					
Interest income	VI.24	13,585,788	20	13,967,907	18
Gains (losses) on financial assets and liabilities at fair value through profit or loss		(38,762,310)	(58)	2,700,132	4
Net gains from derecognition of financial assets at amortized cost	VI.5	337,794	1	4,869	0
Realized gains on financial assets at fair value through other comprehensive income		3,741,165	6	5,645,750	7
Share of profit of associates and joint ventures accounted for using equity method	VI.7	(1,309)	(0)	(212)	(0)
Foreign exchange losses		32,985,551	50	(22,026)	(0)
Net changes in foreign exchange valuation reserve	VI.17	(3,384,510)	(5)	129,232	0
Gains on investment property		177,702	0	149,176	0
Expected credit impairment losses and reversal on investments	VI.25	(1,498,922)	(2)	(3,780)	(0)
Other impairment loss and reversal on investments		(12,515)	(0)	(6,126)	(0)
Gains (losses) on reclassification using overlay approach	VI.3	17,981,050	27	936,949	1
Separate account product revenue	VI.31	928,106	1	3,514,686	5
Subtotal		66,450,308	100	78,724,357	100
Operating costs					
Insurance claim payments		(27,241,320)	(41)	(32,358,324)	(41)
Deduct: Claims recovered from reinsures		176,983	0	198,083	0
Retained claim payments	VI.27	(27,064,337)	(41)	(32,160,241)	(41)
Net changes in insurance liabilities	VI.16	(22,548,566)	(34)	(27,532,500)	(35)
Underwriting expenses		(622)	(0)	(2,485)	(0)
Commission expenses		(3,289,729)	(5)	(2,398,462)	(3)
Finance costs		(73,597)	(0)	(75,518)	(0)
Other operating costs		(76,049)	(0)	(77,118)	(0)
Separate account product expenses	VI.31	(928,106)	(1)	(3,514,686)	(5)
Subtotal		(53,981,006)	(81)	(65,761,010)	(84)
Operating expenses	VI.28				
General expenses		(841,215)	(1)	(842,849)	(1)
Administrative expenses		(1,204,522)	(2)	(1,195,812)	(2)
Employee training expenses		(4,791)	(0)	(4,549)	(0)
Non-investments expected credit impairment losses and reversal	VI.25	(7)	(0)	2,277	0
Subtotal		(2,050,535)	(3)	(2,040,933)	(3)
Operating income		10,418,767	16	10,922,414	13
Non-operating income and expenses		4,723	0	4,177	0
Income from continuing operations before income tax		10,423,490	16	10,926,591	13
Income tax expenses	VI.29	(1,587,107)	(2)	(1,084,824)	(1)
Net income from continuing operations		8,836,383	14	9,841,767	12
Net income		8,836,383	14	9,841,767	12
Other comprehensive income, net of tax	VI.23				
Items that will not be reclassified subsequently to profit or loss					
Valuation gains (losses) on equity instruments at fair value through other comprehensive income		(788,175)	(1)	406,043	1
Income taxes relating to items that are not be reclassified		303,873	0	497,368	1
Items that are or may be reclassified subsequently to profit or loss					
Gains (losses) on debt instruments at fair value through other comprehensive income		(24,527,071)	(37)	(36,129,273)	(46)
Other comprehensive profits (losses) reclassified using overlay approach	VI.3	(17,981,050)	(27)	(936,949)	(1)
Income taxes relating to items that are or may be reclassified subsequently to profit or loss		4,904,763	7	5,881,476	7
Other comprehensive income (loss), net of tax		(38,087,660)	(58)	(30,281,335)	(38)
Total comprehensive income (loss)		$(29,251,277)	(44)	$(20,439,568)	(26)
Earnings per share (In New Taiwan Dollars)	VI.30				
Basic earnings per share		$1.80		$2.00	

The accompanying notes are an integral part of these financial statements.

China Life Insurance Co., Ltd.

Statements of changes in equity

For the three-month periods ended 31 March 2022 and 2021

(Reviewed only, not audited in accordance with the generally accepted auditing standards)

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other equity			
Summary	Notes	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated retained earnings	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Property Revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance on 1 January 2021		$47,313,972	$7,214,523	$16,263,019	$38,374,504	$16,350,833	$51,562,386	$752,543	$1,825,425	$179,657,205
Net income for the three-month period ended 31 March 2021		-	-	-	-	9,841,767	-	-	-	9,841,767
Other comprehensive income (loss) for the three-month period ended 31 March 202	VI.23	-	-	-	-	-	(29,343,481)	-	(937,854)	(30,281,335)
Total comprehensive income (loss) for the three-month period ended 31 March 2021		-	-	-	-	9,841,767	(29,343,481)	-	(937,854)	(20,439,568)
Disposal of equity instruments at fair value through other comprehensive income			-	-	-	(703,397)	703,397	-	-	-
Net changes in special reserve		-	-	-	-	(12,115)	-	-	-	(12,115)
Balance on 31 March 2021		$47,313,972	$7,214,523	$16,263,019	$38,374,504	$25,477,088	$22,922,302	$752,543	$887,571	$159,205,522
Balance on 1 January 2022		$49,206,531	$7,224,556	$19,283,918	$46,701,195	$29,005,543	$19,808,017	$1,256,467	$4,523,485	$177,009,712
Net income for the three-month period ended 31 March 2022		-	-	-	-	8,836,383	-	-	-	8,836,383
Other comprehensive income (loss) for the three-month period ended 31 March 202	VI.23	-	-	-	-	-	(20,696,307)	-	(17,391,353)	(38,087,660)
Total comprehensive income (loss) for the three-month period ended 31 March 2022		-	-	-	-	8,836,383	(20,696,307)	-	(17,391,353)	(29,251,277)
Share-Based Payment transaction		-	29,991	-	-	-	-	-	-	29,991
Disposal of equity instruments at fair value through other comprehensive income		-	-	-	-	1,721,452	(1,721,452)	-	-	-
Net changes in special reserve		-	-	-	-	(885)	-	-	-	(885)
Balance on 31 March 2022		$49,206,531	$7,254,547	$19,283,918	$46,701,195	$39,562,493	$(2,609,742)	$1,256,467	$(12,867,868)	$147,787,541

The accompanying notes are an integral part of these financial statements.

English Translation of Financial Statements Originally Issued in Chinese

China Life Insurance Co., Ltd.
Statements of cash flows
For the three-month periods ended 31 March 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	1 January-31 March 2022	1 January-31 March 2021
Cash flows from operating activities		
Net income before tax	$10,423,490	$10,926,591
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	110,490	117,738
Amortization expense	48,553	35,945
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	40,298,003	(1,492,232)
Net losses (gains) on financial assets at fair value through other comprehensive income	(3,654,576)	(5,565,563)
Net losses (gains) on financial assets at amortized cost	(334,384)	-
Interest expenses	82,980	75,518
Interest income	(13,585,788)	(13,967,907)
Dividend income	(1,581,889)	(1,270,414)
Net changes in insurance liabilities	38,406,143	27,206,772
Net changes in foreign exchange valuation reserve	3,384,510	(129,232)
Net changes in provisions	(1,726)	55
Expected credit impairment losses (reversal gains) on investments	1,498,922	3,780
Expected credit impairment losses (reversal gains) on non-investments	7	(2,277)
Share-based payments	29,991	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,309	212
(Gains) losses on reclassification using overlay approach	(17,981,050)	(936,949)
(Gains) losses on disposal or scrapping of property and equipment	575	46
(Gains) losses on disposal of investment property	(4,393)	-
Property and equipment transfers into expense	3,720	-
Unrealized foreign exchange losses (gains)	(44,832,237)	970,022
(Gains) losses on valuation of investment property	37,461	16,403
(Gains) losses on lease modification	(9)	-
Other items	(3,119)	(3,028)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(8,146,931)	(16,317,847)
Decrease (increase) in notes receivable	19,167	75,789
Decrease (increase) in other receivables	(8,846,405)	(6,259,697)
Decrease (increase) in prepaid expenses and other prepayments	(157,480)	261,263
Decrease (increase) in refundable deposits	(14,188,135)	(5,768,556)
Decrease (increase) in reinsurance assets	(138,391)	(105,115)
Decrease (increase) in other assets	(9)	7,628
Increase (decrease) in notes payable	1,679	89
Increase (decrease) in life insurance proceeds payable	(68,520)	(4,086)
Increase (decrease) in other payables	(1,008,869)	8,049,338
Increase (decrease) in due to reinsurers and ceding companies	219,533	224,128
Increase (decrease) in commissions payable	(422,213)	(293,093)
Increase (decrease) in accounts collected in advance	(185,610)	(193,941)
Increase (decrease) in guarantee deposits received	(1,500,071)	(6,590,681)
Increase (decrease) in other liabilities	(151,478)	(277,586)
Increase (decrease) in provision for employee benefits	(6,605)	(18,816)
Cash generated from operations activities	(22,233,355)	(11,225,703)
Interest received	14,350,894	16,720,350
Dividends received	1,475,618	1,213,205
Interest paid	(2,168)	(3,024)
Income taxes refunded (paid)	(141,876)	(44,283)
Net cash provided by (used in) operating activities	(6,550,887)	6,660,545
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(4,178,497)	(7,860,543)
Disposal of financial assets at fair value through other comprehensive income	53,786,599	62,141,259
Return of capital from financial assets at fair value through other comprehensive income	13,067	165,570
Acquisition of financial assets at amortized cost	(101,484,413)	(112,465,323)
Disposal of financial assets at amortized cost	24,849,888	34,428,355
Maturity principal from financial assets at amortized cost	1,287,093	7,729,733
Acquisition of investments accounted for using equity method	(338,222)	-
Acquisition of property and equipment	(293,636)	(67,933)
Acquisition of intangible assets	(31,368)	(55,638)
Decrease (increase) in loans	476,676	124,105
Acqusition of investment property	(40)	(40)
Acqusition of right-of-use assets	(15,154,602)	(14,961)
Disposal of investment property	30,682	-
Net cash provided by (used in) investing activities	(41,036,773)	(15,875,416)
Cash flows from financing activities		
Principle repayment of lease liabilities	(33,026)	(21,147)
Net cash provided by (used in) financing activities	(33,026)	(21,147)
Increase (decrease) in cash and cash equivalents	(47,620,686)	(9,236,018)
Cash and cash equivalents at the beginning of the period	153,787,291	101,376,515
Cash and cash equivalents at the end of the period	$106,166,605	$92,140,497

The accompanying notes are an integral part of these financial statements.

<u>English Translation of Financial Statements Originally Issued in Chinese</u>

China Life Insurance Co., Ltd.

Notes to financial statements

For the three-month periods ended 31 March 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

I. Organizations and business scope

China Life Insurance Co., Ltd. (the "Company") was incorporated in Taiwan on 25 April 1963, previously known as Overseas Life Corp. The Company was renamed China Life Insurance Co., Ltd. and authorized by Ministry of Finance, R.O.C. and Ministry of Economic Affairs, R.O.C. in January 1981. The registered office address of the Company is 3F,4F,5F,6F,7F., No.135, Dunhua N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.). The Company's shares were listed on the Taiwan Stock Exchange. The Company mainly engages in the business of life insurance. The Company is headquartered in Taipei City, and has branches in Taoyuan City, Taichung City, Chiayi City, Tainan City, Kaohsiung City, Pintung County, Hualien County and Penghu County.

To enhance operation synergy, the Company accomplished the acquisition of major assets and liabilities from Prudential Corporation Asia Life Taiwan on 19 June 2009. The deal was approved by Financial Supervisory Commission ("FSC") under Order No. Financial-Supervisory-Securities-Corporate-09802552211 on 16 June 2009.

The Company established an offshore insurance unit (OIU) on 14 September 2015 following resolution of the board of directors and receiving approval from FSC.

On 19 October 2017, the Board has resolved to pay $1 to acquire the traditional policies and riders spun off from Allianz Taiwan Life Insurance Co., Ltd. The transaction is approved by FSC on 27 February 2018 and settled on 18 May 2018.

The Company was informed by China Development Financial Holding Corp. (CDF), about the tender offer of the Company's ordinary shares and the Public Tender Offer Report on 16 August 2017. CDF started the tender offer from 17 August 2017 to 6 September 2017. CDF completed the tender to acquire 25.33% of the Company's common shares, totaling 880,000,000 shares, on 13 September 2017. The Company became a subsidiary of CDF as defined in the "Financial Holding Company Act". In addition, the Company was informed by CDF about the second tender offer of the Company's ordinary shares and the Public Tender Offer Report on 7 January 2021. CDF started the tender offer from 8 January 2021 to 2 February 2021. CDF completed the tender to acquire 21.13% of the Company's common shares, totaling 1,000,000,000 shares, on 5 February 2021. After the offer, CDF and its subsidiary, KGI Securities (excluding KGI Securities' borrowing positions for securities undertaking), jointly held 55.95% of the Company's issued shares. On 1 October 2021, the Company's shareholder's meeting approved to enter into a share swap contract with CDF, and carry out the share swap transaction. One common share of the company will be exchanged into 0.80 common share and 0.73 preferred share of CDF and NT$11.5 in cash. The record date of share swap was 30 December 2021, the Company was also delisted from the Taiwan Stock Exchange (TWSE) and became a wholly owned subsidiary of CDF at the same day.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

II. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized to issue in accordance with a resolution of the Company's board of directors on 5 May 2022.

III. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not yet endorsed by FSC and adopted by the Company are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
4	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
5	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
6	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

   The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed below, it is not practicable to estimate their impact on the Company at this point of time. The remaining standards and interpretations have no material impact on the Company.

IFRS 17 "Insurance contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

1. estimates of future cash flows;
2. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
3. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Regard to liability for remaining coverage, other than the General Model, the standard also provides :

1. a specific adaptation for contracts with direct participation features (the Variable Fee Approach); and
2. a simplified approach for short-duration contracts (Premium Allocation Approach).

On initial application of standard is first applied, entities that have applied IFRS 9 may reassign and reclassify financial assets that meet the requirements of this standard. The entities does not have to restate comparative information to reflect the changes in the reclassification of these assets. The difference between the previous carrying amount of the financial asset and its carrying amount on the initial application date shall be recognized in the opening balance of retained earnings or other equity on the initial application date. If the entities restates comparative information, the restated information must reflect the requirements of IFRS 9 for these affected financial assets. In addition, for the financial assets that have been excluded during the comparison period on the date of initial application of this standard, the entity may choose to apply the overlay approach based on individual financial assets, as if these financial assets had been reclassified in accordance with the re-assignment requirement of this standard during the comparison period.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. (IFRS 17 will replace the interim Standard – IFRS 4 Insurance Contracts immediately after the effective date.)

Disclosure Initiative - Accounting Policies – Amendments to IAS 1
The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

IV. Summary of significant accounting policies

1. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises (“the Regulations”) and IAS34 “Interim Financial Reporting” as endorsed and became effective by the FSC.

2. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments and investment property that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

3. Foreign currency transactions

The Company’s financial statements are presented in its functional currency, NT$. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies are translated using the closing rate of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is measured. Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the date of initial transactions.

Apart from the items mentioned below, the exchange differences due to settlement or translation are recognized in profit or loss for the period.

(1) The foreign currency items which are applicable to IFRS 9 *Financial Instrument* should be dealt with the accounting policy of financial instruments.
(2) Exchange differences of monetary items arising from the translation of the net investment in foreign operations are recognized in other comprehensive income. When the investment is disposed of or sold, exchange differences are reclassified from other comprehensive income into profit or loss.

If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income. If a gain or loss on a non-monetary item is recognized in profit or loss, any foreign exchange component of that gain or loss is also recognized in profit or loss.

4. Product categories

Insurance contract means the insurer accepts the transfer of significant insurance risk from insurance policyholder and agrees to compensate the policyholder for any damages when a particular uncertain event (insured event) occurs in the future. The definition of a significant insurance risk means any insured event occurs and causes the Company to pay additional significant fees.

Insurance contract with features of financial instruments is the contract that transfers the significant financial risk. The definition of the financial risk refers to one or more specific interest rates, product prices, exchange rates, price index, rate index, credit ratings and indicators, and other variables related to risks of possible changes in the future. If the above variables are non-financial variables, then the variables exist in both sides under the contract.

When the original judgment meets the criteria of the policy under the insurance contract, before the right of ownership and obligations expires or extinguishes, the policy will still be considered as an insurance contract; even if the exposure to insurance risk during the policy period has been significantly reduced. However, if insurance risk following the renewal of an insurance contract with features of financial instruments is transferred to the Company, the Company will reclassify the contract as an insurance contract.

Insurance contracts and insurance contracts with feature of financial instruments can be further broken down into separate categories depending on whether the contracts have discretionary participation feature or not. To have discretionary participation feature means a guaranteed payment from the contract plus contractual rights to receive additional payments.

These contractual rights have the following characteristics:

(1) Additional payments as a percentage of total contractual payments may be more significant and take up a bigger portion.
(2) In accordance with the contract, the amount and date of additional payments are at the Company's discretion.
(3) In accordance with the contract, additional payments are handed out based on one of the following matters:
   a. Performance of a specific combination of contracts or specific type of contract
   b. The investment return of a specific asset portfolio the Company holds
   c. Profit and loss from the Company, funds, or other entities

When embedded derivative products' economic characteristics and risks are no longer closely related to the economic characteristics and risks of the primary contracts, it should be listed separately from the primary contracts and use fair value method to determine its fair value. Also, the profit or loss determined by the fair value method should be recognized in the current period. However, if the embedded derivative product meets the definition of an insurance contract or the whole contract is measured by the fair value method and the profit or loss is recognized in the current period, the Company will not need to separately list the embedded derivative product and the insurance contract.

5. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies time deposits as cash equivalents when they have maturities of less than 12 months and can be readily convertible to known amounts of cash and be subject to an insignificant risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of financial instrument.

(1) Initial recognition and subsequent measurement

The Company accounts for regular way purchase or sales of financial assets measured at fair value on the trade date, and of financial assets measured at amortized cost at the settlement date.

The Company categorized financial assets as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on both of the followings:

A. the Company’s business model for managing the financial assets.
B. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

If both of the following conditions are met, a financial asset is measured at amortized cost and presented as note receivables, receivables, financial assets measured at amortized cost, loans and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. 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.

Such financial assets which are not part of a hedging relationship, are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance). A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or recognition of the impairment gains or losses.

Interest revenue is recognized in profit or loss by calculating via the effective interest method (by applying the effective interest rate to the gross carrying amount) or the followings:

A. For those financial assets that are purchased or originated credit-impaired, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
B. For those financial assets that are not purchased or originated credit-impaired but subsequently became credit-impaired, the Company applies the effective interest rate to the amortized cost of the financial asset.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and presented as financial asset at fair value through other comprehensive income on balance sheet as at the reporting date:

A. the financial assets are held within a business model whose objective is achieved by collecting contractual cash flows and for sale.
B. the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is recognized in profit or loss by calculating via the effective interest method (by applying the effective interest rate to the gross carrying amount) or the followings:
   (a) For those financial assets that are purchased or originated credit-impaired, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
   (b) For those financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, the Company applies the effective interest rate to the amortized cost of the financial asset.

In addition, upon initial recognition, for those equity instruments within the scope of IFRS9 but neither categorized as held-for-trading nor applying to contingent consideration recognized by acquirers in IFRS 3 *"Business Combination"*, the Company elects irrevocably to report the subsequent measurement at fair value in other comprehensive income. Amounts reported in other comprehensive income cannot be subsequently transferred to profit or loss (when disposing of such equity instruments, the Company transfers the accumulated amounts in other equity directly into retained earnings) and are presented as financial assets at fair value through other comprehensive income on the balance sheets. Dividends on investments are recognized in profit or loss, except when the dividends clearly represent certain recovery of investment cost.

<u>Financial assets at fair value through profit or loss</u>

Except for those financial assets qualified for aforementioned conditions and classified as financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the other financial assets are measured at fair value through profit or loss and presented as financial assets at fair value through profit or loss on the balance sheets as at the reporting date.

Such assets are subsequently measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss.

(2) Impairment of financial assets

The Company measures expected credit losses and recognizes expected credit losses for loss allowance on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money;
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. at an amount equal to 12-month expected credit losses: including the financial asset whose credit risk has not increased significantly since initial recognition or the financial asset determined to have low credit risk at the reporting date; and, additionally, the financial assets which the Company measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. at an amount equal to the lifetime expected credit losses: including the financial asset whose credit risk has increased significantly since initial recognition or the financial asset that is purchased or originated credit-impaired.

In addition to evaluation mentioned previously, in accordance with the regulation of "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises", the Company is required to record the minimum amounts based upon each of the following category for allowance of uncollectible accounts:

1. Total amount of 0.5% of the ending balance for the first category of loan assets excluding life insurance loans, automatic premium loans and holding government debts, 2% of the ending balance for the second category of loan assets that should be paid attention, 10% of the ending balance for the third category of loan assets that are expected to recover, 50% of the ending balance for the fourth category of loan assets that are difficult to recover and 100% of the ending balance for the fifth category of loan assets that are not expected to recover are aggregated .
2. 1% of the ending balance for all the five categories of loan assets excluding life insurance loans, automatic premium loans and holding government debts.
3. Total unsecured portion of loans overdue and receivable on demand.
4. If total amount of minimum allowance of uncollectible accounts measured from the categories above are less than the amount in accordance with GAAP, it should refer to the amount in accordance with GAAP as minimum allowance of uncollectible accounts.

To strengthen the ability to bear the loss of specific loan assets, the authority may, if necessary, require the Company to raise loan loss provision for specific loan assets in specified criteria and deadlines.

As at each reporting date, the Company assesses whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note IX for further details on credit risk.

(3) Financial liabilities

Financial liabilities within the scope of IFRS 9 *"Financial Instruments"* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

(4) Derecognition of financial assets and liabilities

<u>Financial assets</u>

The Company derecognizes all or part of the financial assets when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset or when it loses its controls to the assets.

When the Company transfers all or part of the financial assets and abandons its controls to the assets, it is regarded as sale within the scope of charging in exchange.

Financial liabilities

The Company derecognizes all or part of the financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instrument investments with substantially different terms or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the liability extinguished and the liability recognized is recognized in profit or loss.

(5) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and 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.

(6) Derivative instruments and hedging transactions

The Company engages in derivatives financial instrument transactions, such as forward foreign exchange contracts, interest rate swaps, cross currency swaps, options and futures, to hedge its risks associated with foreign currency and interest rate fluctuations. These derivative instruments are initially recognized at fair value on the day a derivatives contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

(7) Interest Rate Benchmark Reform

For financial assets measured at amortized cost or financial liability measured at amortized cost, when the basis for determining cash flow changes due to interest rate benchmark reform indicators, the Company updates the effective interest rate of financial assets or financial liabilities to reflect the gradual changes.

(8) Adoption of overlay approach on financial assets

The Company chose to express profit or loss of the designated financial assets in overlay approach in accordance with IFRS 4 *"Insurance Contract"* since the application of IFRS 9. To those designated financial assets, the Company classifies the amount from profit or loss to other comprehensive income, thus making the profit or loss of the designated financial assets as at the reporting date equal to as if they would have been accounted for under IAS 39. Accordingly, the reclassification amount is the difference of the following items:

A. The amount of profit or loss of the designated financial assets in accordance with IFRS 9; and
B. The amount of profit or loss of the designated financial assets as if applied to IAS 39.

A financial asset is eligible for designation under overlay approach if qualifying for the following conditions:

A. In accordance with IFRS 9, the financial asset is measured at fair value through profit or loss. However, if the Company applies to IAS 39, the financial asset is not measured at fair value through profit or loss collectively; and
B. The financial asset is not held in respect of activities that is unconnected with contracts within the scope of IFRS 4 *"Insurance Contract"*.

A Financial asset is eligible for the overlay approach if either of the following conditions is met:

A. The asset is accounted for on initial recognition; or
B. The asset now meets the criteria of which is held in respect of activities other than contracts within the scope of IFRS 4 *"Insurance Contract"* but previously did not.

The Company shall continuously adopt overlay approach to those designated financial assets until derecognition. However, the Company shall remove the designated status when the financial assets held in respect of activities other than contracts within the scope of IFRS 4 *"Insurance Contract"*. In addition, at the beginning date of any annual reporting year, the Company is permitted to stop applying overlay approach to all designated financial assets; If it does, the change in the accounting policy is accounted for under IFRS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*.

7. Loans

Loans include automatic premium loans, policy loans and secured loans. Among them, automatic premium loans are premiums paid on behalf of the insured in accordance with the insurance contract, policy loans are secured by policies issued by the Company, and secured loans are secured by stocks, chattel, real estate and other loans and overdue receivables approved by the authority.

Loan principal or interest arrears more than three months after the settlement period, or less than three months but has executed recourse to the primary and secondary debtor or disposed the collateral, listing under overdue loans.

Collateral received from the overdue loans by actively dunning is recorded at the fair value listed in the related account depending on the nature of the collateral, and measured in the applicable method of that account.

8. Fair value measurement

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 fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(1) in the principal market for the asset or liability, or
(2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible for the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Investments accounted for using the equity method

The Company used the equity method for accounting treatment for its associates with material influence and are they recognized at cost on acquisition. The carrying amount of investment in associates includes the goodwill identified in initial investment (less any accumulated impairment loss). From the date of the Company loses the significant influence, the equity method shall cease to be adopted, and use the book value at the time of the change as the cost.

After the acquisition date, the Company will recognize profit/loss according to the Company's share in the associate' profit or loss. Receipt of surplus distribution from the associate will reduce the carrying amount of the investment. When changes in other comprehensive profits and losses of the associate cause changes in the Company's rights and interests, the Company also relatively adjusts the investment book amount.

When the Company's share of losses of the associate equals or exceeds its interest in the associate, the entity discontinues recognizing its share of further losses. The Company only recognizes additional losses and relevant liabilities to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

10. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item, restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets separately with specific useful lives and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *"Property, Plant and Equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and construction	4～60 years
Computer equipment	3~15 years
Communication and transportation equipment	5~10 years
Other equipment	3~5 years
Leased assets	Depend on the age or the durable life of lease, whichever is shorter

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively as a change in accounting estimate, if appropriate.

11. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The Company's investment properties are measured at fair value, and gains or losses are recognized in profit or loss in accordance with the requirements of IAS 40 *"Investment Property"*, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"* and paragraph 53 of IAS 40 *"Investment Property"*. If investment properties are held by a lessee as right-of-use assets and are not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements 34 of IFRS 16.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

When the property meets or do not meet the definition of investment property and there is evidence showing change of use, the Company recognizes the property as investment property or transfers the property out of investment property.

12. Leases

At the day of establishment, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 *"Impairment of Assets"* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

13. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired through merger, is its fair value as at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Other intangible assets are computer software and are amortized on a straight-line basis over the estimated useful life (1 to 5 years).

14. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "*Impairment of Assets*" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

The cash generating unit or group which belongs to goodwill should periodically make an impairment test whether it has a sign of impairment. If the impairment test result suggests recognizing an impairment loss, then first deducting goodwill and the remaining deficiencies should be amortized to other assets depending on the relative proportions of the carrying amount of the asset. Impairment losses relating to goodwill cannot be reversed in the future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

15. Investment-linked insurance products

The Company sells investment-linked insurance products, of which the applicant pays the premium according to the agreed amount less the expenses incurred by the insurer. In addition, the investment distribution is approved by the applicant and then transferred to specific accounts as requested by the applicant. The value of these specific accounts is determined based on their fair value on the applicable date and the net worth is computed in accordance with the relevant regulations and the IFRSs.

In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, assets and liabilities representing the rights and obligations of the applicants, whether arising from an insurance contract or insurance policy with features of financial instruments, are recognized separately as "separate account product assets" and "separate account product liabilities". The revenues and expenses of separate account insurance products in accordance with IFRS 4 *"Insurance Contracts"*, separately recognized as "separate account product revenues" and "separate account product expenses."

16. Post-employment benefits

The Company set up a pension plan and an independently administered pension fund committee according to Labor Standards Act. The Company deposits retirement reserve according to a certain percentage of wages to the specific account of Bank of Taiwan every month. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year. As the retirement reserves are deposited under the committee's name in the specific bank account, the reserves are not associated with the Company. Therefore, retirement reserve is not included in the Company's financial statements.

After the Labor Pension Act became effective, employees can choose to be subject to the pension mechanism under Labor Standards Act or Labor Pension Act. The seniority prior to the enforcement of Labor Pension Act shall be maintained and the Company deposits 6% of the monthly allocated wage based on the monthly wage allocation classification schedule to employees' personal pension accounts in Bureau of Labor Insurance if employees choose to be subject to the pension mechanism under Labor Pension Act.

In case that an employee's monthly wage exceeds the upper limit of monthly wage allocation classification schedule, the Company may set aside monthly 6% of the excess portion as retirement reserve. Upon meeting the requirements of the pension plan, the employees are entitled to receive this kind of the retirement reserve.

For the defined contribution plan, the Company recognizes expenses in the period in which the contribution becomes due. The defined benefit plan is recognized based on the actuarial report at the end of the annual reporting period. Remeasurements of the net defined benefit liability (asset) comprise actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized as other comprehensive income with a corresponding debit or credit to retained earnings when it occurs. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment, and recognized as an expense at the earlier of the following dates:

(1) the date of the plan amendment or curtailment occurs; and
(2) the date that the Company recognizes related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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 and disclosed for significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the end of the prior financial year.

17. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, which probably leads to an outflow of resources embodying economic benefits that is required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

18. Insurance liabilities and reserve for insurance contracts with feature of financial instruments

The Company's reserved funds for insurance contracts and financial instruments whether with or without discretionary participation feature are made in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises." Furthermore, they have been validated by the certified actuarial professionals approved by Financial Supervisory Commission. The required amount to be reserved for short-term group insurance is based upon the greater of premium received or calculated premium following the Financial-Supervisory-Securities-Corporate-10704504821 and 11004925801 issued by the FSC. Reserved amount for the rest of other provisions is addressed below:

Moreover, an insurance contract with discretionary participation feature is classified as liability.

(1) Unearned premium reserve

For the insurance policy whose term is within one year and has not met the due date or for the injury insurance policy whose term is over one year, the amount of reserve required is based upon the unexpired risk calculation.

(2) Reserve for claims

It is a reserve mainly for the reported but not paid claims and unreported claims. The reported but not paid claims reserve is assessed based on relevant information of each case and the amount deposited is further classified by the type of insurance. Unreported claims reserve is calculated and deposited based on the past experiences and expenses occurred and in accordance with the actuarial principles.

(3) Reserve for life insurance liabilities

Based on the life table and projected interest rates in the manual provided by the authority for each type of insurance, the dollar amount of life insurance reserve is calculated and deposited according to the calculation method listing on Article 12 of “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and the manual published by each authority of insurance products.

Starting from policy year of 2003, for valid insurance contract whose dividend calculation is stipulated in accordance with Order No. Financial-Supervisory-Insurance-Corporate-800484251, the downward adjustments of dividend due to the offset between mortality saving (loss) and loss (gain) from difference of interest rates should be recognized and recorded as the increase of reserve for long-term valid contract.

When an insurer that opts to measure investment property at fair value, the value of its insurance liabilities at the same time must also be measured at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds book value, the life insurer must set aside the difference to reserve for life insurance liabilities. The Company changes its accounting policy for subsequent measurement of investment property from cost to fair value starting from year of 2014. The value of insurance liabilities at the same time is measured at fair value in accordance with Financial-Supervisory-Securities-Corporate-10302501161 issued by the FSC on 21 March 2014. The results of the measurements indicate that the fair value of the insurance liabilities doesn’t exceed book value, therefore insurance liabilities does not have to be increased.

(4) Special reserve

① For the retained businesses with policy period within 1 year, the special reserve is classified into 2 categories, “Special Catastrophe Reserve” and “Special Reserve for Fluctuation of Risks.” The dollar amount of reserve required is addressed as follows:

A. Special catastrophe reserve

All types of insurance should follow the special catastrophe reserve rates set by authorities. Upon occurrence of the catastrophic events, actual claims on retained business in excess of $30,000 thousand can be withdrawn from the reserve. If the reserve has been set aside for over 15 years, the Company could have its plan of the recovering process of the reserve assessed by certified actuaries and submit the plan to the authority for reference.

B. Special reserve for fluctuation of risks

When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is less than the anticipated dollar amount need to be paid, the 15% of this difference should be reserved in special reserve for fluctuation of risks. When the actual amount paid for indemnity minus the offsetting amount from special reserve for major incidents is greater than the anticipated dollar amount need to be paid, the exceeded amount can be used to write down the special reserve for fluctuation of risks. If the special reserve for fluctuation of risks for specified type of insurance is not enough to be written down, special reserve for fluctuation of risks for other types of insurance can be used. Also, the type of insurance and total dollar amount written-down should be reported to the authority for inspection purpose. When accumulative dollar amount of special reserve for fluctuation of risks exceeds 30% of self-retention earned premium within one year, the exceeded amount will be recovered.

For special reserves addressed previously, the balance of the annual reserve net of tax needs to be recorded in the special capital reserve under equity.

② The Company sells participating life insurance policy. According to the “Rule Governing application of revenue and expenses related to participating / non-participating policy”, the Company is required to set aside special reserve for dividend participation based on income before tax and dividend. On the date of declaration, dividend should be withdrawn from this account. Additionally, the effects of the gain or loss from disposal of participating life insurance policy approved as equity instrument investments at fair value through other comprehensive income shall transfer directly into special reserve based on income before tax and dividend. If the special reserve is a negative amount, the Company shall set aside the same amount of special reserve.

③ The net impact from first adoption of fair value in subsequent measurement has been appropriated into dividend reserve for participating policy which relates to investment property. That reserve shall be used only to cover the insufficiency of life insurance liabilities resulting from valid contract's fair value approved by the authority and to set aside additional liabilities for the soundness of financial structure when complying with IFRS 17 "*Insurance Contract*" in the future implementation. By the time the related assets dispose, the reserve which comes from the changes of fair value due to the cumulative net value-added benefits can be processed according to the related distribution provision of participating policy.

(5) Premium deficiency reserve

For the contracts over one year of life, health, or annuities insurance commencing on 1 January 2001, the following rules apply: When the gross premium is less than the valuation net premium, a deficiency reserve is required to be set aside with the value of an annuity, the amount of which shall equal the difference between such premiums and the term of which in years shall equal the number of future annual payments due on such insurance at the date of the valuation.

In addition, for the insurance policy which period is within one year and has not met the due date or accidental insurance policy over one year, the following rules apply: If the probable indemnities and expenses are greater than the aggregate of unearned premium reserves and collectable premiums in the future, the premium deficiency reserve is set aside based on the difference thereof.

(6) Other reserve

Pursuant to IFRS 3 *"Business Combination"*, the Company shall set aside other reserve for identifiable assets required and liabilities assumed recorded at fair value in order to reflect the fair value of the insurance contract assumed.

(7) Liability adequacy reserve

This is the reserve that is set aside based on the adequacy test of liability required by IFRS 4 *"Insurance Contracts"*.

Liability adequacy test is based on integrated insurance contract and related regulations. This test compares net of reserve for insurance contract, deferred acquisition cost and related intangible assets with anticipated present value of insurance contract cash flow at each reporting date. If net book value is insufficient, recognize all insufficient amounts as liability adequacy reserve.

(8) Reserves for insurance contracts with feature of financial instruments

Financial products without discretionary participation features follows "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and Depository Accounting.

19. Foreign exchange valuation reserve

Foreign exchange valuation reserve was appropriated or written-down from the foreign investment assets (do not include foreign currency non-investment-linked life insurance product assets) in accordance with "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises" and "Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises". The beginning balance of foreign exchange valuation reserve was $1,745,679 thousand which has to recognize special capital reserve within three years since 2012 according to the provision. The recognized amount should not be less than one third of the beginning balance net of tax for the first year. The cumulative recognized amount of the first two years should not be less than two thirds of the beginning balance net of tax. In addition, the saving of hedging costs is transferred to special capital reserve each year. If the annual earning is not enough for transfer, then replenish in the later year. The related special reserve is only used for capital increase or offset deficit. According to Article 9 of the "Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises" and the Order No. Financial-Supervisory-Securities-Corporate-1090490453 issued by the FSC on 17 February 2020, starting from the earning distribution of 2019, when insurance company set aside special capital reserve according to Article 9 of the "Directions for Foreign Exchange Valuation Reserve by Life Insurance Enterprises", it shall set aside 10% of "net profit after tax plus Items other than net profit after tax that are included in the undistributed earnings of the year" as special reserve.

20. Insurance premium income and expenses

For the Company's insurance contract and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue after collection and underwriting procedures, and subsequent session of collection are completed, respectively. In terms of the acquisition cost such as commission expenses and brokerage expenses, the related expenses will be recognized in that period after commencement of the insurance contract.

For non-separate account insurance product that is also classified as financial products without discretionary participation features, the insurance revenue collected is recognized on the balance sheet as "reserves for insurance contracts with feature of financial instruments." The related acquisition costs will be written-down in that period after commencement of the insurance contract under "reserves for insurance contracts with feature of financial instruments."

21. Reinsurance

The Company limits exposure to some events that may cause a certain amount of loss by arranging reinsurance in accordance with business needs and the insurance laws and regulations. For reinsurance ceded, the Company may not refuse to fulfill its obligations to the insured even if the reinsurer fails to fulfill their responsibility.

Reinsurance expenses and reinsurance commission income generated from ceded reinsurance business and due to reinsurers and ceding companies are recognized in the same period with income or expense of the related insurance contract. As the net right of holding reinsurance contract includes reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, they are recognized according to the method of signed reinsurance contract and related insurance contract liabilities. The assets, liabilities, income and expense of reinsurance contract cannot offset with the income and expense of related insurance liabilities and insurance contract.

The Company holds the right over re-insurer for reinsurance reserve assets, claims recoverable from reinsurers and due from reinsurers and ceding companies, and regularly assess if impairment has occurred to such rights or the rights can no longer be recovered. When objective evidences demonstrate that such rights after initial recognition may lead to the Company not recovering all contractual terms of the amount due, and the potential impact of the above cases that the Company will receive from reinsurers can be measured reliably, then the Company can retrieve an amount that is less than the carrying value of the aforementioned rights, and recognize impairment losses.

For the classification of reinsurance contracts, the Company assesses whether the transfer of significant insurance risk to the re-insurer has occurred. If the transfer of significant insurance risk is not apparent, then the contract is recognized and evaluated with deposit accounting.

For reinsurance contracts that have their significant insurance risk transferred, if the Company can separate and measure the individual deposit component, then the reinsurance contracts need to be recognized separately as the insurance component and the deposit component. That is, the Company receives (or pays) the contract’s value minus the insurance component, recognizing it as financial liabilities (or assets), and not as incomes (or expenses). The financial liabilities (or assets) are recognized with the fair value approach and uses the present value of future cash flow as the basis for the fair value approach.

22. Share-based payment transactions

For the equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The Company has determined the date of the subscription price and the number of shares as the grant-date and recognized the fair value of the equity instruments granted as expenses, with a corresponding increase in equity.

23. Income taxes

Income tax expense (benefit) is the aggregate amount in respect of current tax and deferred tax which included in profit or loss for the period.

Current income tax

Current income tax liability (asset) for the current and prior period is measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax and the tax relating to items recognized in other comprehensive income or directly in equity shall be recognized in other comprehensive income or directly in equity rather than the profit and loss.

The income tax for unappropriated earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the balance sheets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflect the tax consequences generated from expected recovery of assets or settlement of liabilities at the end of reporting date. Deferred tax is not recognized in the profit and loss if the related item is not recognized in the profit and loss. Rather, it is recognized in other comprehensive income or directly in equity according to their transaction. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The income tax expense for the mid-term period is accrued and disclosed at the tax rate applicable to the expected total income for the current year, means that using estimated annual tax rate with the pre-tax benefit for the mid-term period. The estimate of the annual tax rate only includes current income tax expense, the deferred income tax is measured in accordance with IAS 12 "Income Tax" and in consistent with the annual financial report. When tax rate changes, the impact on deferred income tax is recognized in profit or loss, other comprehensive income, or directly in equity.

24. Unconsolidated structured entities

Securitization vehicles such as real estate investment trust and beneficiary certificates of financial asset securitization, asset-backed financings and some investment funds such as private funds are unconsolidated structured entities, and the related information should be disclosed in accordance with IFRS 12 *"Disclosure of Interests in Other Entities"*.

V. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

1. Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

(1) Categories of financial assets

The management has to use its judgment to categorize financial assets. Different categories applied will affect measurements of the financial assets, which could have a significant impact on the Company's financial position and performance.

(2) Categories of insurance contracts

The Company identifies the composition of the issued insurance product contracts, decides whether it can be measured individually and determines whether the contract should be separately recognized. In addition, the Company examines whether the insurance contract has a significant insurance risk through review of the effective period of additional payment ratio, to decide the category of insurance products. If the additional payment ratio reaches the pre-set significant standard at any policy period, such contract should be considered having a significant insurance risk. If a single contract provides payment of multiple different insurance events, additional payment will be calculated by the greatest difference between the payment of each insurance event if occurs and the payment of each insurance event if not occurs.

(3) Operating lease commitment－the Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on evaluation of the terms for the arrangements, that it retains all the significant risks and rewards of ownership for these properties and takes the contracts as operating leases.

2. Estimates and assumptions

The assumptions about the future and primary sources of uncertainty estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of the financial instruments recognized in the balance sheet cannot be derived from an active market or a quoted price, it is determined using a valuation technique. In applying valuation techniques, the Company adopts pricing models in accordance with its procedure for valuation, and uses observable market data as possible. The changes in assumptions of these models will affect the fair value of reported financial instruments. Please refer to Note VIII.

(2) Fair value of investment property

The fair value of investment property is derived from valuation techniques, including the income approach, comparison method, cost method, etc., and assumptions used in applying valuation techniques will have influence on the fair value of investment property.

(3) Impairment assessment of financial assets

The Company adopts expected credit loss model to assess impairment on debt instrument investments not measured at fair value through profit or loss. The measurement consider the credit risk of issuers or counterparties, estimate the future 12-month or the lifetime Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD). The Company also considers the effect of the time value of money to calculate 12-month expected credit losses or the lifetime expected credit losses respectively. The Company has taken historical experiences, market conditions and forward-looking adjustment into account to decide on the assumption and inputs of expected credit loss calculation.

(4) Insurance contract liabilities (including investment contract liabilities with discretionary participation feature of financial instruments)

The liability for insurance contracts and investment contracts with discretionary participation feature of financial instruments is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, investment returns, and expenses and surrender rates. The Company bases its assumptions on the standards published by the Actuarial Institute of the Republic of China, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics and experiences from target markets.

The best estimates of future investment income from the assets are based on current market returns, as well as expectation about future economic development. Assumptions on future expense are based on current expense level, adjusted for expected expense inflation, if appropriate. Surrender rates are based on the Company's historical experience.

(5) Income taxes

Uncertainty of income taxes exists on interpretation of complex tax regulations and the amount and timing of future taxable income. The differences between the actual results and the assumptions, or future changes to such assumptions could necessitate future adjustments to tax income and expense already recorded. The Company establishes provision, based on reasonable estimates, for possible consequence of audits by the tax authorities in each country where it operates. The amount of provision is based on various factors, such as experience of previous tax audits and different interpretation of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

VI. Description of significant accounting items

1. Cash and cash equivalents

	2022.3.31	2021.12.31	2021.3.31
Cash on hand	$1,671	$951	$729
Revolving funds	1,045	1,045	1,055
Cash in banks	53,810,258	72,634,761	71,390,551
Time deposits	41,471,821	70,146,637	18,417,420
Cash equivalents－bond with resale agreement	10,881,810	11,003,897	2,330,742
Total	$106,166,605	$153,787,291	$92,140,497

2. Receivables

	2022.3.31	2021.12.31	2021.3.31
Notes receivable	$71,483	$90,650	$58,575
Other receivables			
Interest receivable	14,608,949	13,788,402	14,649,423
Securities settlement receivable	9,848,052	389,277	9,362,539
Financial institutions collection receivable	687,942	1,662,596	1,121,628
Separate account receivable	304,397	33,660	445,011
Dividends receivable	480,471	400,222	-
Others	541,275	674,985	771,407
Overdue receivable	4,542	4,554	4,585
Less: Allowance for bad debts－Other receivables	(30,983)	(6,111)	(5,384)
Subtotal	26,444,644	16,947,585	26,349,209
Total	$26,516,127	$17,038,235	$26,407,784

The Company adopted IFRS 9 for impairment assessment. Please refer to Note VI.25 for more details on impairment of receivables. Please refer to Note IX for more details on credit risk management.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Financial assets at fair value through profit or loss

	2022.3.31	2021.12.31	2021.3.31
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments	$76,595	$4,275,043	$3,267,256
Domestic financial debentures	16,096,162	15,351,086	15,151,115
Domestic structured products	-	-	997,520
Domestic listed stocks	145,705,535	147,860,538	138,219,948
Domestic preferred stocks	1,289,443	1,271,819	-
Domestic unlisted stock	726,317	702,178	290,285
Domestic beneficiary certificates	101,873,089	111,420,757	96,144,401
Domestic real estate investment trust	2,202,825	2,210,068	2,299,977
Overseas corporate bonds	5,187,529	11,482,356	13,924,484
Overseas listed stocks	40,506,042	37,666,746	32,612,677
Overseas preferred stocks	5,852,688	5,886,682	6,027,084
Overseas financial debentures	22,808,863	24,312,962	24,626,487
Overseas beneficiary certificates	78,976,184	71,771,514	58,109,000
Overseas real estate investment trust	3,285,269	2,377,078	3,504,047
Total	$424,586,541	$435,588,827	$395,174,281

Financial assets at fair value through profit or loss were not pledged.

The Company elected to express profit or loss of the designated financial assets in overlay approach under IFRS 4 *"Insurance Contracts"* since its application of IFRS 9. Financial assets designated to apply overlay approach by the Company for investing activities relating to insurance contracts are as follows:

	2022.3.31	2021.12.31	2021.3.31
Financial assets at fair value through profit or loss:			
Domestic financial debentures	$16,096,162	$15,351,086	$15,151,115
Domestic structured products	-	-	997,520
Domestic listed stocks	145,705,535	147,860,538	138,219,948
Domestic preferred stocks	1,289,443	1,271,819	-
Domestic unlisted stocks	726,317	702,178	290,285
Domestic beneficiary certificates	101,873,089	110,420,757	96,144,401
Domestic real estate investment trust	2,202,825	2,210,068	2,299,977
Overseas corporate bonds	5,187,529	11,482,356	13,924,484
Overseas listed stocks	40,506,042	37,666,746	32,612,677
Overseas preferred stocks	5,852,688	5,886,682	6,027,084
Overseas financial debentures	22,808,863	24,312,962	24,626,487
Overseas beneficiary certificates	78,976,184	71,771,514	58,109,000
Overseas real estate investment trust	3,285,269	2,377,078	3,504,047
Total	$424,509,946	$431,313,784	$391,907,025

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reclassification of the financial assets designated to apply overlay approach from profit or loss to other comprehensive income for the three-month periods ended 31 March 2022 and 2021 are as follows:

	For the three-month periods ended 31 March	
	2022	2021
Gains (losses) due to applying IFRS 9 to profit or loss	$(9,644,518)	$8,060,898
Less: (Gains) losses if applying IAS 39 to profit or loss	(8,336,532)	(8,997,847)
Gains (losses) from adoption of overlay approach	$(17,981,050)	$(936,949)

Due to the adoption of overlay approach, losses from financial assets at fair value through profits or loss are decreased from $38,762,310 thousand to $20,781,260 thousand and profit are increased from $2,700,132 thousand to $3,637,081 thousand for the three-month periods ended 31 March 2022 and 2021 respectively.

4. Financial assets at fair value through other comprehensive income

	2022.3.31	2021.12.31	2021.3.31
Debt instrument investments at fair value through other comprehensive income:			
Domestic government bonds	$38,900,824	$55,616,783	$67,573,497
Overseas government bonds	33,644,548	40,882,057	39,876,546
Overseas corporate bonds	39,050,737	64,943,503	124,869,878
Overseas financial debentures	52,408,744	64,918,702	109,618,109
Subtotal	164,004,853	226,361,045	341,938,030
Equity instrument investments at fair value through other comprehensive income:			
Domestic listed stocks	22,446,176	22,204,887	22,896,843
Domestic unlisted stocks	2,423,049	4,878,297	3,486,591
Domestic preferred stocks	12,267,585	12,328,934	12,261,488
Overseas unlisted stocks	13,062,813	14,582,181	16,828,868
Subtotal	50,199,623	53,994,299	55,473,790
Total	$214,204,476	$280,355,344	$397,411,820

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note VI.25 for more details on gross carrying amount and accumulated impairment of debt instrument investments measured at fair value through other comprehensive income. Please refer to Note IX for more details on credit risk management.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the three-month periods ended 31 March 2022 and 2021 are as follows:

	For the three-month periods ended 31 March	
	2022	2021
Related to investments held at the end of the reporting period	$85,739	$78,370
Dividends recognized during the period	85,739	78,370

Given the investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the three-month periods ended 31 March 2022 and 2021 are as follow:

	For the three-month periods ended 31 March	
	2022	2021
The fair value of the investments at the date of derecognition	$3,017,973	$2,552,404
The cumulative unrealized valuation gain (loss) on disposal reclassified from other equity to retained earnings	1,721,452	(703,397)

5. Financial assets measured at amortized cost

	2022.3.31	2021.12.31	2021.3.31
Domestic government bonds	$65,574,028	$65,579,914	$65,597,756
Domestic corporate bonds	48,996,827	48,996,421	54,324,803
Domestic financial debentures	21,650,000	21,150,000	21,450,000
Domestic structured products	6,500,000	5,500,000	5,000,000
Overseas real estate mortgage bonds	6,312,562	6,321,505	10,719,910
Overseas government bonds	120,559,280	93,206,906	60,693,368
Overseas corporate bonds	421,814,555	379,245,898	353,296,442
Overseas financial debentures	630,285,194	588,860,508	550,107,134
Less: Refundable deposits	(7,401,908)	(7,402,206)	(7,092,199)
Less: Loss allowance	(911,658)	(147,978)	(64,358)
Total	$1,313,378,880	$1,201,310,968	$1,114,032,856

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month periods ended 31 March 2022 and 2021, the carrying amounts and gain (loss) from disposal of the financial assets measured at amortized cost which was derecognized due to increasing credit risk or sales insignificant in value (either individually or in aggregate):

	For the three-month periods ended 31 March			
	2022		2021	
	Carrying amount of derecognition	Current gain(loss) recognized	Carrying amount of derecognition	Current gain(loss) recognized
Overseas government bonds	$134,751	$9,931	$-	$-
Overseas corporate bonds	4,550,279	324,453	-	-
	$4,685,030	$334,384	$-	$-

Please refer to Note XIII for more details on financial assets measured at amortized cost under pledge.

Please refer to Note VI.25 for more details on gross carrying amount and accumulated impairment on financial assets measured at amortized cost. Please refer to Note IX for more details on credit risk management.

6. Loans

	2022.3.31	2021.12.31	2021.3.31
Policy loans	$27,414,245	$27,839,905	$27,065,470
Automatic premium loans	5,685,347	5,702,046	5,848,752
Secured loans－net	354,921	389,238	518,722
Secured loans	361,050	395,367	527,870
Less: Allowance for bad debts－secured loans	(6,129)	(6,129)	(9,148)
Total	$33,454,513	$33,931,189	$33,432,944

The Company adopted IFRS 9 for impairment assessment. Please refer to Note VI.25 for more details on loss allowance.

7. Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Name of investee company:	2022.3.31	2021.12.31	2021.3.31
Investments accounted for using the equity method	$1,353,914	$1,017,001	$69,652

Please refer to Note XVIII.2 for more details on associates' investment information.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The aggregate financial information of the Company's investments in associates was as follows:

	For the three-month periods ended 31 March	
	2022	2021
Profit or loss from continuing operations	$(1,309)	$(212)
Other comprehensive income (net of tax)	-	-
Total comprehensive income	$(1,309)	$(212)

The associates had no contingent liabilities or capital commitments As at 31 March 2022, 31 December 2021 and 31 March 2021. Also, the investments in associates were not pledged.

8. Investment property

The reconciliations from the beginning book value balances to the ending book value balances for investment property measured at fair value model in subsequent period are as follows:

	For the three-month period ended 31 March 2022				
	Land	Buildings	Right-of-use asset -Land	Right-of-use asset – Superficies of Royalties	Total
Beginning balance	$17,926,281	$11,946,134	$1,451,294	$9,423,048	$40,746,757
Purchase	10,494,303	4,654,200	-	-	15,148,503
Additions from subsequent expenditure	-	6,099	-	-	6,099
Additions from lease contract	-	-	29,929	-	29,929
Gains (losses) generated from adjustment fair value	-	(7,532)	(29,929)	-	(37,461)
Disposals	(10,958)	(15,332)	-	-	(26,290)
Transfer to property and equipment	(63,112)	(5,280)	-	-	(68,392)
Ending balance	$28,346,514	$16,578,289	$1,451,294	$9,423,048	$55,799,145

	For the three-month period ended 31 March 2021				
	Land	Buildings	Right-of-use asset -Land	Right-of-use asset – Superficies of Royalties	Total
Beginning balance	$16,009,402	$9,034,873	$1,275,780	$7,998,918	$34,318,973
Additions from subsequent expenditure	-	14,961	-	-	14,961
Gains (losses) generated from adjustment fair value	-	(16,403)	-	-	(16,403)
Ending balance	$16,009,402	$9,033,431	$1,275,780	$7,998,918	$34,317,531

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Development of the vacant land and prepayment for buildings without construction license is measured at cost because its fair value cannot be reliably determined. The reconciliations from the beginning book value balances to the ending book value balances are as follows:

	For the three-month period ended 31 March 2022			
	Land	Buildings	Prepayment for buildings	Total
Costs:				
Beginning balance	$3,654,175	$-	$-	$3,654,175
Ending balance	$3,654,175	$-	$-	$3,654,175
Accumulated impairment:				
Beginning balance	$1,183,940	$-	$-	$1,183,940
Ending balance	$1,183,940	$-	$-	$1,183,940

	For the three-month period ended 31 March 2021			
	Land	Buildings	Prepayment for buildings	Total
Costs:				
Beginning balance	$3,654,175	$-	$-	$3,654,175
Ending balance	$3,654,175	$-	$-	$3,654,175
Accumulated impairment:				
Beginning balance	$1,134,231	$-	$-	$1,134,231
Ending balance	$1,134,231	$-	$-	$1,134,231

Net carrying amount:

	Land	Buildings	Right-of-use asset -Land	Right-of-use asset – Superficies of Royaltie	Prepayment for buildings	Total
2022.3.31	$30,816,749	$16,578,289	$1,451,294	$9,423,048	$-	$58,269,380
2021.12.31	$20,396,516	$11,946,134	$1,451,294	$9,423,048	$-	$43,216,992
2021.3.31	$18,529,346	$9,033,431	$1,275,780	$7,998,918	$-	$36,837,475

A major part of the Company's buildings includes main plants, air conditioning, electrical, fire-fighting and elevator equipment.

Valuation has been performed by appraisers from professional valuation agencies according to the Regulations on Real Estate Appraisal. Valuation reports are issued every six months whose fair value effectiveness are evaluated on the balance sheet date quarterly to determine whether valuation reports shall be reissued. Except for the investment property acquired from 1 January to 31 March 2022 whose fair values were based on the valuation reports of the same period, the rest of the properties' fair values were based on valuation reports dated 31 December 2021 and 2020; review reports on 31 March 2022 and 2021 are also acquired.

31 March 2022 and 31 December 2021:

(1) Repro International Appraisers Firm: Wu Hong Hsu, Tsai Yu Hsiang, Hsu Hsiang Yi
(2) Gao Yuan Appraisers Joint Firm: Chen Pi Yuan
(3) China Appraisers Joint Firm：Hsieh Dian Ching
(4) Bond Appraisers Joint Firm：Mao Ping Chi

31 March 2021 and 31 December 2020:

(1) Repro International Appraisers Firm: Wu Hong Hsu, Tsai Yu Hsiang, Hsu Hsiang Yi
(2) Gao Yuan Appraisers Joint Firm: Chen Pi Yuan

The fair value of investment property is treated in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The fair value evaluation should adopt the discounted cash flow method of income approach or cost approach, excluding the investment property already stated on the account prior to May 11, 2020 which was subsequently measured by the fair value model , and the normal price should be used as the basis of fair value assessment.

For investment property acquired before May 11, 2021, the fair value was determined through the support of market evidence. Since the investment property of the Company comprises mainly commercial buildings and residential buildings that are with market liquidity and easy access to similar comparative cases and rental cases in the neighborhood, comparison approach and income approach, of which latter one uses the direct capitalization method, are mainly used for evaluations.

For investment property acquired after May 11, 2021, if a lease contract for more than one year has been entered into, it shall be evaluated by the discounted cash flow method of income approach. The cash flow, analysis period, and discount rate of the evaluation method shall meet the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises; if the investment property did not enter into a lease contract for more than a year or the contract has been terminated, cancelled, or invalidated for more than one year, cost approach should be adopted for evaluation.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The inputs mainly used are as follows:

	2022.3.31	2021.12.31	2021.3.31
	Mainly	Mainly	Mainly
Income capitalization rate	1.55%~4.59%	1.55%~4.59%	1.55%~4.38%
Discount rate (Note)	2.25%~3.43%	2.25%~3.43%	2.30%~2.75%
Overall capital interest rate(Note)	1.57%~6.65%	1.57%~6.65%	1.57%~3.47%

Note: The valuation method of investment property acquired by the Company after May 11, 2021 adopted the discounted cash flow method of income approach and cost approach, and the main parameters used were the discount rate and the overall capital interest rate.

The part of the investment property of the Company that is measured at fair value subsequent to initial recognition, the fair value is categorized at Level 3 of the fair value hierarchy. The fair value of investment property will decrease as the main inputs, income capitalization rate of direct capitalization approach, the discount rate of the discounted cash flow method and the overall capital interest rate, increases. On the contrary, the fair value of investment property will increase if the main input decrease.

The investment properties are held mainly for lease business. All the lease agreements are operating leases. The primary terms of lease agreements are the same as general lease agreements. Rents from property investment are received annually, semi-annually, quarterly, monthly or in lump sum.

Rents from investment properties were $250,016 thousand and $206,933 thousand for the three-month periods ended 31 March 2022 and 2021. Related direct operating expenses were $40,028 thousand and $37,690 thousand. The direct operating expenses of investment properties generating no rents were $1,337 thousand and $5,797 thousand.

As at 31 March 2022, 31 December 2021 and 31 March 2021, no investment properties were pledged as collateral.

9. Reinsurance assets

	2022.3.31	2021.12.31	2021.3.31
Claims recoverable from reinsurers	$904,800	$782,484	$760,347
Due from reinsurers and ceding companies	36,727	20,653	2,434
Reinsurance reserve assets			
Ceded unearned premium reserve	73,336	67,418	64,998
Ceded reserve for claims	38,649	20,504	36,008
Subtotal	111,985	87,922	101,006
Total	$1,053,512	$891,059	$863,787

The above reinsurance assets are not impaired.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. Property and equipment

	For the three-month period ended 31 March 2022							
	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Prepayment for equipment and construction in progress	Total
Cost:								
Beginning balance	$6,986,403	$5,370,419	$574,087	$6,700	$552,659	$29,994	$718,371	$14,238,633
Additions	-	6,482	52,775	29	17,132	1,458	215,760	293,636
Disposals	-	-	(9,024)	(123)	(781)	(563)	-	(10,491)
Transfers from investment property	63,112	6,914	-	-	-	-	-	70,026
Transfers	-	5,612	39,806	-	30,272	-	(88,679)	(12,989)
Ending balance	$7,049,515	$5,389,427	$657,644	$6,606	$599,282	$30,889	$845,452	$14,578,815
Accumulated Depreciation:								
Beginning balance	$-	$700,962	$238,626	$2,404	$460,347	$23,999	$-	$1,426,338
Depreciation	-	34,896	24,398	307	11,849	192	-	71,642
Disposals	-	-	(9,019)	(123)	(774)	-	-	(9,916)
	-	1,634	-	-	-	-	-	1,634
Transfers from investment property	-	-	(104)	-	-	-	-	(104)
Ending balance	$-	$737,492	$253,901	$2,588	$471,422	$24,191	$-	$1,489,594
Accumulated impairment:								
Beginning balance	$740,512	$34,801	$-	$-	$-	$-	$-	$775,313
Ending balance	$740,512	$34,801	$-	$-	$-	$-	$-	$775,313

	For the three-month period ended 31 March 2021							
	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Prepayment for equipment and construction in progress	Total
Cost:								
Beginning balance	$7,077,678	$6,135,541	$477,220	$9,336	$551,864	$23,226	$148,206	$14,423,071
Additions	-	612	23,137	241	225	-	43,718	67,933
Disposals	-	-	(5,439)	(1,957)	(698)	-	-	(8,094)
Transfers	-	600	9,081	-	-	-	(17,237)	(7,556)
Ending balance	$7,077,678	$6,136,753	$503,999	$7,620	$551,391	$23,226	$174,687	$14,475,354
Accumulated Depreciation:								
Beginning balance	$-	$616,859	$203,148	$5,688	$416,524	$22,781	$-	$1,265,000
Depreciation	-	38,391	20,217	377	12,515	91	-	71,591
Disposals	-	-	(5,394)	(1,957)	(697)	-	-	(8,048)
Ending balance	$-	$655,250	$217,971	$4,108	$428,342	$22,872	$-	$1,328,543
Accumulated impairment:								
Beginning balance	$740,519	$2,564	$-	$-	$-	$-	$-	$743,083
Ending balance	$740,519	$2,564	$-	$-	$-	$-	$-	$743,083
Net carrying amount								
2022.3.31	$6,309,003	$4,617,134	$403,743	$4,018	$127,860	$6,698	$845,452	$12,313,908
2021.12.31	$6,245,891	$4,634,656	$335,461	$4,296	$92,312	$5,995	$718,371	$12,036,982
2021.3.31	$6,337,159	$5,478,939	$286,028	$3,512	$123,049	$354	$174,687	$12,403,728

Property and equipment held by the Company are not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. Leases

(1) Company as a lessee

The commercial lease contracts for offices, vehicles and equipment signed by the Company are within one to fifteen years on average without renewal option. There is no restriction on the Company in these contracts. Furthermore, the Company leases the land for 70 years by creating surface right and the agreement is a non-cancellable operating lease.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts of right-of-use assets recognized in the balance sheet and the statements of comprehensive income

	For the three-month period ended 31 March 2022						
	Land	Royalty-surface rights	Buildings	Computer equipment	Transportation equipment	Other office equipment	Total
Cost:							
Beginning balance	$493,527	$4,183,376	$132,185	$139,356	$16,235	$38,537	$5,003,216
Additions	14,059	-	7,933	-	-	-	21,992
Write off	-	-	(12,587)	-	(1,894)	-	(14,481)
Ending balance	$507,586	$4,183,376	$127,531	$139,356	$14,341	$38,537	$5,010,727
Accumulated Depreciation:							
Beginning balance	$25,733	$192,927	$28,030	$31,951	$5,690	$19,831	$304,162
Depreciation	1,957	16,077	8,478	6,975	706	4,655	38,848
Write off	-	-	(12,587)	-	(654)	-	(13,241)
Ending balance	$27,690	$209,004	$23,921	$38,926	$5,742	$24,486	$329,769

	For the three-month period ended 31 March 2021						
	Land	Royalty-surface rights	Buildings	Computer equipment	Transportation equipment	Other office equipment	Total
Cost:							
Beginning balance	$636,057	$5,392,024	$112,627	$131,384	$15,105	$49,475	$6,336,672
Additions	-	-	478	-	-	-	478
Disposals	-	-	(566)	-	-	-	(566)
Ending balance	$636,057	$5,392,024	$112,539	$131,384	$15,105	$49,475	$6,336,584
Accumulated Depreciation:							
Beginning balance	$23,351	$165,779	$67,092	$4,802	$3,896	$12,982	$277,902
Depreciation	2,445	20,722	11,553	6,524	730	4,173	46,147
Disposals	-	-	(566)	-	-	-	(566)
Ending balance	$25,796	$186,501	$78,079	$11,326	$4,626	$17,155	$323,483
Net carrying amount:							
2022.3.31	$479,896	$3,974,372	$103,610	$100,430	$8,599	$14,051	$4,680,958
2021.12.31	$467,794	$3,990,449	$104,155	$107,405	$10,545	$18,706	$4,699,054
2021.3.31	$610,261	$5,205,523	$34,460	$120,058	$10,479	$32,320	$6,013,101

The depreciation expense on the right-of-use assets recognized during the three-month periods ended 31 March 2022 and 2021 is $38,848 thousand and $46,147 thousand.

Depreciation on the right-of-use assets is calculated through a straight-line basis over 1 to 70 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts of lease liabilities recognized in the balance sheet and the statements of comprehensive income

	2022.3.31	2021.12.31	2021.3.31
Land	$1,574,988	$1,532,820	$1,537,973
Buildings	105,948	106,511	35,048
Computer equipment	90,481	96,320	114,233
Transportation equipment	8,651	10,626	10,577
Other office equipment	17,329	22,398	35,564
Total	$1,797,397	$1,768,675	$1,733,395

The interest expense on the lease liabilities recognized during the three-month periods ended 31 March 2022 and 2021 is $14,236 and $13,875 thousand. Please refer to Note IX.2 Liquidity Risk Management for the maturity analysis for lease liabilities As at 31 March 2022, 31 December 2021 and 31 March 2021.

C. Income and costs relating to leasing activities

	For the three-month periods ended 31 March	
	2022	2021
The expenses relating to short-term leases	$670	$305
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	26	40

For the related rent reductions that occurred as a direct result of the COVID, the Company recognized an increase in non-operating income of $999 thousand and an increase $2,120 thousand in investment real estate income from January 1 to March 31, 2022 respectively. From January 1 to March 31, 2021, it was an increase in non-operating income of $1,239 thousand and an increase $1,790 thousand in investment real estate income, to reflect that the relevant practical expedients which arising from the changes in lease payments have been applied.

D. Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounting to $33,749 thousand and $29,462 thousand.

E. Other information relating to leasing activities

(a) Variable lease payments

Some of the Company's machine equipment lease agreements contain variable lease payment terms that exceed the standard quota. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(b) Extension and termination options

Some of the Company's rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(2) Company as a lessor

Please refer to Note VI.8 for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended 31 March	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$248,265	$205,054
Income relating to variable lease payments that do not depend on an index or a rate	1,751	1,879
Total	$250,016	$206,933

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The remaining period of commercial property lease contracts the Company signed are within one year to twenty years, and most of these lease contracts contain terms about adjusting rents according to market environment annually. The undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 March 2022, 31 December 2021 and 31 March 2021 are as follow:

	2022.3.31	2021.12.31	2021.3.31
Less than one year	$1,158,496	$848,846	$657,929
More than one year but less than two years	1,274,236	945,093	646,420
More than two years but less than three years	1,090,137	899,465	588,310
More than three years but less than four years	876,968	807,866	546,602
More than four years but less than five years	704,206	695,093	530,109
More than five years	6,753,785	6,918,869	2,205,470
Total	$11,857,828	$11,115,232	$5,174,840

12. Other assets

	2022.3.31	2021.12.31	2021.3.31
Prepayments	$385,126	$227,647	$195,667
Refundable deposits	21,660,189	7,472,351	12,982,444
Other assets－others	49,982	49,973	45,964
Total	$22,095,297	$7,749,971	$13,224,075

13. Payables

	2022.3.31	2021.12.31	2021.3.31
Notes payable	$7,999	$6,320	$153
Life insurance proceeds payable	150,487	226,603	91,564
Commissions payable	1,446,784	1,868,996	1,274,648
Due to reinsurers and ceding companies	1,125,057	905,524	1,032,822
Other payables			
Salary payable	1,466,269	2,071,789	1,080,862
Tax payable	94,376	92,716	91,577
Collection payable	51,376	49,614	44,424
Payable on investments	883,586	1,035,935	10,188,710
Accrued expense and payable on insurance policies	6,506,851	6,786,552	7,034,356
Others	218,532	124,976	467,921
Subtotal	9,220,990	10,161,582	18,907,850
Total	$11,951,317	$13,169,025	$21,307,037

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. Bonds Payable

	2022.3.31	2021.12.31	2021.3.31
China Life Insurance Co., Ltd. 1st Perpetual cumulative Subordinated Corporate Bonds issued in 2020	$10,000,000	$10,000,000	$10,000,000

The issue was approved by Financial Supervisory Commission ("FSC") under Order No. Jin-Guan-Bao-Shou-Zi-1090434160 and Taipei Exchange ("TPEx") under Order No. Cheng-Gui-Chai-Zi-10900142481. The Company issued corporate bond on 28 December 2020. The issuance conditions are as follows:

1. Total issuance and face value: The total issuance is NT $10,000,000 thousand, and the per par value is NT $1,000 thousand.

2. Issue period and method: Perpetual bonds. Fully issued according to the face value.

3. Coupon rate: The annual coupon rate is fixed at 2.7%.

4. Interest payment: Since the issuance date, the interest will be calculated and paid once a year based on the coupon rate. The interest payment amount is calculated based on the face value of each bond and is rounded up to the nearest dollar if the decimal point is more than $0.5 and rounded off if less than $0.4. If the principal and interest payment date is the day when the place of payment bank ceases business, the principal and interest will be paid on the business day following the business closure day, and no additional interest will be paid. If the principal and interest are received after the principal and interest payment date, no deferred interest will be calculated and paid.

5. Redemption right: Ten years after the issuance date, the bonds may be redeemed in whole by China Life with regulator's approval if the Company's capital adequacy ratio (after the bond redemption) is one time higher than the minimum regulation requirement at the time of calculation. The redemption price will be equal to par value plus any accrued and unpaid interest payable up to the date of redemption.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Form：Issued in dematerialized form, and is registered with the Taiwan Depository & Clearing Corporation.

The Company's issuance of corporate bonds will recognize interest expenses of $66,575 thousand and $66,575 thousand for the three-month periods ended 31 March 2022 and 2021 and accounted as financial costs.

15. Financial liabilities at fair value through profit or loss

	2022.3.31	2021.12.31	2021.3.31
Held for trading:			
Derivatives not designated as hedging instruments			
Swaps and forward foreign exchange contracts	$21,622,900	$981,018	$10,181,997
Total	$21,622,900	$981,018	$10,181,997

16. Insurance contracts and provision for financial instruments with discretionary participation feature

As at 31 March 2022, 31 December 2021 and 31 March 2021, movement in reserves of insurance contracts and financial instruments with discretionary participation feature is as follows.

	2022.3.31	2021.12.31	2021.3.31
Reserve for life insurance liabilities	$1,989,798,963	$1,952,465,847	$1,886,864,894
Unearned premium reserve	4,375,411	4,699,485	4,175,365
Reserve for claims	2,889,367	2,605,570	2,541,283
Special reserve	9,088,860	7,747,818	7,466,974
Premium deficiency reserve	2,321,676	2,435,334	3,884,342
Other reserve	18,651,890	18,732,835	18,988,700
Ending balance	$2,027,126,167	$1,988,686,889	$1,923,921,558

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Reserve for life insurance liabilities:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Life insurance	$1,629,906,820	$53,936,400	$1,683,843,220
Health insurance	158,108,970	-	158,108,970
Annuity insurance	651,738	145,220,572	145,872,310
Investment-linked insurance	1,820,410	-	1,820,410
Total (Note)	$1,790,487,938	$199,156,972	$1,989,644,910

Note: Total of reserve for life insurance liabilities after including "Reserve for life insurance liabilities – payables for the insured" amounted to $1,989,798,963 thousand as of 31 March 2022.

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Life insurance	$1,593,122,492	$54,305,280	$1,647,427,772
Health insurance	155,648,698	-	155,648,698
Annuity insurance	664,492	146,776,781	147,441,273
Investment-linked insurance	1,801,647	-	1,801,647
Total (Note)	$1,751,237,329	$201,082,061	$1,952,319,390

Note: Total of reserve for life insurance liabilities after including "Reserve for life insurance liabilities – payables for the insured" amounted to $1,952,465,847 thousand as of 31 December 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Life insurance	$1,526,369,114	$56,751,711	$1,583,120,825
Health insurance	146,742,539	-	146,742,539
Annuity insurance	650,789	154,440,600	155,091,389
Investment-linked insurance	1,768,158	-	1,768,158
Total (Note)	$1,675,530,600	$211,192,311	$1,886,722,911

Note: Total of reserve for life insurance liabilities after including "Reserve for life insurance liabilities – payables for the insured" amounted to $1,886,864,894 thousand as of 31 March 2021.

There is no ceded liability reserve for the above insurance contracts.

Movement in reserve for life insurance liabilities is summarized below:

	For the three-month period ended 31 March 2022		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$1,751,237,329	$201,082,061	$1,952,319,390
Reserve	43,262,198	1,311,023	44,573,221
Recover	(19,306,629)	(4,079,385)	(23,386,014)
Losses (gains) on foreign exchange	15,295,040	843,273	16,138,313
Ending balance (Note)	$1,790,487,938	$199,156,972	$1,989,644,910

Note: Total of reserve for life insurance liabilities after including "Reserve for life insurance liabilities – payables for the insured" amounted to $1,989,798,963 thousand as of 31 March 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended 31 March 2021		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$1,646,143,158	$213,575,814	$1,859,718,972
Reserve	53,997,796	1,757,554	55,755,350
Recover	(24,608,949)	(4,156,458)	(28,765,407)
Losses (gains) on foreign exchange	(1,405)	15,401	13,996
Ending balance (Note)	$1,675,530,600	$211,192,311	$1,886,722,911

Note: Total of reserve for life insurance liabilities after including “Reserve for life insurance liabilities – payables for the insured” amounted to $1,886,864,894 thousand as of 31 March 2021.

(2) Unearned premium reserve:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$835	$-	$835
Individual injury insurance	1,502,230	-	1,502,230
Individual health insurance	2,354,609	-	2,354,609
Group insurance	449,200	-	449,200
Investment-linked insurance	68,526	-	68,526
Annuity insurance	-	11	11
Total	4,375,400	11	4,375,411
Less ceded unearned premium reserve:			
Individual life insurance	18,203	-	18,203
Individual injury insurance	1,297	-	1,297
Individual health insurance	35,598	-	35,598
Group insurance	13,071	-	13,071
Investment-linked insurance	5,167	-	5,167
Total	73,336	-	73,336
Net amount	$4,302,064	$11	$4,302,075

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$937	$-	$937
Individual injury insurance	1,550,612	-	1,550,612
Individual health insurance	2,452,741	-	2,452,741
Group insurance	627,188	-	627,188
Investment-linked insurance	67,996	-	67,996
Annuity insurance	-	11	11
Total	4,699,474	11	4,699,485
Less ceded unearned premium reserve:			
Individual life insurance	17,620	-	17,620
Individual injury insurance	961	-	961
Individual health insurance	40,911	-	40,911
Group insurance	2,892	-	2,892
Investment-linked insurance	5,034	-	5,034
Total	67,418	-	67,418
Net amount	$4,632,056	$11	$4,632,067

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$934	$-	$934
Individual injury insurance	1,457,735	-	1,457,735
Individual health insurance	2,192,278	-	2,192,278
Group insurance	461,100	-	461,100
Investment-linked insurance	63,292	-	63,292
Annuity insurance	-	26	26
Total	4,175,339	26	4,175,365
Less ceded unearned premium reserve:			
Individual life insurance	17,105	-	17,105
Individual injury insurance	1,203	-	1,203
Individual health insurance	34,052	-	34,052
Group insurance	7,591	-	7,591
Investment-linked insurance	5,047	-	5,047
Total	64,998	-	64,998
Net amount	$4,110,341	$26	$4,110,367

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Movement in unearned premium reserve is summarized below:

	For the three-month period ended 31 March 2022		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$4,699,474	$11	$4,699,485
Reserve	850,791	11	850,802
Recover	(1,174,868)	(11)	(1,174,879)
Losses (gains) on foreign exchange	3	-	3
Ending balance	4,375,400	11	4,375,411
Less ceded unearned premium reserve:			
Beginning balance	67,418	-	67,418
Increase	22,745	-	22,745
Decrease	(16,855)	-	(16,855)
Losses (gains) on foreign exchange	28	-	28
Ending balance	73,336	-	73,336
Net amount	$4,302,064	$11	$4,302,075

	For the three-month period ended 31 March 2021		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$4,509,106	$27	$4,509,133
Reserve	793,509	26	793,535
Recover	(1,127,276)	(27)	(1,127,303)
Ending balance	4,175,339	26	4,175,365
Less ceded unearned premium reserve:			
Beginning balance	61,774	-	61,774
Increase	22,281	-	22,281
Decrease	(19,058)	-	(19,058)
Losses (gains) on foreign exchange	1	-	1
Ending balance	64,998	-	64,998
Net amount	$4,110,341	$26	$4,110,367

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Reserve for claims:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance			
—Reported but not paid claim	$238,342	$11,663	$250,005
—Unreported claim	2,004	-	2,004
Individual injury insurance			
—Reported but not paid claim	45,401	-	45,401
—Unreported claim	641,828	-	641,828
Individual health insurance			
—Reported but not paid claim	169,061	-	169,061
—Unreported claim	1,096,606	-	1,096,606
Group insurance			
—Reported but not paid claim	93,623	-	93,623
—Unreported claim	494,626	-	494,626
Investment-linked insurance			
—Reported but not paid claim	41,801	-	41,801
—Unreported claim	-	-	-
Annuity insurance			
—Reported but not paid claim	3,801	50,586	54,387
—Unreported claim	-	25	25
Total	2,827,093	62,274	2,889,367
Less ceded reserve for claims:			
Individual life insurance	10,576	-	10,576
Individual injury insurance	2,237	-	2,237
Individual health insurance	17,054	-	17,054
Group insurance	6,782	-	6,782
Investment-linked insurance	2,000	-	2,000
Total	38,649	-	38,649
Net amount	$2,788,444	$62,274	$2,850,718

China Life Insurance Co., Ltd.
Notes to financial statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance			
－Reported but not paid claim	$167,345	$31,109	$198,454
－Unreported claim	553	-	553
Individual injury insurance			
－Reported but not paid claim	43,547	-	43,547
－Unreported claim	546,033	-	546,033
Individual health insurance			
－Reported but not paid claim	130,114	-	130,114
－Unreported claim	985,368	-	985,368
Group insurance			
－Reported but not paid claim	81,546	-	81,546
－Unreported claim	466,506	-	466,506
Investment-linked insurance			
－Reported but not paid claim	101,716	-	101,716
－Unreported claim	-	-	-
Annuity insurance			
－Reported but not paid claim	3,801	47,901	51,702
－Unreported claim	-	31	31
Total	2,526,529	79,041	2,605,570
Less ceded reserve for claims:			
Individual life insurance	3,781	-	3,781
Individual injury insurance	-	-	-
Individual health insurance	15,223	-	15,223
Group insurance	1,500	-	1,500
Total	20,504	-	20,504
Net amount	$2,506,025	$79,041	$2,585,066

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance			
－Reported but not paid claim	$166,844	$4,377	$171,221
－Unreported claim	2,175	-	2,175
Individual injury insurance			
－Reported but not paid claim	37,338	-	37,338
－Unreported claim	593,815	-	593,815
Individual health insurance			
－Reported but not paid claim	124,210	-	124,210
－Unreported claim	1,010,185	-	1,010,185
Group insurance			
－Reported but not paid claim	135,031	-	135,031
－Unreported claim	414,336	-	414,336
Investment-linked insurance			
－Reported but not paid claim	17,371	-	17,371
－Unreported claim	-	-	-
Annuity insurance			
－Reported but not paid claim	30	35,525	35,555
－Unreported claim	-	46	46
Total	2,501,335	39,948	2,541,283
Less ceded reserve for claims:			
Individual life insurance	7,903	-	7,903
Individual injury insurance	490	-	490
Individual health insurance	14,867	-	14,867
Group insurance	12,748	-	12,748
Total	36,008	-	36,008
Net amount	$2,465,327	$39,948	$2,505,275

Movement in reserve for claims is summarized below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended 31 March 2022		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$2,526,529	$79,041	$2,605,570
Reserve	2,825,932	62,002	2,887,934
Recover	(2,526,529)	(79,041)	(2,605,570)
Losses (gains) on foreign exchange	1,161	272	1,433
Ending balance	2,827,093	62,274	2,889,367
Less ceded unearned premium reserve:			
Beginning balance	20,504	-	20,504
Increase	38,649	-	38,649
Decrease	(20,504)	-	(20,504)
Losses (gains) on foreign exchange	-	-	-
Ending balance	38,649	-	38,649
Net amount	$2,788,444	$62,274	$2,850,718

	For the three-month period ended 31 March 2021		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$2,418,262	$45,381	$2,463,643
Reserve	2,501,400	39,947	2,541,347
Recover	(2,418,262)	(45,381)	(2,463,643)
Losses (gains) on foreign exchange	(65)	1	(64)
Ending balance	2,501,335	39,948	2,541,283
Less ceded unearned premium reserve:			
Beginning balance	20,815	-	20,815
Increase	36,011	-	36,011
Decrease	(20,815)	-	(20,815)
Losses (gains) on foreign exchange	(3)	-	(3)
Ending balance	36,008	-	36,008
Net amount	$2,465,327	$39,948	$2,505,275

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reported but not paid claims are reserved according to insurance type and claims department's estimates based on each individual case's related information without exceeding promised insurance amount for covered accidents. Those reported but not paid reserve is reasonably assessed, sufficient to reflect actual claims paid. In addition, some types of claims are not expected to close shortly because these claims usually depend on court judgments before the closure. The legal department tracks the development of these claims and reasonably estimates claims reserve. The actuarial department assesses final unreported claims based on past claims experience with consideration of claims development trends for past closed cases, and then develop the final claims based on homogeneous features of each insurance through Bornhuetter-Ferguson Method. Reserve for unreported and unclosed claims changes according to external environment. For example, actual loss rate will lead to fluctuations of claims. The actuarial department will evaluate periodically to make reasonable estimate of claims reserve.

(4) Special reserve:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Participating policies dividend reserve	$9,088,860	$-	$9,088,860
Dividend risk reserve	-	-	-
Total	$9,088,860	$-	$9,088,860

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Participating policies dividend reserve	$7,747,818	$-	$7,747,818
Dividend risk reserve	-	-	-
Total	$7,747,818	$-	$7,747,818

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Participating policies dividend reserve	$7,466,974	$-	$7,466,974
Dividend risk reserve	-	-	-
Total	$7,466,974	$-	$7,466,974

Movement in special reserve is summarized below:

	For the three-month periods ended 31 March	
	2022	2021
	Insurance contract	Insurance contract
Beginning balance	$7,747,818	$6,633,515
Reserve for participating policies dividend reserve	1,339,566	818,315
Recover for participating policies dividend reserve	-	-
Disposal gains (losses) of participating policies on equity instruments at fair value through other comprehensive income	1,476	15,144
Ending balance	$9,088,860	$7,466,974

(5) Special reserve for catastrophe and fluctuation of risks:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$2,107	$-	$2,107
Individual injury insurance	913,200	-	913,200
Individual health insurance	2,831,791	-	2,831,791
Group insurance	3,493,939	-	3,493,939
Annuity insurance	-	390	390
Total	$7,241,037	$390	$7,241,427

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$2,107	$-	$2,107
Individual injury insurance	913,200	-	913,200
Individual health insurance	2,831,791	-	2,831,791
Group insurance	3,493,939	-	3,493,939
Annuity insurance	-	390	390
Total	$7,241,037	$390	$7,241,427

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$2,028	$-	$2,028
Individual injury insurance	884,209	-	884,209
Individual health insurance	2,673,733	-	2,673,733
Group insurance	3,360,666	-	3,360,666
Annuity insurance	-	476	476
Total	$6,920,636	$476	$6,921,112

(6) Premium deficiency reserve:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$2,214,703	$-	$2,214,703
Individual health insurance	106,973	-	106,973
Total	$2,321,676	$-	$2,321,676

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$2,326,325	$-	$2,326,325
Individual health insurance	109,009	-	109,009
Total	$2,435,334	$-	$2,435,334

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Individual life insurance	$3,770,066	$-	$3,770,066
Individual health insurance	114,276	-	114,276
Total	$3,884,342	$-	$3,884,342

Note: Premium deficiency reserve was not ceded in the above insurance contracts.

Movement in premium deficiency reserve is summarized below:

	For the three-month period ended 31 March 2022		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$2,435,334	$-	$2,435,334
Reserve	109,016	-	109,016
Recover	(270,495)	-	(270,495)
Losses (gains) on foreign exchange	47,821	-	47,821
Ending balance	$2,321,676	$-	$2,321,676

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended 31 March 2021		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$4,139,991	$-	$4,139,991
Reserve	150,322	-	150,322
Recover	(403,299)	-	(403,299)
Losses (gains) on foreign exchange	(2,672)	-	(2,672)
Ending balance	$3,884,342	$-	$3,884,342

(7) Other reserve:

	2022.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Other	$18,651,890	$-	$18,651,890

	2021.12.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Other	$18,732,835	$-	$18,732,835

	2021.3.31		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Other	$18,988,700	$-	$18,988,700

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Movement in other reserve is summarized below:

	For the three-month period ended 31 March 2022		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$18,732,835	$-	$18,732,835
Recover	(80,945)	-	(80,945)
Ending balance	$18,651,890	$-	$18,651,890

	For the three-month period ended 31 March 2021		
	Insurance contract	Financial instruments with discretionary participation feature	Total
Beginning balance	$19,073,989	$-	$19,073,989
Recover	(85,289)	-	(85,289)
Ending balance	$18,988,700	$-	$18,988,700

The amount of other reserve is generated from the acquisition of the traditional insurance policies from Allianz Taiwan Life on 18 May 2018.

(8) Liability adequacy reserve:

	Insurance contract and financial instruments with discretionary participation feature		
	2022.3.31	2021.12.31	2021.3.31
Reserve for life insurance liabilities	$1,989,644,910	$1,952,319,390	$1,886,722,911
Unearned premium reserve	4,375,411	4,699,485	4,175,365
Premium deficiency reserve	2,321,676	2,435,334	3,884,342
Special reserve	9,088,860	7,747,818	7,466,974
Other reserve	18,651,890	18,732,835	18,988,700
Book value of insurance liabilities	$2,024,082,747	$1,985,934,862	$1,921,238,292
Estimated present value of cash flows	$1,531,699,121	$1,573,602,103	$1,523,499,192
Balance of liability adequacy reserve	$-	$-	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Liability adequacy testing methodology is as follows:

	2022.3.31	2021.12.31 and 2021.3.31
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing
Assumptions	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2021).	Adopt the best estimated scenario investment return on the most recent actuarial report (the actuarial report of 2020), and discount rate evaluated on 31 December 2021 with consideration of current information.

17. Foreign exchange valuation reserve

(1) The hedge strategy and risk exposure

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

(2) Adjustment in foreign exchange valuation reserve:

	For the three-month periods ended 31 March	
	2022	2021
Beginning balance	$3,351,124	$4,023,007
Reserve		
Compulsory reserve	463,221	503,802
Extra reserve	2,921,289	415,058
Subtotal	3,384,510	918,860
Recover	-	(1,048,092)
Ending balance	$6,735,634	$3,893,775

(3) Effects due to foreign exchange valuation reserve:

	For the three-month period ended 31 March 2022		
Item	Inapplicable amount	Applicable amount	Effects
Net income	$11,543,991	$8,836,383	$(2,707,608)
Earnings per share (dollar)	2.35	1.80	(0.55)
Foreign exchange valuation reserve	-	6,735,634	6,735,634
Equity	151,832,986	147,787,541	(4,045,445)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended 31 March 2021		
Item	Inapplicable amount	Applicable amount	Effects
Net income	$9,738,381	$9,841,767	$103,386
Earnings per share (dollar)	1.98	2.00	0.02
Foreign exchange valuation reserve	-	3,893,775	3,893,775
Equity	160,977,479	159,205,522	(1,771,957)

18. Provisions

	2022.3.31	2021.12.31	2021.3.31
Provisions for employee benefits	$191,454	$198,058	$188,114
Litigation liabilities	15	1,741	5,879
Total	$191,469	$199,799	$193,993

The Company has an official policy to control and manage litigations. When a professional advice has been made and the loss can be reasonably estimated, the Company will make adjustments to recognize losses and any negative effects arising out of any financial claims. As at 31 March 2022, the Company has 72 unresolved legal suits.

19. Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plans for the three-month periods ended 31 March 2022 and 2021 were $69,885 thousand and $65,348 thousand, respectively.

Defined benefit plans

Expenses under the defined benefit plans for the three-month periods ended 31 March 2022 and 2021 were $2,216 thousand and $401 thousand, respectively.

20. Common stock

(1) As of 31 March 2022, 31 December 2021 and 31 March 2021, the Company's authorized and issued capital were $49,206,531 thousand, $49,206,531 thousand and $47,313,972 thousand, divided into 4,920,653,131, 4,920,653,131 and 4,731,397,242 common shares at $10 par value.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) On 12 August 2021, the Company decided to appropriate $1,892,559 thousand from 2020 distributable earnings to increase capital in shareholders' meeting, issuing 189,255,889 common shares at $10 par value. On 29 September 2021, the capital increase was to be document by the authorities, and the board of directors was resolved to use 31 October 2021 as the subscription base date.

21. Capital surplus

	2022.3.31	2021.12.31	2021.3.31
Additional paid-in capital	$7,179,692	$7,179,692	$7,179,692
Share-based payment	39,988	9,997	-
Treasury stock transactions	34,867	34,867	34,831
Total	$7,254,547	$7,224,556	$7,214,523

Pursuant to the Company Act, the capital surplus shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

The capital surplus - share-based payment were given by the parent company to the employees of the company.

22. Retained earnings

(1) Legal capital reserve

Pursuant to the Insurance Act and the Articles of Incorporation of the Company, during earning distribution, the Company should set aside 20% of the Company's after-tax net income in advance as legal capital reserve until the total amount of the legal capital reserve equals the issued share capital. Legal capital reserve shall not be used except for making good the deficit of the company. When the Company incurs no loss, the Company's board of directors may distribute the portion of its legal capital reserve which exceeds 25% of the issued share capital by issuing new shares or by cash to its original shareholders.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Special capital reserve

	111.3.31	110.12.31	110.3.31
Special reserve from recovered fluctuation risk reserve	$5,311,458	$5,311,458	$4,791,206
Catastrophe risk reserve and fluctuation risk reserve	7,241,427	7,241,427	6,921,112
Special reserve for the foreign exchange valuation reserve	13,412,781	13,412,781	10,894,260
Special reserve for investment properties at fair value model	8,805,570	8,805,570	8,651,431
Special reserve for gains or losses on derecognition of unexpired debtinstrument	7,971,493	7,971,493	3,498,382
Other	3,958,466	3,958,466	3,618,113
Total	$46,701,195	$46,701,195	$38,374,504

A. Special reserve from recovered contingency risk reserve

Pursuant to “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” established by the R.O.C. Financial Supervisory Commission, the recovered fluctuation risk reserve are appropriated as special capital reserve in accordance with Order No. Financial-Supervisory-Insurance-Corporate-0910074195, after obtaining approval at the stockholders’ meeting in the following year.

B. Catastrophe risk reserve and fluctuation risk reserve

The Company set aside special reserves for catastrophe and fluctuation of risks for the retained businesses with policy period within 1 year in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”. Please refer to Note IV.18 for the set-aside and release calculation. The after-tax amount of reserve and release for the special reserve is converted to special capital reserve at the end of current year.

C. Special reserve for the foreign exchange valuation reserve

The Company adopts foreign exchange reserve mechanism and hence be required by law to provide special capital reserve. Please refer to Note IV.19.

D. Special reserve for investment properties at fair value model

The Company changed its accounting policy for subsequent measurement of investment property from cost to fair value starting from 2014. In order to ensure the soundness and stability of the financial structure, the Order No. Financial-Supervisory-Securities-Corporate-10402501001 issued by the FSC on 23 January 2015 requires insurance companies to set aside special capital reserve equal to the amount of the increase in retained earnings net of the increase in reserve for life insurance liabilities resulting from valid contracts' fair value approved by the authority. Hence, the amount set aside by the Company as special capital reserve was $8,394,443 thousand. In accordance with the Order No. Financial-Supervisory-Securities-Corporate-11004917647, since 2020, insurance company should set aside special surpluses for "net after-tax impact of the first use of the fair value model in subsequent measurement" and "changes in after-tax accumulative net gain of fair value in subsequent periods" on investment property, the special reserve should not be distributed. The special capital reserve shall be used only to cover the insufficiency of life insurance liabilities resulting from valid contracts' fair value approved by the authority and to set aside additional liabilities for the soundness of financial structure when complying with IFRS 17 "Insurance Contracts" in the future implementation.

E. Special reserve for gains or losses on derecognition of unexpired debt

In accordance with the Order No. Financial-Supervisory-Securities-Corporate-10804501381 issued by the FSC on 25 June 2019, the Company set aside or withdraw special capital reserve based on gains or losses arising from derecognition of the unexpired bond investments since 1 January 2019. Except the one that the remaining maturity period cannot be determined, can be amortized in 10 years, the remaining should be amortized through maturity period and released as a distributable surplus on an annual basis.

F. Other

The Company set aside a special capital reserve in accordance with the "Personal Insurance Industry's Matters Needing Attention in Handling Interest Rate Change Insurance Products".

In accordance with the Financial-Supervisory-Securities-Corporate-1100498861 dated 26 March 2021, the Company set aside special capital reserve for after-tax net profit of the current year that is part of the disability assistance insurance from the 2020 fiscal year. If the net profit after tax in the current year is not enough to be set aside, it shall be supplemented in subsequent years. If there is a loss in the disability assistance insurance in subsequent years, it may be reversed from the special capital reserve.

In accordance with the Financial-Supervisory-Securities-Corporate-11004939031 dated 29 October 2020, from the 2021 fiscal year, the Company shall, at end of each business year, set aside equal amount of special capital reserve for net income that is part of the accidental death and disability payment of personal travel insurance, according to the "Standard Rates of Accidental Death and Disability Payment of Personal Travel Insurance".

The Company set aside a special capital reserve in accordance with the Financial-Supervisory-Securities-Corporate-1090414517.

(3) According to the Articles of Incorporation of the Company, the information about earnings distribution is as follows:

The Company adopts residual dividend policy in order to keep expanding the business scale, meet the demands for capital and long-term financial plan of the Company, and pursue sustainable and stable development.

Where the Company has surplus earnings after the settlement of account at the end of fiscal year, it shall first cover the losses in the previous fiscal years and pay the taxes by laws. After setting aside legal reserve and special reserve as provided in laws or reversing special reserve and may distribute preferred stock dividends thereafter, the balance, if applicable, shall be added to beginning retained earnings as the unappropriated retained earnings, thirty to one hundred percent of which shall be distributed as dividends for common shares. The proposal of surplus earnings distribution shall be submitted by the Board of Directors to the shareholders' meeting for approval. In case the unappropriated retained earnings is less than NT $0.5 each share, it may be reserved and not distributed on the basis of canon of economy.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company's business plans, the surplus earnings distribution shall be based on the capital required and retained for distributing stock dividends, but it may reserve a proportion for distribution in the form of cash dividends. Where cash dividends are distributed in that year, the total amount of cash dividends shall not be less than ten percent of the total amount of dividends. The proportion of the preceding stock dividends and cash dividends may be adjusted appropriately, depending on that year's actual profits and capital condition. The Board of Directors shall draw up the proposal and submit to the shareholders' meeting for deciding the most appropriate dividend policy.

(4) Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-10202501992 issued by the FSC on 8 February 2013, if the life insurance industry appropriates earnings by distributing cash dividends (not including preferred stocks in liability type), it should report to the FSC and the FSC will review the plan based on the soundness of individual company's finance and business.

For related information about earnings appropriation approved and resolved by the Board of Directors' meeting(the Board of Directors entitled to execute stockholders' meeting functions), please refer to the "Market Observation Post System" website of the Taiwan Stock Exchange Corporation.

(5) Earnings appropriation for the year of 2021 and 2020 is as follows:

	Appropriation of earnings		Dividends per share(NT$)	
	2021	2020	2021	2020
Set aside Legal capital reserve	$5,557,484	$3,020,899	$-	$-
Set aside (reverse) Special capital reserve	17,124,143	8,298,479	-	-
Common stock-cash dividend	4,500,000	1,892,559	0.91	0.40
Common stock-stock dividend	-	1,892,559	-	0.40

Earnings appropriation for the year of 2020 was resolved by shareholders' meeting on 12 Aug 2021. Earnings appropriation for the year of 2021 was approved by Board of Directors' meeting on 5 May 2022, but not yet resolved by the shareholders' meeting.

Please refer to Note VI.28 for more details on employees' compensation and remuneration to directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

23. Components of other comprehensive income

	For the three-month period ended 31 March 2022			
	Arising during the period	Reclassification adjustments during the period	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Valuation gains (losses) on equity instrument investments at fair value through other comprehensive income	$(788,175)	$-	$303,873	$(484,302)
To be reclassified to profit or loss in subsequent periods:				
Gains (losses) on debt instrument investments at fair value through other comprehensive income	(20,872,495)	(3,654,576)	4,315,065	(20,212,006)
Other comprehensive profits (losses) reclassified using overlay approach	(11,673,103)	(6,307,947)	589,698	(17,391,352)
Total	$(33,333,773)	$(9,962,523)	$5,208,636	$(38,087,660)

	For the three-month period ended 31 March 2021			
	Arising during the period	Reclassification adjustments during the period	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Valuation gains (losses) on equity insrrument investment at fair value through other comprehensive income	$406,043	$ -	$497,368	$903,411
To be reclassified to profit or loss in subsequent periods:				
Gains (losses) on debt instrument investments at fair value through other comprehensive income	(30,563,710)	(5,565,563)	5,882,381	(30,246,892)
Other comprehensive profits (losses) reclassified using of overlay approach	6,419,573	(7,356,522)	(905)	(937,854)
Total	$(23,738,094)	$(12,922,085)	$6,378,844	$(30,281,335)

24. Interest income

	For the three-month periods ended 31 March	
	2022	2021
Interest income		
Financial assets at fair value through other comprehensive income	$1,560,675	$3,236,089
Financial assets at amortized cost	11,547,898	10,267,647
Loans	426,150	437,803
Other	51,065	26,368
Total	$13,585,788	$13,967,907

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

25. Expected credit impairment losses and reversal on investments and non-investments

	For the three-month periods ended 31 March	
	2022	2021
Operating revenue－expected credit impairment losses and reversal on investment		
Financial assets at fair value through other comprehensive income	$710,376	$(3,643)
Financial assets at amortized cost	763,680	7,441
Other receivables	24,866	(18)
Subtotal	1,498,922	3,780
Operating expenses－expected credit impairment losses and reversal on non-investment		
Other receivables	7	(2,277)
Total	$1,498,929	$1,503

Please refer to Note IX for more detail on credit risk management.

26. Retained earned premium

	For the three-month period ended 31 March 2022		
	Insurance contract	Investment contracts with discretionary participation feature	Total
Direct premium income	$39,494,191	$531,441	$40,025,632
Reinsurance premium income	-	-	-
Premium income	39,494,191	531,441	40,025,632
Less:			
Reinsurance expenses	413,157	-	413,157
Net changes in unearned premium reserve	(329,967)	-	(329,967)
Subtotal	83,190	-	83,190
Retained earned premium	$39,411,001	$531,441	$39,942,442

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended 31 March 2021		
	Insurance contract	Investment contracts with discretionary participation feature	Total
Direct premium income	$50,472,942	$939,290	$51,412,232
Reinsurance premium income	-	-	-
Premium income	50,472,942	939,290	51,412,232
Less:			
Reinsurance expenses	376,221	-	376,221
Net changes in unearned premium reserve	(336,990)	(1)	(336,991)
Subtotal	39,231	(1)	39,230
Retained earned premium	$50,433,711	$939,291	$51,373,002

27. Retained claim payments

	For the three-month period ended 31 March 2022		
	Insurance contract	Investment contracts with discretionary participation feature	Total
Direct insurance claim payments	$23,195,996	$4,045,311	$27,241,307
Reinsurance claim payments	13	-	13
Insurance claim payments	23,196,009	4,045,311	27,241,320
Less:			
Claims recovered from reinsures	176,983	-	176,983
Retained claim payments	$23,019,026	$4,045,311	$27,064,337

	For the three-month periods ended 31 March 2021		
	Insurance contract	Investment contracts with discretionary participation feature	Total
Direct insurance claim payments	$28,224,512	$4,133,499	$32,358,011
Reinsurance claim payments	313	-	313
Insurance claim payments	28,224,825	4,133,499	32,358,324
Less:			
Claims recovered from reinsures	198,083	-	198,083
Retained claim payments	$28,026,742	$4,133,499	$32,160,241

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

28. Employee benefits, depreciation and amortization

(1) Summary statement of employee benefits, depreciation and amortization expenses is as below:

	For the three-month periods ended 31 March					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense	$829,678	$1,469,838	$2,299,516	$785,193	$1,483,739	$2,268,932
Payroll expense	829,678	1,059,970	1,889,648	785,193	1,134,552	1,919,745
Labor and health insurance	-	159,165	159,165	-	148,281	148,281
Pension	-	72,100	72,100	-	65,750	65,750
Remuneration to directors	-	124,233	124,233	-	82,316	82,316
Other employee benefits expense	-	54,370	54,370	-	52,840	52,840
Depreciation	-	109,859	109,859	-	117,082	117,082
Amortization	-	48,553	48,553	-	35,945	35,945

Note1: Other employee benefits expenses consist of meals, group insurance, training and employee benefits, etc.

Note2: The average number of employees for the three-month periods ended 31 March 2022 and 2021 were 6,586 and 6,285, respectively. The average number of directors who do not serve concurrently as employees was 7 in both periods.

(2) The information regarding employees' compensation and remuneration to directors within the Articles of Incorporation of the Company is as follows:

Where the Company makes profits, it shall allocate no less than 0.5 percent of the profits to be the remuneration of employees, and no more than 3 percent to be the remuneration of directors. But the Company shall reserve the amount of money to be used to cover its losses if it still has accumulated losses, and later it shall allocate the remuneration in proportion for employees and directors. The preceding remuneration of employees may be given in the form of share certificates or cash. The remuneration of directors shall only be given to non-independent directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For related information on employees' compensation and remuneration to directors approved by the Board of Directors meeting, please refer to the "Market Observation Post System" website of the Taiwan Stock Exchange Corporation.

Based on profit for the three-month period ended 31 March 2022, the Company estimated the amounts of the employees' compensation to be $106,397 thousand, and remuneration to directors to be $104,848 thousand, recognized as operating expense ; based on profit for the three-month period ended 31 March 2021, the Company estimated the amounts of the employees' compensation to be $111,164 thousand and remuneration to directors to be $78,636 thousand, recognized as operating expense. The differences between the estimated amounts and the actual distributed amounts resolved by Board of Directors meeting will be recognized as profit or loss of the next year.

On 24 March 2022, the Board of Directors meeting resolved to distribute $319,000 thousand of employees' compensation and $233,000 thousand of remuneration to directors for the year ended 31 December 2021. The $5,000 thousand differences exist between the estimated amount on the 2021 financial statement and the actual amount were recognized as expense of 2022.

29. Income taxes

(1) The major components of income tax expense (benefit) are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended 31 December	
	2022	2021
Current income tax expense (benefit):		
Current income tax payable	$72,652	$1,628,941
Adjustments in respect of current income tax of prior periods	-	(91,683)
Deferred income tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	2,467,942	(474,943)
Deferred tax expense (benefit) relating to origination and reversal of tax loss and tax credit	(978,107)	-
Others	24,620	22,509
Total income tax expense (benefit)	$1,587,107	$1,084,824

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax expense recognized in other comprehensive income

	For the three-month periods ended 31 December	
	2022	2021
Deferred tax expense (benefit):		
Valuation gains (losses) of equity instrument investments at fair value through other comprehensive income	$(303,873)	$(497,368)
Valuation gains (losses) of debt instrument investments at fair value through other comprehensive income	(4,315,065)	(5,882,381)
Other comprehensive profits (losses) reclassified using overlay approach	(589,698)	905
Income tax expense (benefit) relating to components of other comprehensive income	$(5,208,636)	$(6,378,844)

Income tax charged directly to equity

	For the three-month periods ended 31 March	
	2022	2021
Current income tax expense (benefit):		
Derecognition of equity instrument investments at fair value through other comprehensive income	$-	$(95,918)
Deferred tax expense (benefit):		
Valuation gains (losses) of equity instrument investments at fair value through other comprehensive income	-	95,918
Deferred tax expense (benefit) relating to origination and reversal of tax loss	(590)	(3,029)
Income tax charged directly to equity	$(590)	$(3,029)

(2) The assessment of income tax returns

As of 31 March 2022, the income tax returns of the Company have been assessed and approved up to the year of 2019.

30. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the period by the weighted average number of shares outstanding during the period.

As the Company has not issued any potential common shares with dilutive effect, the Company would no need to adjust to basic earnings per share.

	For the three-month periods ended 31 March	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	$8,836,383	$9,841,767
The weighted average number of (adjusted retrospectively) ordinary shares for basic earnings per share (in thousands)	4,920,653	4,920,653
Basic earnings per share (in dollars)	$1.80	$2.00

There were no transactions that significantly changed the number of common shares outstanding or potential common shares at the end of the period between the financial statement day and the day of approval.

31. Separate account insurance products

(1) Separate account products－assets and liabilities

	Assets		
Items	2022.3.31	2021.12.31	2021.3.31
Cash in bank	$1,392,295	$2,446,188	$1,021,245
Financial assets at fair value through profit or loss	103,239,445	98,563,221	87,122,715
Other receivables	79,825	32,146	59,739
Total	$104,711,565	$101,041,555	$88,203,699

	Liabilities		
Items	2022.3.31	2021.12.31	2021.3.31
Reserve for separate account	$104,695,100	$101,025,859	$88,072,031
Other payables	16,465	15,696	131,668
Total	$104,711,565	$101,041,555	$88,203,699

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Separate account products－revenues and expenses:

Items	Revenues For the three-month periods ended 31 March 2022	2021
Premium income	$1,975,978	$1,408,703
Gains (losses) from financial assets and liabilities at fair value through profit or loss	(1,610,855)	1,891,393
Interest income	95	46
Other revenues	42,067	42,635
Foreign exchange gains (losses)	520,821	171,909
Total	$928,106	$3,514,686

Items	Expenses For the three-month periods ended 31 March 2022	2021
Insurance claim payments	$1,045,912	$1,466,841
Net change in separate account reserve	(546,977)	1,518,069
Custodian fee	429,171	529,776
Total	$928,106	$3,514,686

(3) The rebate earned for engaging in investment-linked insurance business from counterparties for the three-month periods ended 31 March 2022 and 2021 were $75,219 thousand and $73,668 thousand, respectively.

VII. Information of insurance contracts

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

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

The board of directors should ensure the effectiveness of risk management and bear the ultimate responsibility for risk management, responsible for formulating the company's overall risk appetite and risk tolerance, review and approve the Company’s risk management objectives and strategies. “Risk Management Committee” is set under the board of directors. Various risk management report and related issues are first reported to risk management committee and finally approved by the board of directors. Besides the risk management committee, the Company set up an assets and liability management unit to strengthen the risk management organization and structure.

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

(2) Risk management policies, procedures and methods:

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

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

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

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

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

① Risk identification related to matching of assets and liabilities
② Risk measurement related to matching of assets and liabilities
③ Risk responses related to matching of assets and liabilities

2. Information of insurance risks

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

Insurance companies set aside various reserves according to the legal requirements and regularly conduct adequacy test of liability to assess the adequacy of insurance liabilities of the company as a whole.

For the insurance contracts and financial instruments with discretionary participation features underwritten by the Company, the main risks include mortality, morbidity, surrender, expense and investment returns rate. When doing the liability adequacy test, various actuarial assumptions are made based on available information at assessment point for all insurance contracts and financial instruments with discretionary participation feature, to assess whether the insurance liability of the Company is adequate. If the test result indicates the insurance liability is not adequate, then set aside the insufficient amount as liability adequacy reserve according to the provision. The reserve will affect current profit and loss.

As at 31 March 2022, assuming a 5% change in mortality, morbidity, surrender and expenses, and a decrease in investment return of 0.1%, all insurance contracts and financial instruments with discretionary participation feature will not cause the Company’s insurance liability inadequate.

(2) Interpretation for concentration of insurance risks

① The Company’s insurance business is mainly in Taiwan, Republic of China and there is no significant difference in insurance risk between each region. The Company had set tolerable cumulative risk limits for each risk unit and incident. Insurance risks that exceed the limits will be transferred through reinsurance. Please refer to Note VI.16 for concentration of risk before and after the reinsurance for the Company.

② Furthermore, according to “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the annual increased special capital reserve, excluding taxes, for catastrophe and fluctuation of risks for abnormal changes in loss ratio and claims of each type of insurance needs to be recognized in special capital reserve under equity in accordance with IAS 12.

(3) Claim development trend

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

① Direct business loss development trend

Accident	Development year															Reserve
year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	claims
2008	$2,170,100	$2,736,556	$2,776,542	$2,781,989	$2,786,399	$2,792,187	$2,798,032	$2,798,807	$2,799,546	$2,800,435	$2,802,449	$2,803,020	$2,803,856	$2,804,061	$2,804,502	
2009	2,243,111	2,870,648	2,924,110	2,934,461	2,936,046	2,939,451	2,940,095	2,940,209	2,940,748	2,941,322	2,941,824	2,941,957	2,941,970	2,941,995	-	
2010	2,574,879	3,071,401	3,132,443	3,137,874	3,143,299	3,143,963	3,144,299	3,144,902	3,145,167	3,145,541	3,145,762	3,146,132	3,146,137	-	-	
2011	2,610,108	3,276,928	3,328,279	3,342,075	3,346,106	3,350,438	3,351,824	3,354,243	3,354,835	3,355,901	3,356,774	3,356,911	-	-	-	
2012	2,345,575	2,953,776	3,029,335	3,045,381	3,048,828	3,051,256	3,054,748	3,056,337	3,057,879	3,058,682	3,058,913	-	-	-	-	
2013	2,267,213	2,964,954	3,028,400	3,040,442	3,045,355	3,053,040	3,054,855	3,055,997	3,057,193	3,057,193	-	-	-	-	-	
2014	3,448,229	4,203,186	4,284,682	4,298,217	4,303,753	4,317,090	4,321,020	4,323,776	4,323,901	-	-	-	-	-	-	
2015	3,530,488	4,420,482	4,498,438	4,510,113	4,516,573	4,518,832	4,521,127	4,521,231	-	-	-	-	-	-	-	
2016	3,721,820	4,648,280	4,743,133	4,757,525	4,763,372	4,765,519	4,766,742	-	-	-	-	-	-	-	-	
2017	4,320,234	5,400,952	5,537,543	5,552,592	5,557,933	5,559,266	-	-	-	-	-	-	-	-	-	
2018	4,775,948	5,950,536	6,060,673	6,078,878	6,081,326	-	-	-	-	-	-	-	-	-	-	
2019	5,257,484	6,776,954	6,904,733	6,916,725	-	-	-	-	-	-	-	-	-	-	-	
2020	5,208,589	6,557,028	6,622,957	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,729,794	6,732,440	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	882,417	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$2,321,344

Note: This table does not include long term life insurance

Add：	Long term insurance claims	436,330
	Claim reserve for discount on no claim	131,693
	Reserve for claims balance	$2,889,367

② Retained business loss development trend

Accident	Development year															Reserve
year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	claims
2008	$2,128,556	$2,682,784	$2,721,905	$2,719,002	$2,723,312	$2,728,970	$2,734,682	$2,735,440	$2,736,162	$2,737,031	$2,739,000	$2,739,557	$2,740,394	$2,740,598	$2,741,039	
2009	2,204,858	2,820,114	2,862,350	2,868,022	2,869,572	2,872,900	2,873,529	2,873,640	2,874,167	2,874,728	2,875,219	2,875,351	2,875,365	2,875,390	-	
2010	2,535,358	3,010,157	3,068,543	3,066,830	3,072,133	3,072,782	3,073,109	3,073,699	3,073,958	3,074,324	3,074,544	3,074,914	3,074,919	-	-	
2011	2,561,841	3,214,455	3,260,383	3,266,408	3,270,348	3,274,581	3,275,936	3,278,301	3,278,879	3,279,945	3,280,818	3,280,955	-	-	-	
2012	2,304,504	2,897,464	2,967,538	2,976,431	2,979,800	2,982,173	2,985,586	2,987,140	2,988,681	2,989,484	2,989,715	-	-	-	-	
2013	2,227,515	2,908,429	2,966,622	2,971,604	2,976,405	2,983,916	2,985,691	2,986,833	2,988,029	2,988,029	-	-	-	-	-	
2014	3,387,852	4,123,055	4,197,276	4,200,902	4,206,313	4,219,348	4,223,278	4,226,033	4,226,159	-	-	-	-	-	-	
2015	3,468,881	4,336,525	4,407,051	4,408,435	4,414,314	4,416,573	4,418,868	4,418,973	-	-	-	-	-	-	-	
2016	3,657,093	4,560,257	4,647,033	4,649,868	4,655,715	4,657,862	4,659,085	-	-	-	-	-	-	-	-	
2017	4,244,930	5,298,470	5,424,716	5,439,766	5,445,107	5,446,440	-	-	-	-	-	-	-	-	-	
2018	4,692,869	5,837,265	5,946,601	5,964,806	5,967,254	-	-	-	-	-	-	-	-	-	-	
2019	5,165,606	6,658,675	6,786,454	6,798,446	-	-	-	-	-	-	-	-	-	-	-	
2020	5,136,641	6,454,169	6,520,098	-	-	-	-	-	-	-	-	-	-	-	-	
2021	5,640,880	6,616,893	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	874,365	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$2,312,310

Note: This table does not include long term life insurance

Add：	Long term insurance claims	406,715
	Claim reserve for discount on no claim	131,693
	Reserve for claims balance	$2,850,718

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

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

(4) Credit risk:

For insurance contracts undertaken by the Company, the credit risk comes from reinsurers who fail to fulfill their obligation of reinsurance contracts, causing the Company to be exposed to the risk of financial loss. If the Company disputes with the reinsurers, then it may lead to impairment of reinsurance assets. In addition, the account receivables of insurance brokers and agents also have credit risk.

The Company’s highest risk exposure for the reinsurance contracts are the carrying amount of reinsurance assets. In order to manage that risk and avoid credit losses, the Company decides to deal with reinsurance companies that have good credits. The Company sets related selection standard, makes regular assessment and monitors the reinsurers’ financial business condition, credit status and rating. Also, it will adjust the business scope and scale based on the circumstances to prevent from over concentration of credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk:

As at 31 March 2022, 31 December 2021 and 31 March 2021, the maturity analysis of liquidity risk for insurance contract liabilities are as follows:

31 March 2022	Within 1 year	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years
Insurance liabilities of investment contracts with discretionary participation features	$29,195,385	$128,964,808	$139,340,273	$612,045,547	$3,933,010,054
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

31 December 2021	Within 1 year	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years
Insurance liabilities of investment contracts with discretionary participation features	$38,514,881	$132,626,854	$144,267,981	$604,249,058	$3,805,721,194
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

31 March 2021	Within 1 year	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years
Insurance liabilities of investment contracts with discretionary participation features	$5,444,827	$122,012,273	$154,235,681	$589,341,177	$3,753,046,319
Reserve for insurance contracts with feature of financial instruments	-	-	-	-	-

Note:

1. This table estimates net cash flow of all related insurance liabilities at it starting point.
2. The actual maturity date will change according to the exercise of termination right by the policyholders.
3. The table cannot match with the liabilities of balance sheet because the above contracts use the undiscounted contractual cash flow analysis. In addition, it includes the cash inflows of future renewal premiums.
4. In addition to the analysis of the above table, the Company uses both the estimated of the expected less and more than 12 months to analyze assets and liabilities. Please refer to Note X.

(6) Market risk:

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”, when the Company measures insurance liabilities, it sets aside the reserve by using the discount rate required by the authorities. Since the discount rate assumption does not move in the same direction with the interest rate, changes in market risks have no significant influence on the Company’s profit or loss and equity for insurance contracts. However, changes in market risks may have influence on liability adequacy test evaluated based on available information. But, it has little influence on the adequacy of current recognized insurance liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

VIII. Financial instruments

1. Categories of financial instruments

Financial assets

	2022.3.31	2021.12.31	2021.3.31
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit and loss	$424,586,541	$435,588,827	$395,174,281
Financial assets at fair value through other comprehensive income	214,204,476	280,355,344	397,411,820
Financial assets at amortized cost:			
Cash and cash equivalents (exclude cash on hand and revolving funds)	106,163,889	153,785,295	92,138,713
Financial assets at amortized cost	1,313,378,880	1,201,310,968	1,114,032,856
Receivables	26,516,127	17,038,235	26,407,784
Loans	33,454,513	33,931,189	33,432,944
Refundable deposits	21,660,189	7,472,351	12,982,444
Subtotal	1,501,173,598	1,413,538,038	1,278,994,741
Total	$2,139,964,615	$2,129,482,209	$2,071,580,842

Financial liabilities

	2022.3.31	2021.12.31	2021.3.31
Financial liabilities at fair value through profit or loss:			
Held for trading	$21,622,900	$981,018	$10,181,997
Financial liabilities measured at amortized cost:			
Payables	11,951,317	13,169,025	21,307,037
Bonds Payables	10,000,000	10,000,000	10,000,000
Lease liabilities	1,797,397	1,768,675	1,733,395
Guarantee deposits received	302,513	1,802,584	209,146
Subtotal	24,051,227	26,740,284	33,249,578
Total	$45,674,127	$27,721,302	$43,431,575

2. Fair value of financial instruments

(1) 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 methods and assumptions used by the Company to measure and disclose fair value of the financial assets and liabilities are as follows:

① Fair value of cash and cash equivalents, receivables and payables are approximately equal to the carrying amount due to their short maturity.

② For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value are determined based on market quotation price. (Including listed stocks and beneficiary certificates, etc.)

③ Fair value of financial instruments with no active market is estimated based on the valuation methods. The estimates and assumptions used are consistent with those made by market participants during the pricing of financial instruments.

④ The assessment bases for swap and forward exchange are exchange rates on the Reuters. Fair value of each forward exchange contract is calculated based on the exchange rate on each maturity date. Fair value of interest rate swap is the quoted price provided by traded parties.

⑤ Fair value of other financial assets and liabilities are determined based on discounted cash flow analysis. The interest rates and discount rates assumptions mainly refer to related information of similar instruments and yield curve for the duration, etc.

⑥ The adjustments of credit risk valuation for the derivative instrument contracts traded over-the-counter are classified as Credit value adjustments (CVA) and Debit value adjustments (DVA), to reflect the probability of default of the counterparty (CVA) and the Company (DVA).

Under the assumption that the Company will not default, the Company determines its credit value adjustment (CVA) by multiplying three factors, probability of default (PD), loss given default (LGD), and exposure at default (EAD) of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Company calculates its debit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default of the Company. The Company estimates probability of default through internal rating, estimates loss given default by considering suggestions by scholars and foreign financial institutions, and estimates exposure at default through market approach for derivative instruments, to reflect credit risk of the counterparty and the credit quality of the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, receivables, loans, payables, bond payables, lease liabilities and guarantee deposits received whose carrying amount approximates their fair value, the fair value of financial assets and financial liabilities measured at amortized cost is as follows:

	Carrying amount		
	2022.3.31	2021.12.31	2021.3.31
Financial assets			
Financial assets measured at amortized cost	$1,313,378,880	$1,201,310,968	$1,114,032,856
Refundable deposits - Bonds	7,401,908	7,402,206	7,092,199

	Fair value		
	2022.3.31	2021.12.31	2021.3.31
Financial assets			
Financial assets measured at amortized cost	$1,240,311,143	$1,251,475,220	$1,145,804,863
Refundable deposits - Bonds	8,465,680	8,722,040	8,757,585

3. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly.
Level 3 – Unobservable inputs for assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

	2022.3.31			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	$194,080,025	$193,353,708	$-	$726,317
Bonds	44,092,554	10,768,774	33,323,780	-
Swaps and forward foreign exchange contracts	76,595	-	76,595	-
Others	186,337,367	161,019,099	-	25,318,268
Financial assets at fair value through other comprehensive income				
Stocks	50,199,623	34,713,761	272,066	15,213,796
Bonds	164,004,853	85,376,927	78,627,926	-
Investment property	55,799,145	-	-	55,799,145
Liabilities measured at fair value:				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	21,622,900	-	21,622,900	-

	2021.12.31			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	$193,387,963	$192,685,785	$-	$702,178
Bonds	51,146,404	13,125,949	38,020,455	-
Swaps and forward foreign exchange contracts	4,275,043	-	4,275,043	-
Others	186,779,417	167,750,597	-	19,028,820
Financial assets at fair value through other comprehensive income				
Stocks	53,994,299	34,533,821	343,068	19,117,410
Bonds	226,361,045	133,876,839	92,484,206	-
Investment property	40,746,757	-	-	40,746,757
Liabilities measured at fair value:				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	981,018	-	981,018	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.3.31			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	$177,149,994	$176,859,709	$-	$290,285
Bonds	54,699,606	25,847,963	28,851,643	-
Swaps and forward foreign exchange contracts	3,267,256	-	3,267,256	-
Others	160,057,425	150,331,011	-	9,726,414
Financial assets at fair value through other comprehensive income				
Stocks	55,473,790	35,158,331	21,988	20,293,471
Bonds	341,938,030	228,407,007	113,531,023	-
Investment property	34,317,531	-	-	34,317,531
Liabilities measured at fair value:				
Financial liabilities at fair value through profit and loss				
Swaps and forward foreign exchange contracts	10,181,997	-	10,181,997	-

A. Transfers between Level 1 and Level 2 during the period

During the three-month period ended 31 March 2022, the Company's debt instruments measured at fair value through other comprehensive income, amounted to $7,892,478 thousand, transferred from Level 1 to Level 2 because the Company can't access quoted market prices.

During the three-month period ended 31 March 2021, the Company's debt instruments measured at fair value through profit and loss, amounted to $5,970,110 thousand, transferred from Level 2 to Level 1 because the Company can access quoted market prices.

During the three-month period ended 31 March 2021, the Company's debt instruments measured at fair value through other comprehensive income, amounted to $10,436,625 thousand, transferred from Level 2 to Level 1 because the Company can access quoted market prices. Debt instruments measured at fair value through other comprehensive income amounted to $5,590,991 thousand, transferred from Level 1 to Level 2 because the Company can't access quoted market prices.

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B. Reconciliation for Level 3 of the fair value hierarchy

Reconciliation for recurring fair value measurements categorized within Level 3 of the fair value hierarchy for movements during the period is as follows:

For the three-month period ended 31 March 2022:

		Total gains and losses recognized					
	Beginning balance	Recognized in profit or loss (Note 1)	Recognized in OCI (Note 2)	Acquisition or issue	Disposal, settlement or forced conversion	Transfer in (out) of Level 3 (Note 3)	Ending balance
Assets							
Financial assets at fair value through profit or loss							
Stock	$702,178	$-	$(220)	$24,359	$-	$-	$726,317
Others	19,028,820	(4,830)	1,197,728	5,290,611	(194,061)	-	25,318,268
Financial assets at fair value through other comprehensive income							
Stock	19,117,410	-	(3,734,358)	-	(13,066)	(156,190)	15,213,796
Investment property	40,746,757	(33,068)	-	15,184,531	(30,683)	(68,392)	55,799,145

For the three-month period ended 31 March 2021:

		Total gains and losses recognized					
	Beginning balance	Recognized in profit or loss (Note 1)	Recognized in OCI (Note 2)	Acquisition or issue	Disposal or settlement	Transfer in (out) of Level 3 (Note 3)	Ending balance
Assets							
Financial assets at fair value through profit or loss							
Stock	$283,365	$-	$2,933	$6,090	$(2,103)	$-	$290,285
Others	8,379,207	(21,094)	272,859	1,238,155	(142,713)	-	9,726,414
Financial assets at fair value through other comprehensive income							
Stock	21,978,265	-	(1,519,224)	-	(165,570)	-	20,293,471
Investment property	34,318,973	(16,403)	-	14,961	-	-	34,317,531

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note1: presented in “Gains (losses) on financial assets and liabilities at fair value through profit or loss/ Gains (losses) on reclassification using overlay approach/ Gains (losses) on investment property” in the comprehensive income statement.

Note2: presented in “Gains (losses) on reclassification using overlay approach/ valuation gains (losses) on equity instruments at fair value through other comprehensive income/ property revaluation surplus” in the comprehensive income statement.

Note3: The amount of investment property is related to transfer between property and equipment, no transfer in (out) for fair value level.

Total gains (losses) recognized in profit or loss above contains gains (losses) related to assets on hand for the three-month periods ended 31 March 2022 and 2021 is as follows:

	For the three-month periods ended 31 March	
	2022	2021
Total gains and losses		
Recognized in profit or loss	$(37,461)	$(30,884)
Recognized in other comprehensive income	(2,536,850)	(1,243,432)

C. Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

2022.3.31

Item	Valuation techniques	Significant unobservable inputs	Quantification Information	Relationship between inputs and fair value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0~10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10~30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0~10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.69%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	0~10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0~30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property			Please refer to Note VI. 8	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2021.12.31

Item	Valuation techniques	Significant unobservable inputs	Quantification Information	Relationship between inputs and fair value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0~10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10~30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0~10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.71%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	0~10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0~30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property			Please refer to Note VI. 8	

2021.3.31

Item	Valuation techniques	Significant unobservable inputs	Quantification Information	Relationship between inputs and fair value
Financial assets at fair value through profit or loss	Asset approach	Discount for liquidity and minor interests	0~10%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Financial assets at fair value through other comprehensive income	Market approach	Discount for liquidity	10~30%	The higher the discount for liquidity, the lower the estimated fair value
		Control premium	0~10%	The higher the control premium, the higher the estimated fair value
	Income approach	Cost of capital	6.17%	The higher the cost of capital, the lower the estimated fair value
		Discount for liquidity	0~10%	The higher the discount for liquidity, the lower the estimated fair value
	Asset approach	Discount for liquidity and minor interests	0~30%	The higher the discount for liquidity and minor interests, the lower the estimated fair value
Investment property			Please refer to Note VI. 8	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions and the sources are independent, reliable, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the Company's accounting policies at each reporting date. Also, assessment of fair value for investment property are outsourced to appraisers from professional agencies every half year and they evaluates the effectiveness of fair value on the balance sheet date quarterly and decides whether to re-issue reports or issue review report. The Company's real estate department will review the legality, the rationality and correctness of valuation parameters important to the results from external reports case-by-case.

(3) Fair value hierarchy of assets and liabilities not measured at fair value but for which the fair value is disclosed.

	2022.3.31			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets at measured amortized cost				
Bonds	$481,589,210	$758,721,933	$-	$1,240,311,143
Investment property	-	-	2,535,809	2,535,809
Refundable deposits				
Bonds	-	8,465,680	-	8,465,680

	2021.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets at measured amortized cost				
Bonds	$466,605,518	$784,869,702	$-	$1,251,475,220
Investment property	-	-	2,535,809	2,535,809
Refundable deposits				
Bonds	-	8,722,040	-	8,722,040

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.3.31			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets at measured amortized cost				
Bonds	$400,355,425	$745,449,438	$-	$1,145,804,863
Investment property	-	-	2,590,902	2,590,902
Refundable deposits				
Bonds	-	8,757,585	-	8,757,585

4. Offsetting financial assets and financial liabilities

The Company holds financial instruments in accordance with paragraph 42 of IAS 32 recognized by the FSC and the related assets and liabilities are offset on the balance sheet.

The Company may perform transactions not meeting the requirements of offsetting, but has enforceable master netting arrangement or other similar agreements with the counterparties. When both parties agree to settle in net amount, financial assets and financial liabilities could be offset and settled in net amount, and if not, in total amount. However, if any party in the transaction defaults, the other party can choose net settlement.

Related information about above offsetting financial assets and financial liabilities are as follows:

	2022.3.31					
	Financial assets ruled by offsetting, enforceable master netting arrangement or similar agreement					
				Relevant amount that has not been offset on balance sheet (d)		
	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 instrument	$76,595	$-	$76,595	$76,595	$-	$-

	2022.3.31					
	Financial liabilities ruled by offsetting, enforceable master netting arrangement or similar agreement					
				Relevant amount that has not been offset on balance sheet (d)		
	Gross amount of recognized financial liabilities (a)	Gross amount of offset financial assets recognized on balance sheet (b)	Net financial liabilities recognized on balance sheet (c)= (a)- (b)	Financial instruments	Cash collateral pledged	Net amount (e)= (c)- (d)
Derivative financial instrument	$21,622,900	$-	$21,622,900	$76,595	$14,226,851	$7,319,454

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2021.12.31

Financial assets ruled by offsetting, enforceable master netting arrangement or similar agreement

	Gross amount of recognized financial assets (a)	Gross amount of offset financial liabilities recognized on balance sheet (b)	Net financial assets recognized on balance sheet (c)= (a)- (b)	Relevant amount that has not been offset on balance sheet (d): Financial instruments	Relevant amount that has not been offset on balance sheet (d): Cash collateral received	Net amount (e)= (c)- (d)
Derivative financial instrument	$4,275,043	$-	$4,275,043	$912,518	$1,568,639	$1,793,886

2021.12.31

Financial liabilities ruled by offsetting, enforceable master netting arrangement or similar agreement

	Gross amount of recognized financial liabilities (a)	Gross amount of offset financial assets recognized on balance sheet (b)	Net financial liabilities recognized on balance sheet (c)= (a)- (b)	Relevant amount that has not been offset on balance sheet (d): Financial instruments	Relevant amount that has not been offset on balance sheet (d): Cash collateral pledged	Net amount (e)= (c)- (d)
Derivative financial instrument	$981,018	$-	$981,018	$912,518	$36,828	$31,672

2021.3.31

Financial assets ruled by offsetting, enforceable master netting arrangement or similar agreement

	Gross amount of recognized financial assets (a)	Gross amount of offset financial liabilities recognized on balance sheet (b)	Net financial assets recognized on balance sheet (c)= (a)- (b)	Relevant amount that has not been offset on balance sheet (d): Financial instruments	Relevant amount that has not been offset on balance sheet (d): Cash collateral received	Net amount (Note 1) (e)= (c)- (d)
Derivative financial instrument	$3,267,256	$-	$3,267,256	$2,958,130	$-	$309,126

2021.3.31

Financial liabilities ruled by offsetting, enforceable master netting arrangement or similar agreement

	Gross amount of recognized financial liabilities (a)	Gross amount of offset financial assets recognized on balance sheet (b)	Net financial liabilities recognized on balance sheet (c)= (a)- (b)	Relevant amount that has not been offset on balance sheet (d): Financial instruments	Relevant amount that has not been offset on balance sheet (d): Cash collateral pledged	Net amount (e)= (c)- (d)
Derivative financial instrument	$10,181,997	$-	$10,181,997	$2,958,130	$5,770,965	$1,452,902

IX. Financial risk management

The Company's financial risk management objectives are primarily managing risks arising from holding financial assets. According to the Company's risk management policies, the main financial risks is market risk, credit risk and liquidity risk. The Company has established guidelines related to the management of the financial risk. The following is the definition, source, management procedures of the risk and methods used to measure the risk:

1. Credit risk analysis

(1) Credit risk is the risk that an issuer or a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities and financing activities (primarily loans, financial instrument investments and receivables).

Credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to credit risk management. Credit limits are established for all issuers or counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company’s internal rating criteria, etc. To lower certain issuers’ or counter parties’ credit risk, credit enhancing instruments will be taken at the appropriate time.

For financial instrument investments, low credit risk is the premise of initial purchase, and at each reporting date, the Company shall assess if the financial instrument investments still qualify for conditions of low credit risk in order to determine the measurement method for allowance for losses. The Company disposes investments at the appropriate time (e.g., when credit risk significantly increases) to lower credit loss. In addition, the Company has built a credit risk model to assess the maximum possible loss on credit positions resulting from changes of credit rating or default. Moreover, based on issuer’s region, industry and credit ratings within portfolios, the Company evaluates credit risk and concentration risk, respectively.

The Company determines risk-influencing factors based on 5P Principles for loans, and according to the extent of influence, each P is given different weight to calculate each borrower’s credit rating. Credit rating evaluates the reasonableness of loan purpose, the region of collateral, loan-to-value, the customer’s credit report, the interest-paying history records, financial conditions and debt-paying ability, etc. and the Company approves the credit rating through multiple layers to control loan risk. Once delay of payment occurs, the Company will actively collect as stated in procedure manual to avoid financial loss.

The Company evaluates expected credit loss in accordance with IFRS 9. Except for those receivables whose allowance for loss is measured at lifetime expected credit loss, the Company shall assess whether the credit risk has increased significantly since initial recognition at each reporting date for other debt instrument investments not measured at fair value through profit or loss whose premise of initial purchase is low credit risk and grouped under different classes of credit risk in order to determine the measurement method of allowance for loss. The primary consideration to determine whether the credit risk increases significantly includes objective evidence such as external credit rating, changes in class interval or other market information, etc. The consideration of credit impairment includes the occurrence of default, overdue payment of interest or principal of debt instrument for more than 90 days, major financial difficulties or bankruptcy or financial reorganization of issuer or the combination of matters that may turn financial assets into credit impairment, ect. If it is determined that the credit risk of a financial asset at reporting date is low, it can be assumed that the credit risk has not increased significantly. The Company measures the allowance based on the 12-month expected credit loss amount; for financial assets with a significant increase in credit risk or impairment already happened, the allowance for loss is measured by the amount of expected credit losses during the duration.

Besides, the measurement of expected credit losses is to the future 12-month or the lifetime Probability of default (PD), Loss given default (LGD), Exposure at default (EAD)of the issuer or the counterparty and the effect of the value of money, and to calculate 12-month expected credit losses or the lifetime expected credit losses respectively.

Default rate is the rate that a default occurs on issuers or counter parties. Loss given default is the loss rate resulted from the default of issuers or counter parties. The Company used the default rate and loss given default published by external credit assessment institutions, and calculated based on adjustments of forward-looking macroeconomics or of market conditions factors.

Exposure at default is measured at the amortized cost of financial assets with accrued interests and receivables. For loans, exposure at default is the total of debtor’s outstanding balance at the time of calculation, interest and accrued expense.

Allowance for losses for certain receivables is recognized at lifetime expected credit losses. Past default records and prevailing information are taken into consideration for lifetime expected credit losses. The expected credit loss rate is calculated based on the overdue days of receivables.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets credit risk concentration analysis

A. The largest credit risk exposure of the financial debt instrument investments held by the Company or deposit in the bank is listed in accordance with the regional distribution as follows:

Date: 31 March 2022

Financial assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$89,813,353	$7,392,905	$8,957,631	$-	$-	$106,163,889
Financial assets at fair value through profit or loss	24,322,890	5,515,146	11,870,033	2,384,485	-	44,092,554
Financial assets at fair value through other comprehensive income	38,900,824	65,341,962	33,274,032	26,488,035	-	164,004,853
Financial assets measured at amortized cost	146,787,509	352,165,231	291,695,333	518,010,909	4,719,898	1,313,378,880
Refundable deposits－Bonds	7,401,908	-	-	-	-	7,401,908
Total	$307,226,484	$430,415,244	$345,797,029	$546,883,429	$4,719,898	$1,635,042,084
Proportion	18.79%	26.32%	21.15%	33.45%	0.29%	100.00%

Date: 31 December 2021

Financial assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$129,250,490	$10,620,757	$13,914,048	$-	$-	$153,785,295
Financial assets at fair value through profit or loss	24,218,292	7,592,246	16,850,342	2,485,524	-	51,146,404
Financial assets at fair value through other comprehensive income	55,616,783	86,249,417	50,287,213	34,207,632	-	226,361,045
Financial assets measured at amortized cost	144,791,992	327,458,052	283,806,918	440,734,653	4,519,353	1,201,310,968
Refundable deposits－Bonds	7,402,206	-	-	-	-	7,402,206
Total	$361,279,763	$431,920,472	$364,858,521	$477,427,809	$4,519,353	$1,640,005,918
Proportion	22.03%	26.34%	22.25%	29.11%	0.27%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Date: 31 March 2021

Financial assets	Taiwan	Asia	Europe	America	Global	Total
Cash and cash equivalents	$64,437,790	$18,039,902	$9,661,021	$-	$-	$92,138,713
Financial assets at fair value through profit or loss	24,916,048	6,452,986	17,933,814	5,396,758	-	54,699,606
Financial assets at fair value through other comprehensive income	67,573,497	111,854,896	74,996,248	87,513,389	-	341,938,030
Financial assets measured at amortized cost	152,227,764	307,475,671	250,287,363	397,834,988	6,207,070	1,114,032,856
Refundable deposits－Bonds	7,092,199	-	-	-	-	7,092,199
Total	$316,247,298	$443,823,455	$352,878,446	$490,745,135	$6,207,070	$1,609,901,404
Proportion	19.64%	27.57%	21.92%	30.48%	0.39%	100.00%

B. Regional distribution of the largest credit risk exposure for secured loans (excluding policy loan and automatic premium loan) is as follows:

Date: 31 March 2022

Location	Northern areas: Taipei and eastern counties	Central area: Taichung to Changhua and Nantou	Southern area: Counties below Tainan	Total
Secured loans	$75,849	$179,628	$99,444	$354,921
Overdue receivables	-	-	-	-
Total	$75,849	$179,628	$99,444	$354,921
Proportion	21.37%	50.61%	28.02%	100.00%

Date: 31 December 2021

Location	Northern areas: Taipei and eastern counties	Central area: Taichung to Changhua and Nantou	Southern area: Counties below Tainan	Total
Secured loans	$193,503	$86,402	$109,333	$389,238
Overdue receivables	-	-	-	-
Total	$193,503	$86,402	$109,333	$389,238
Proportion	49.71%	22.20%	28.09%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Date: 31 March 2021

Location	Northern areas: Taipei and eastern counties	Central area: Taichung to Changhua and Nantou	Southern area: Counties below Tainan	Total
Secured loans	$256,379	$128,578	$133,765	$518,722
Overdue receivables	-	-	-	-
Total	$256,379	$128,578	$133,765	$518,722
Proportion	49.42%	24.79%	25.79%	100.00%

(3) Changes in the loss allowance

The reconciliations in loss allowance of financial assets measured at fair value through other comprehensive income are as follows :

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	$17,277	$-	$-	$17,277
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaird financial assets	(706)	-	706	-
Derecognition of financial assets at current period	(3,250)	-	(1)	(3,251)
Originated or purchased new financial assets	64	-	3	67
Changes in models/risk parameters	1,883	-	687,930	689,813
Effects of exchange rate changes and others	568	-	23,179	23,747
Balance as of March 31, 2022	$15,836	$-	$711,817	$727,653
Balance as of January 1, 2021	$24,319	$-	$-	$24,319
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(3,933)	-	-	(3,933)
Originated or purchased new financial assets	183	-	-	183
Changes in models/risk parameters	124	-	-	124
Effects of exchange rate changes and others	(17)	-	-	(17)
Balance as of March 31, 2021	$20,676	$-	$-	$20,676

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The reconciliations in loss allowance of financial assets measured at amortized cost are as follows:

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	$101,776	$46,202	$-	$147,978
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	46,202	(46,202)	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	(786)	-	786	-
Derecognition of financial assets at current period	(2,686)	-	-	(2,686)
Originated or purchased new financial assets	10,653	-	5	10,658
Changes in models/risk parameters	(28,483)	-	754,996	726,513
Effects of exchange rate changes and others	3,754	-	25,441	29,195
Balance as of March 31, 2022	$130,430	$-	$781,228	$911,658
Balance as of January 1, 2021	$56,917	$-	$-	$56,917
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(2,143)	-	-	(2,143)
Originated or purchased new financial assets	7,273	-	-	7,273
Changes in models/risk parameters	2,307	-	-	2,307
Effects of exchange rate changes and others	4	-	-	4
Balance as of March 31, 2021	$64,358	$-	$-	$64,358

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The reconciliations in loss allowance of other receivables related to financial assets measured at fair value through other comprehensive income and measured at amortized costs are as follows :

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	$1,152	$388	$-	$1,540
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	388	(388)	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	(14)	-	14	-
Derecognition of financial assets at current period	(557)	-	(6)	(563)
Originated or purchased new financial assets	643	-	17,009	17,652
Changes in models/risk parameters	(284)	-	7,766	7,482
Effects of exchange rate changes and others	24	-	270	294
Balance as of March 31, 2022	$1,352	$-	$25,053	$26,405
Balance as of January 1, 2021	$805	$-	$-	$805
Changes due to financial instruments recognized as at beginning:				
Transfer to 12-month ECLs	-	-	-	-
Transfer to lifetime ECLs	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Derecognition of financial assets at current period	(398)	-	-	(398)
Originated or purchased new financial assets	368	-	-	368
Changes in models/risk parameters	12	-	-	12
Effects of exchange rate changes and others	-	-	-	-
Balance as of March 31, 2021	$787	$-	$-	$787

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month periods ended 31 March 2022 and 2021, the change in loss allowance for the debt instrument investments measured at fair value through other comprehensive income and measured at amortized cost mostly came from the impact of recent financial environment, forward-looking factors used for estimation, the derecognition and acquisition of investments.

The expected loss rate for the investment in the debt instruments of the above-mentioned financial assets and the loss allowance for other receivables is as follows:

Date: 31 March 2022

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)
Financial asset measured at fair value through other comprehensive income	0.00% ~ 0.07%	-	9.81% ~ 10.15%
Financial assets measured at amortized cost	0.00% ~ 0.07%	-	8.08% ~ 11.17%
Other receivables	0.00% ~ 0.07%	-	8.08% ~ 11.17%

Date: 31 December 2021

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)
Financial asset measured at fair value through other comprehensive income	0.00% ~ 0.06%	0.00%~0.00%	-
Financial assets measured at amortized cost	0.00% ~ 0.06%	1.80% ~ 1.93%	-
Other receivables	0.00% ~ 0.06%	1.80% ~ 1.93%	-

The Company’s financial assets measured at fair value through other comprehensive income and measured at amortized cost along with related other receivable are assessed to have low credit risk at 31 March 2021. Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses (loss ratio of 0.00%~0.04%).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The reconciliations in loss allowance of loans are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed	Lifetime ECLs (individually assessed)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Non performing/ Nonaccrual Loans"	Total
Balance as of January 1, 2022	$5	$193	$330	$528	$5,601	$6,129
Changes due to financial instruments recognized as at beginning:						
Transfer to lifetime ECLs	-	-	-	-	-	-
Transfer to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets at current period	-	-	-	-	-	-
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Non performing/ Nonaccrual Loans"	-	-	-	-	(566)	(566)
Effects of exchange rate changes and others	(1)	517	50	566	-	566
Balance as of March 31, 2022	$4	$710	$380	$1,094	$5,035	$6,129
Balance as of January 1, 2021	$8	$384	$444	$836	$8,312	$9,148
Changes due to financial instruments recognized as at beginning:						
Transfer to lifetime ECLs	-	-	-	-	-	-
Transfer to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets at current period	-	-	-	-	-	-
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Non performing/ Nonaccrual Loans"	-	-	-	-	(813)	(813)
Effects of exchange rate changes and others	(1)	835	(21)	813	-	813
Balance as of March 31, 2021	$7	$1,219	$423	$1,649	$7,499	$9,148

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For account receivables arising from other transactions, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. The movement of loss allowance of receivables is as follows:

	For the three-month periods ended 31 March	
	2022	2021
Beginning balance	$4,571	$6,874
Increase (reverse)in the amount for the current period	7	(2,277)
Reversed because it cannot be recovered	-	-
Ending balance	$4,578	$4,597

(4) The total book value of each financial instrument and categories for credit quality

A. Financial asset measured at fair value through other comprehensive income,Financial assets measured at amortized cost and Other receivables

Date: 31 March 2022

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	Total
Investment grade				
Financial asset measured at fair value through other comprehensive income	$169,012,489	$-	$-	$169,012,489
Financial assets measured at amortized cost	1,310,874,020	-	-	1,310,874,020
Other receivables	13,296,402	-	-	13,296,402
Non-investment grade				
Financial asset measured at fair value through other comprehensive income	3,356,501	-	7,092,382	10,448,883
Financial assets measured at amortized cost	2,870,381	-	7,948,045	10,818,426
Other receivables	46,451	-	248,971	295,422

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Date: 31 December 2021

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	Total
Investment grade				
Financial asset measured at fair value through other comprehensive income	$213,332,708	$-	$-	$213,332,708
Financial assets measured at amortized cost	1,204,481,553	2,472,225	-	1,206,953,778
Other receivables	11,663,976	20,872	-	11,684,848
Non-investment grade				
Financial asset measured at fair value through other comprehensive income	3,247,410	-	-	3,247,410
Financial assets measured at amortized cost	1,907,374	-	-	1,907,374
Other receivables	100,661	-	-	100,661

Date: 31 March 2021

	12-month ECLs	Lifetime ECLs (Credit risk has increased significantly)	Lifetime ECLs (Credit risk has been reduced)	Total
Investment grade				
Financial asset measured at fair value through other comprehensive income	$323,882,382	$-	$-	$323,882,382
Financial assets measured at amortized cost	1,119,534,095	-	-	1,119,534,095
Other receivables	12,368,106	-	-	12,368,106
Non-investment grade				
Financial asset measured at fair value through other comprehensive income	3,346,658	-	-	3,346,658
Financial assets measured at amortized cost	1,655,318	-	-	1,655,318
Other receivables	33,505	-	-	33,505

Note 1: Including those serving as refundable deposits.

Note 2: The Company is graded by referencing the rating of credit rating agencies, and its credit rating is classified as an investment grade if above BBB- , a credit rating below BBB- or no-rated are listed as a non-investment grade.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Secured loans and other receivables

Date: 31 March 2022

Credit risk rating grades	The measure of ECLs	Secured loans	Other receivables
Low credit risk	12-month ECLs	$354,381	$301
Credit risk has increased significantly	Lifetime ECL	685	3
Credit risk has been reduced	Lifetime ECL	5,984	5
Total		$361,050	$309

Date: 31 December 2021

Credit risk rating grades	The measure of ECLs	Secured loans	Other receivables
Low credit risk	12-month ECLs	$388,984	$330
Credit risk has increased significantly	Lifetime ECL	1,180	5
Credit risk has been reduced	Lifetime ECL	5,203	5
Total		$395,367	$340

Date: 31 March 2021

Credit risk rating grades	The measure of ECLs	Secured loans	Other receivables
Low credit risk	12-month ECLs	$519,901	$436
Credit risk has increased significantly	Lifetime ECL	1,919	8
Credit risk has been reduced	Lifetime ECL	6,050	6
Total		$527,870	$450

2. Liquidity risk analysis

(1) Liquidity risks are classified into “funding liquidity risk” and “market liquidity risk.” “Funding liquidity risk” represents that the Company is not able to obtain sufficient funds at a reasonable funding cost to meet the demands within reasonable time. “Market liquidity risk” represents the risk that the Company sells at loss to meet the demand for cash.

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 with symmetric. To decentralize market risk when investment and to maintain investment each aspect (such as asset category, maturity, region, currency and tools) diversification. Planning emergency financing plan in order to assess how the Company in the long term illiquid environment still regularly operate to pay emergency and major funding requirements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company regularly monitors market liquidity and formulates plans to use the funds depending on market conditions and funding demand arrangements for liquidity assets portfolio. To deal with possible liquidity risk early, the company reports duration of assets and liabilities quarterly, creates cash flow model and reviews cash flow status regularly.

(2) Financial assets held for managing liquidity risk and maturity analysis of non-derivative financial liabilities

A. Financial assets held for managing liquidity risk

The Company holds cash, highly liquid and superior assets to deal with payment obligation and the potential urgent funds needs to dispatch in the market environment. Financial assets for managing liquidity risk are cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost.

B. Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows to the Company is listed below and based on the residual term from the date of balance sheet to the maturity. The disclosed amount is in accordance with cash flows on contracts, so the partial disclosed items are not the same as related items in the balance sheet.

Non-derivative financial instruments

	In 1 year	1 to 5 years	Over 5 years	Total
2022.3.31				
Payables	$11,886,640	$64,677	$-	$11,951,317
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	142,134	403,148	3,558,323	4,103,605
2021.12.31				
Payables	$13,110,913	$58,112	$-	$13,169,025
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	137,790	405,177	3,475,404	4,018,371
2021.3.31				
Payables	$21,269,104	$37,933	$-	$21,307,037
Bonds payable	-	-	10,000,000	10,000,000
Lease liabilities	131,446	357,067	3,502,365	3,990,878

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Maturity analysis of derivative financial liabilities

The Company operates derivatives including foreign exchange derivative instruments (such as swap contracts, foreign exchange forward).

The Company has enough operating capital, including cash and cash equivalents, and highly liquid securities, such as government bonds to pay the investment and liabilities at maturity. Therefore, the risk of liquidity is extremely low. The Company enters into forward contracts and swap contracts derivative financial instruments, whose currencies are highly liquid, so the possibility of selling out and the risk of market liquidity are low. The forward contracts and swap contracts will be operated continually, and the capital is enough to pay for settlement, so the risk of capital liquidity is low.

Maturity structure of derivative financial liabilities is as follows:

	2022.3.31				
	In 90 days	91-180 days	181 days -1 year	Over 1 year	Total
Financial liabilities at fair value through profit or loss	$13,038,384	$6,430,616	$2,153,900	$-	$21,622,900

	2021.12.31				
	In 90 days	91-180 days	181 days -1 year	Over 1 year	Total
Financial liabilities at fair value through profit or loss	$587,924	$231,997	$161,097	$-	$981,018

	2021.3.31				
	In 90 days	91-180 days	181 days -1 year	Over 1 year	Total
Financial liabilities at fair value through profit or loss	$6,169,893	$712,980	$3,299,124	$-	$10,181,997

3. Market risk analysis

(1) Market risk is the risk of losses on financial assets and liabilities caused by adverse movements in market risk factors.

The Company has built Value at Risk (VaR) model. The risk management system monitors all financial assets involving market risks and calculates VaR regularly. Risk control indices are notional amount and VaR. The Company will issue risk management reports weekly and execute routine control and plan risk responses when over limit. We also report VaR, the utilization of risk limits and the results of backtesting regularly to the board of directors or risk management committee.

(2) Exchange rate risk

The Company's exchange rate risk is mainly from assets and liabilities denominated in foreign currency. Except for assets and liabilities in the same currency which can have natural hedging effect, other foreign currency positions can be effect by foreign exchange risk. The Company adopts foreign exchange swap and forward to avoid exchange rate risk, and is in accordance with relevant laws and internal control mechanism.

(3) Interest rate risk

Interest rate risk refers to the risk resulting from changes in interest rates which causes fluctuations in the fair value of financial instruments. The Company manages interest rate risk by combinations of fixed and floating interest rate products. Because they do not meet the requirements for hedge accounting, hedge accounting is not adopted.

(4) Equity price risk

The Company holds equity securities of listed and unlisted companies. The price of such equity securities will be affected by uncertainties about the future value of the underlying investment. The Company diversified its investment and set investment limits for a single equity security to manage price risk of equity securities. Portfolio information of equity securities is required to be regularly reported to senior executives of the Company. The board of directors should authorize the senior executives to review and approve all equity investment decisions.

(5) Value at Risk

Value at Risk is the maximum loss on the portfolio with a given probability defined as the confidence level, over a given period of time. The Company uses 99% VaR to measure the market risk over the next ten days.

VaR model must be able to reasonably and appropriately measure the maximum potential risk of financial instruments and investment portfolio. VaR model must be validated and backtested to show that the model can reasonably and effectively measure the maximum potential risks of the financial instruments or investment portfolio.

(6) Stress testing

The Company measures and evaluates potential risks of the occurrence of extreme and abnormal events regularly in addition to VaR model. Stress testing measures the potential impact on the value of the investment portfolio when extreme fluctuations of financial variables occur.

The Company performs stress testing regularly by using "Simple Sensitivity" and "Scenario Analysis" methods. The test is capable of representing the position loss resulted from the movement of a specific risk factor under different kinds of historical scenarios:

A. Simple Sensitivity

Simple Sensitivity measures the dollar amount change of the portfolio value from the movement of specific risk factors.

B. Scenario Analysis

Scenario Analysis measures the dollar amount changes of the total value of investment positions if stress scenarios occur. The types of scenario include:

a. Historical scenario:

Applying the volatilities of risk factors in a specific historical event, the Company can estimate the losses of the current investment portfolio in the same period of time.

b. Hypothetical scenario:

The Company makes hypothesis with rational expectations from the extreme market movements to assess the dollar amount of losses of the investment position by taking into consideration the movement of relevant risk factors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Risk management department performs the stress testing with historical and hypothetical scenarios regularly. The Company's risk analysis, early warning, and business management are in accordance with the stress testing report.

Date: 31 March 2022

Risk Factors	Changes (+/-)	Changes in income	Changes in equity
Equity risk (Stock index)	+1%	$-	$3,030,268
Interest rate risk (Yield curve)	+1BP	-	(301,233)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(1,745,211)	(1,147,838)

Summarization of Simple Sensitivity

Date: 31 December 2021

Risk Factors	Changes (+/-)	Changes in income	Changes in equity
Equity risk (Stock index)	+1%	$-	$3,109,639
Interest rate risk (Yield curve)	+1BP	-	(407,349)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(2,458,398)	(1,060,788)

Date: 31 March 2021

Risk Factors	Changes (+/-)	Changes in income	Changes in equity
Equity risk (Stock index)	+1%	$-	$3,006,006
Interest rate risk (Yield curve)	+1BP	-	(583,694)
Exchange risk (Foreign exchange rate)	+1% (NTD appreciates 1% against each foreign currency)	(2,523,495)	(941,634)

4. Interest Rate Benchmark Reform

The Company evaluates the impact on its exposure positions based on the contents of interest rate benchmark reform indicators. As of the end of March 2022, the book value of the Company's affected bonds is $27,461,233 thousand, and there are backup clauses in the public prospectus of these bonds. Therefore, when interest rate indicators no longer exist, there would still be alternative ways to continue to accrue interest. The interest rate reform has not had significant impact on the Company, and the Company will continue to pay attention to the changes and development of interest ratebenchmark reform indicators.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

X. Assets and liabilities are classified based on expected recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date:

Item	2022.3.31 Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Assets			
Cash and cash equivalents	$106,166,605	$-	$106,166,605
Receivables	26,516,127	-	26,516,127
Current tax assets	71,073	-	71,073
Financial assets at fair value through profit or loss	354,449,402	70,137,139	424,586,541
Financial assets at fair value through other comprehensive income	5,425,445	208,779,031	214,204,476
Financial assets measured at amortized cost	10,338,635	1,303,040,245	1,313,378,880
Investments accounted for using equity method	-	1,353,914	1,353,914
Investment property	-	58,269,380	58,269,380
Loans	3,678	33,450,835	33,454,513
Reinsurance assets	1,053,512	-	1,053,512
Property and equipment	-	12,313,908	12,313,908
Right of use assets	-	4,680,958	4,680,958
Intangible assets	-	296,979	296,979
Deferred tax assets	9,715,429	4,527,618	14,243,047
Other assets	14,278,385	7,816,912	22,095,297
Separate account product assets			104,711,565
Total assets	$528,018,291	$1,704,666,919	$2,337,396,775
Liabilities			
Payables	$11,886,640	$64,677	$11,951,317
Current tax liabilities	1,924,345	-	1,924,345
Financial liabilities at fair value through profit or loss	21,622,900	-	21,622,900
Bonds payable	-	10,000,000	10,000,000
Lease liabilities	76,569	1,720,828	1,797,397
Insurance liabilities	21,775,107	2,005,351,060	2,027,126,167
Foreign exchange valuation reserve	-	6,735,634	6,735,634
Provision	-	191,469	191,469
Deferred tax liabilities	69,257	1,558,642	1,627,899
Other liabilities	772,444	1,148,097	1,920,541
Separate account product liabilities			104,711,565
Total liabilities	$58,127,262	$2,026,770,407	$2,189,609,234

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
Item	Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Assets			
Cash and cash equivalents	$153,787,291	$-	$153,787,291
Receivables	17,038,235	-	17,038,235
Financial assets at fair value through profit or loss	364,711,425	70,877,402	435,588,827
Financial assets at fair value through other comprehensive income	2,342,510	278,012,834	280,355,344
Financial assets measured at amortized cost	10,317,765	1,190,993,203	1,201,310,968
Investments accounted for using equity method	-	1,017,001	1,017,001
Investment property	-	43,216,992	43,216,992
Loans	3,839	33,927,350	33,931,189
Reinsurance assets	891,059	-	891,059
Property and equipment	-	12,036,982	12,036,982
Right of use assets	-	4,699,054	4,699,054
Intangible assets	-	304,998	304,998
Deferred tax assets	12,880,302	193,731	13,074,033
Other assets	138,594	7,611,377	7,749,971
Separate account product assets			101,041,555
Total assets	$562,111,020	$1,642,890,924	$2,306,043,499
Liabilities			
Payables	$13,110,913	$58,112	$13,169,025
Current tax liabilities	1,924,345	-	1,924,345
Financial liabilities at fair value through profit or loss	981,018	-	981,018
Bonds payable	-	10,000,000	10,000,000
Lease liabilities	77,341	1,691,334	1,768,675
Insurance liabilities	21,706,428	1,966,980,461	1,988,686,889
Foreign exchange valuation reserve	-	3,351,124	3,351,124
Provision	-	199,799	199,799
Deferred tax liabilities	710,938	3,442,719	4,153,657
Other liabilities	2,526,693	1,231,007	3,757,700
Separate account product liabilities			101,041,555
Total liabilities	$41,037,676	$1,986,954,556	$2,129,033,787

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	2021.3.31 Recovery or settlement within 12 months	Recovery or settlement more than 12 months	Total
Assets			
Cash and cash equivalents	$92,140,497	$-	$92,140,497
Receivables	26,407,784	-	26,407,784
Current tax assets	526,131	-	526,131
Financial assets at fair value through profit or loss	330,457,976	64,716,305	395,174,281
Financial assets at fair value through other comprehensive income	1,682,381	395,729,439	397,411,820
Financial assets measured at amortized cost	13,230,214	1,100,802,642	1,114,032,856
Investments accounted for using equity method	-	69,652	69,652
Investment property	-	36,837,475	36,837,475
Loans	519,942	32,913,002	33,432,944
Reinsurance assets	863,787	-	863,787
Property and equipment	-	12,403,728	12,403,728
Right of use assets	-	6,013,101	6,013,101
Intangible assets	-	261,780	261,780
Deferred tax assets	10,336,298	183,811	10,520,109
Other assets	5,840,476	7,383,599	13,224,075
Separate account product assets			88,203,699
Total assets	$482,005,486	$1,657,314,534	$2,227,523,719
Liabilities			
Payables	$21,269,104	$37,933	$21,307,037
Current tax liabilities	3,994,388	-	3,994,388
Financial liabilities at fair value through profit or loss	10,181,997	-	10,181,997
Bonds payable	-	10,000,000	10,000,000
Lease liabilities	78,462	1,654,933	1,733,395
Insurance liabilities	35,520,076	1,888,401,482	1,923,921,558
Foreign exchange valuation reserve	-	3,893,775	3,893,775
Provision	-	193,993	193,993
Deferred tax liabilities	-	3,047,264	3,047,264
Other liabilities	791,677	1,055,414	1,847,091
Separate account product liabilities			88,203,699
Total liabilities	$71,835,704	$1,908,284,794	$2,068,324,197

XI. Capital management

The Company's main objective of capital management is to make sure the risk-based capital (RBC) ratio and the company's equity divided by total assets excluding the separate accounts product assets calculated in accordance with "Regulations Governing Capital Adequacy of Insurance Companies" meets the ratio provided by the Insurance Act, to maintain a sound capital structure to protect rights and interests of customers and shareholders.

The Company implements capital management mainly by monitoring the results of RBC report to ensure its solvency.

XII. Related party transaction

Information of the related parties that had transactions with the company during the financial reporting period is as follows:

1. Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
China Development Financial Holding Corp. (CDF)	Parent company/Juristic-person director of the Company (Parent company)
Tai li Investment Co., Ltd.	Juristic-person director of the Company (Other related party) (Note 1)
Shenhe Energy Co., Ltd.	Associate of the Company
Fu Bao Yi Hao Energy CO., Ltd.	Associate of the Company
Taipan Solar Co., Ltd	Associate of the Company
Ju Xin Energy CO., Ltd.	Associate of the Company
CDIB Capital Group	Brother company (Other related party)
KGI Securities Co., Ltd.	Brother company (Other related party)
China Development Asset Management Corp.	Brother company (Other related party)
KGI Bank	Brother company (Other related party)
CDIB Capital Management Inc.	Equity method investee of subsidiary of parent company (Other related party)
CDIB & Partners Investment Holding Corporation	Equity method investee of subsidiary of parent company (Other related party)
CDIB Innovation Advisors Corporation Limited	Equity method investee of subsidiary of parent company (Other related party)
CDIB Capital Growth Partners L.P.	Equity method investee of subsidiary of parent company (Other related party)
CDIB Capital Healthcare Ventures II Limited Partnership	Equity method investee of subsidiary of parent company (Other related party)

Name of the related parties	Nature of relationship of the related parties
CDIB Management Consulting Corporation	Equity method investee of subsidiary of parent company (Other related party)
CDIB CME Fund Ltd.	Equity method investee of subsidiary of parent company (Other related party)
KGI Venture Capital Co., Ltd.	Equity method investee of subsidiary of parent company (Other related party)
CDIB Biomedical Venture Capital Corporation	Equity method investee of subsidiary of parent company (Other related party)
KGI Securities Investment Trust Co., Ltd.	Equity method investee of subsidiary of parent company (Other related party)
Funds managed by KGI Securities Investment Trust Co., Ltd	Funds and designated accounts managed by Equity method investee of subsidiary of parent company (Other related party)
KGI Insurance Brokers Co., Ltd.	Equity method investee of subsidiary of parent company (Other related party)
KGI Futures Co., Ltd.	Equity method investee of subsidiary of parent company (Other related party)
CDC Finance & Leasing Corp.	Equity method investee of subsidiary of parent company (Other related party)
KGI Securities Investment Advisory Co., Ltd.	Equity method investee of subsidiary of parent company (Other related party)
CDIB Capital Asia Partners L.P.	Equity method investee of subsidiary of parent company (Other related party)
CDIB Capital International Corporation	Equity method investee of subsidiary of parent company (Other related party)
CDIB Capital Global Opportunities Fund L.P.	Equity method investee of subsidiary of parent company (Other related party)
China Development Foundation	Substantial related party
China Life Insurance Employee Welfare Committee	Substantial related party
GPPC Development Corporation.	Equity method investee of subsidiary of parent company (Other related party)
GPPC Chemical Corporation	Juristic-person director of parent company (Other related party)
Others	Directors, the key management personnel with their spouse, the relationship within second degree by consanguinity and CDF's affiliates or substantial related parties (Other related party) (Note 2)

Note 1: Taili Investment Co., Ltd. is no longer related parties of the Company from 31 December 2021.

Note 2: Related parties such as parent company, brother company, equity method investee of subsidiary of parent company, juristic-person directors of parent company become related parties of the Company as the result of the tender offer by CDF.

2. Significant transactions with the related parties are as follows:

(1) Cash in banks

Name	2022.3.31	2021.12.31	2021.3.31
Other related parties	$843,684	$913,551	$1,372,895

(2) Receivables

Name	2022.3.31	2021.12.31	2021.3.31
Other receivables:			
Parent company	$55,258	$55,732	$18,716
KGI Bank	800,619	1,776,237	1,159,790
Other related parties	1,063,364	123,394	448,991
Total	$1,919,241	$1,955,363	$1,627,497

(3) Derivative financial instruments

Name	Contract type	Period	Notional Amount (In thousands of USD dollars)	Balance Sheets (2022.3.31) Items	Balance
Other related parties	Swap contracts	2021/8/16~ 2022/9/6	USD645,000	financial liability at fair value through profit or loss	$(452,258)

Name	Contract type	Period	Notional Amount (In thousands of USD dollars)	Balance Sheets (2021.12.31) Items	Balance
Other related parties	Swap contracts	2021/8/16~ 2022/9/6	USD645,000	financial assets at fair value through profit or loss	$58,900

Name	Contract type	Period	Notional Amount (In thousands of USD dollars)	Balance Sheets (2021.3.31) Items	Balance
Other related parties	Swap contracts	2020/4/9~ 2021/4/13	USD 40,000	financial assets at fair value through profit or loss	$51,313
Other related parties	Swap contracts	2021/1/11~ 2022/6/28	USD 655,000	financial liabilities at fair value through profit or loss	$(320,851)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Financial assets at fair value through profit and loss

Name	2022.3.31	2021.12.31	2021.3.31
Stocks:			
Other related parties	$560,802	$509,528	$290,285
Beneficiary certificates:			
Other related parties	766,009	726,224	795,287
Total	$1,326,811	$1,235,752	$1,085,572

(5) Financial assets at fair value through other comprehensive income

Name	2022.3.31	2021.12.31	2021.3.31
Stocks:			
Parent company	$-	$-	$1,405,029
Other related parties	172,736	178,381	178,370
Total	$172,736	$178,381	$1,583,399

(6) Investment balance appointed to parties' discretionary investment

Name	2022.3.31	2021.12.31	2021.3.31
KGI Securities Investment Trust Co., Ltd.	$-	$-	$2,089,150

(7) Details of the fund balance issued by relationships are as follows

Name	2022.3.31	2021.12.31	2021.3.31
Other related parties	$4,423,055	$6,704,200	$6,572,180

(8) Policy loans

Name	2022.3.31	2021.12.31	2021.3.31
Other related parties	$6,719	$5,451	$10,385

(9) The company entrusted the parent company to collect and transfer the prepayment for equipment to non-related parties. As of 31 March 2022, the transaction amount of the prepayment for equipment was $21,554 thousand. As of 31 December 2021 and 31 March 2021, there was no payable arising from the aforementioned transaction.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Payables

Name	2022.3.31	2021.12.31	2021.3.31
Commissions payable:			
Other related parties	$42,766	$33,658	$16,878
Other payables:			
Other related parties	47,867	176,676	46,622
Total	$90,633	$210,334	$63,500

(11) Bonds payable

Name	2022.3.31	2021.12.31	2021.3.31
KGI Securities Co., Ltd.	$4,850,000	$4,850,000	$4,850,000

The Company appointed KGI Securities Co., Ltd. as the underwriting agency for the Company's first issue of 2020 perpetual cumulative subordinated corporate bonds, and KGI Securities Co., Ltd. obtained the denomination of the corporate bonds in the amount of $10,000,000 thousand on 28 December, 2020. As of 31 March 2022, 31 December 2021 and 31 March 2021, KGI Securities Co., Ltd. held a total face value of $4,850,000 thousand, $4,850,000 thousand and $4,850,000 thousand of corporate bonds issued by the Company, and the interest payable generated amounted to $33,724 thousand, $1,435 thousand and $33,724 thousand. The interest expenses in the above transactions attributable to KGI Securities Co., Ltd. amounted to $32,289 thousand and $32,289 thousand, for the three-month periods ended 31 March 2022 and 31 March 2021, respectively.

(12) Other liabilities

Name	2022.3.31	2021.12.31	2021.3.31
Other related parties	$968	$5,369	$-

(13) Guarantee deposits received

Name	2022.3.31	2021.12.31	2021.3.31
Parent company	$19,574	$19,524	$19,524
Other related parties	62,195	62,194	62,194
Total	$81,769	$81,718	$81,718

(14) Premium income

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name	For the three-month periods ended 31 March	
	2022	2021
Parent company	$-	$552
Other related parties	71,770	50,514
Total	$71,770	$51,066

(15) Fee income

Name	For the three-month periods ended 31 March	
	2022	2021
KGI Securities Investment Trust Co., Ltd	$4,434	$4,907

(16) Financial assets and liabilities measured at fair value through profit or loss -dividend income

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$75,185	$90,530

(17) Gains on Investment property - rental income

Name	For the three-month periods ended 31 March	
	2022	2021
China Development Financial Holding Corp. (CDF)	$19,794	$18,754
KGI Bank	40,566	39,794
Other related parties	37,180	20,358
Total	$97,540	$78,906

According to contracts, leasing periods are generally 3 to 20 years, and rentals are usually paid on a monthly basis.

(18) Insurance claim payments

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$756	$893

(19) Commission expenses

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$123,954	$38,811

(20) Professional service fees (recognized in operating expenses)

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$6,444	$8,529

(21) Handling fees (recognized in net investment incomes (losses) or in adjustment for investment cost)

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$28,886	$32,935

Other handling fees (recognized in operating expenses)

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$6,852	$5,995

(22) Finance costs

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name	For the three-month periods ended 31 March	
	2022	2021
KGI Securities Co., Ltd.	$32,291	$32,291
Other related parties	157	156
Total	$32,448	$32,447

(23) Non-operating income and expenses

Name	For the three-month periods ended 31 March	
	2022	2021
Other related parties	$294	$289

The abovementioned transaction terms with related parities do not differ from that with non-related parties.

3. Key management personnel remuneration

Item	For the three-month periods ended 31 March	
	2022	2021
Short-term employee benefits	$206,455	$149,089
Post-employment benefits	1,677	1,491
Share-based payment	19,543	-
Total	$227,675	$150,580

XIII. Pledged assets

Details of pledged and guaranteed assets are as follows:

Item	2022.3.31	2021.12.31	2021.3.31
Government bonds (recognized as refundable deposits)	$7,401,908	$7,402,206	$7,092,199
Cash in bank (recognized as refundable deposits)	14,226,851	36,828	5,770,965
Total	$21,628,759	$7,439,034	$12,863,164

XIV. Commitment and Contingencies

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Investment commitment not yet contributed

   As of 31 March 2022, among the investment contracts signed, the upper limit of the amount not yet contributed were NTD1,501,551 thousand, USD732,048 thousand and EUR75,644 thousand.

2. On 16 December 2016, the Company signed the contract with CHUNG-LU Construction Co., Ltd. for the construction of Taipei Academy. On 1 March 2017 and April 12 2021 , the Company signed the first and second contract amendment protocol, amending the total amount of contract to be $5,738,173 thousand. As of 31 March 2022, the actual accumulated payment of construction is $5,721,586 thousand after deducting 5% of construction reserve, leaving $16,587 thousand unpaid.

XV. Significant disaster damages

None.

XVI. Significant subsequent events

None.

XVII. Other matters

1. Foreign currency financial assets and liabilities with significant influence as of 31 March 2022, 31 December 2021, and 31 March 2021 are as follows:

	2022.3.31		
	Foreign currency	Exchange rate (in dollar)	NTD
Financial assets			
Monetary items			
USD	$43,505,456	28.6220	$1,245,213,175
AUD	5,040,094	21.4178	107,947,725
Non-monetary items			
USD	3,326,426	28.6220	95,208,970
Financial Liabilities			
Monetary items			
USD	10,116	28.6220	289,531

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2021.12.31		
	Foreign currency	Exchange rate (in dollar)	NTD
Financial assets			
Monetary items			
USD	$43,195,379	27.6900	$1,196,080,037
AUD	5,204,421	20.0891	104,552,135
Non-monetary items			
USD	3,237,451	27.6900	89,645,006
Financial Liabilities			
Monetary items			
USD	66,234	27.6900	1,834,010

	2021.3.31		
	Foreign currency	Exchange rate (in dollar)	NTD
Financial assets			
Monetary items			
USD	$42,165,217	28.5310	$1,203,015,820
AUD	4,571,331	21.7092	99,239,941
Non-monetary items			
USD	2,582,151	28.5310	73,671,339
Financial Liabilities			
Monetary items			
USD	206,803	28.5310	5,900,295

The above information is disclosed based on the carrying amount of the foreign currencies, which has been translated to the functional currency.

2. Participation of unconsolidated structured entities

As of 31 March 2022, 31 December 2021 and 31 March 2021, interests in unconsolidated structured entities the Company holds are as follows. The Company does not provide any financial or other support for these structured entities. The estimated maximum exposure amount is the interests the Company holds.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Date: 31 March 2022

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	$25,318,268	$5,488,094	$30,806,362
Financial assets measured at amortized cost	-	6,312,334	6,312,334
The maximum exposure amount	25,318,268	11,800,428	37,118,696
Financial or other support provided	None	None	

Date: 31 December 2021

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	$19,028,820	$4,587,146	$23,615,966
Financial assets measured at amortized cost	-	6,321,505	6,321,505
The maximum exposure amount	19,028,820	10,908,651	29,937,471
Financial or other support provided	None	None	

Date: 31 March 2021

	Private Equity Fund	Asset Securitization Product	Total
Assets held by the Company			
Financial assets at fair value through profit and loss	$9,726,414	$5,804,024	$15,530,438
Financial assets measured at amortized cost	-	10,719,671	10,719,671
The maximum exposure amount	9,726,414	16,523,695	26,250,109
Financial or other support provided	None	None	

3. Discretionary account management

(1) The Company contracts with securities investment trust business for discretionary investments management. The investment details are disclosed as follows:

	2022.3.31		2021.12.31		2021.3.31	
Items	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Domestic listed stocks	$-	$-	$-	$-	$1,889,150	$1,889,150
Cash and cash equivalents	1,041,225	1,041,225	733,041	733,041	3,317,819	3,317,819
Overseas listed stocks	7,568,990	7,568,990	8,173,323	8,173,323	3,563,986	3,563,986
Total	$8,610,215	$8,610,215	$8,906,364	$8,906,364	$8,770,955	$8,770,955

(2) As of 31 March 2022, the discretionary investments limits were USD 245,954 thousand and CNY 500,000 thousand ; As of 31 December 2021, the discretionary investments limits were USD 226,831 thousand and CNY 500,000 thousand ; As of 31 March 2021, the discretionary investments limits were USD 126,831 thousand, CNY 500,000 thousand and NTD 2,000,000 thousand.

4. When the insurance enterprise is a subsidiary of a financial holding company, manner of revenue, cost, expense and profit (loss) sharing between the insurance enterprise and the financial holding company and other subsidiaries in terms of business or trading activities, joint business promotions, sharing of information, and sharing of facilities or premises.

5. As of 31 March 2022, 31 December 2021 and 31 March 2021, the Company's equity divided by total assets excluding the separate accounts product assets was 6.62%, 8.03% and 7.44%.

6. The Company had taken the economic influence caused by Covid-19 epidemic into significant accounting estimation considerations when preparing financial statements. After careful assessment, the Company concluded that the epidemic had no material impact on the financial condition of the Company, its ability to operate as a going concern, and impairment of assets for the three-month period ended 31 March 2022.

7. In the first quarter of 2022, due to the outbreak of war between Russia and Ukraine, the Company has taken into account the relevant impact and had recognized appropriate provision for impairment when preparing the financial report. In the future, the Company will closely monitor the situation in Russia and Ukraine, and review the possible impacts on the Company's investment positions.

XVIII.Additional disclosure

1. Information on significant transactions:

(1) Acquisition of real estate reaching NT$100 million or 20% of paid-in capital or more: please refer to Table 1.

(2) Disposal of real estate reaching NT$100 million or 20% of paid-in capital or more: None.

(3) Transactions with related parties involving main business items reaching NT$100 million or 20% of paid-in capital or more: please refer to Note XII.

(4) Accounts receivable from related parties reaching NT$100 million or 20% of paid-in or more: please refer to Table 2.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Trading in derivative instruments:

As of 31 March 2022, 31 December 2021 and 31 March 2021, the amount (notional amount) that the Company engaged in the contract of derivative instruments transactions is as follows: (Unit: US dollar in thousand)

A. Type of derivative instrument held:

	2022.3.31	2021.12.31	2021.3.31
Swap and forward exchange contracts	$29,487,255	$27,634,984	$29,036,373

2. Information about reinvestment businesses in non-mainland China areas:

(1) Information on investee company that the Company exercises significant influence over:

Investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of 31 March, 2022			Investee Company's profit or loss for the period	Recognized investment gain or loss for the period	Note
				31 March, 2022	31 December, 2021	Shares	Percentage of ownership (%)	Carrying Amount			
The Company	Shenhe Energy Co., LTD	Taiwan	self-usage power generation equipment utilizing renewable energy industry	$199,000	$199,000	19,900,000	19.90%	$193,407	$(10,492)	$(2,157)	Investment Accounted for Using Equity Method
The Company	Fu Bao Yi Hao Energy CO., LTD.	Taiwan	self-usage power generation equipment utilizing renewable energy industry	500,000	377,778	50,000,000	39.68%	494,380	(8,824)	1,964	Investment Accounted for Using Equity Method
The Company	Taipan Solar Co., LTD	Taiwan	self-usage power generation equipment utilizing renewable energy industry	451,500	451,500	45,150,000	30.00%	450,127	(3,720)	(1,116)	Investment Accounted for Using Equity Method
The Company	Ju Xin Energy Co., LTD	Taiwan	Energy technology service industry	216,000	-	21,600,000	31.58%	216,000	-	-	Investment Accounted for Using Equity Method

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) If the Company directly or indirectly exercises significant influence over the investee, it shall disclose information on significant transaction with the investee:

1) Loans made to others: Please refer to Table 3.
2) Endorsements/ guarantees for others: Please refer to Table 4.
3) Securities held at the end of the period:

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statements Accounts	31 March, 2022			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
	Stocks						
Shenhe Energy Co., LTD	Dehe Energy Co., Ltd.	Parent and subsidiary	Investment Accounted for Using Equity Method	970,840	$942,879	100%	(Note)
〃	Dehe 1 Energy Co., Ltd.	〃	〃	948,000	10,432	100%	(Note)
〃	Dehe 2 Energy Co., Ltd.	〃	〃	$12,370 thousand (Capital contribution amount)	11,999	100%	(Note)
Fu Bao Yi Hao Energy CO., LTD.	Enfinite Capital Taiwan Solar I Co. Ltd.	Parent and subsidiary	Investment Accounted for Using Equity Method	126,000,000	1,463,057	70%	(Note)
Taipan Solar Co., LTD.	Crimson Solar Co., Ltd.	Investments in Associates	Investment Accounted for Using Equity Method	69,267,480	1,311,924	24%	(Note)
Ju Xin Energy Co., LTD	Xin Xin Energy Co., LTD	Parent and subsidiary	Investment Accounted for Using Equity Method	68,400,000	684,000	100%	(Note)

Note1: Investment adopting the equity method does not need to disclose the fair value.

Note2: Unaudited by the CPA.

4) Transactions where the aggregate purchases or sales of the same security reaching NT$100 million or 20% of paid-in capital or more: Please refer to Table 5.
5) Acquisition of real estate reaching NT$100 million or 20% of paid-in capital or more: None.
6) Disposal of real estate reaching NT$100 million or 20% of paid-in capital or more: None.
7) Transactions with related parties involving main business items reaching NT$100 million or 20% of paid-in capital or more: None.
8) Accounts receivable from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9) Trading in derivative instruments: None.

3. Information regarding investment in Mainland China

(1) The Company set up China Life Insurance Co., Ltd. (Taiwan) Beijing Representative Office in Mainland China, which was approved by FSC on November 2004 and was approved by the China Insurance Regulatory Commission in July 2005. The Beijing representative office was officially established in August 2005.

(2) The Company participated in the equity investment of Pacific-Antna Life Insurance Company Ltd. in Mainland China authorized by FSC on 30 December 2010, and by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) on 28 January 2011, and by the China Insurance Regulatory Commission on 6 April 2011.The Company remitted US$58,775 thousand on 24 June 2011, completed settlement on 29 June 2011 and obtained 19.9% ownership. The Company shared 100% equity of Pacific-Antna Life Insurance Company Ltd. with China Construction Bank and other financial investors and used the channel and customer resources of China Construction Bank to develop bank insurance business which is to ensure the Company successfully enters the mainland market and increases the Company’s long-term value and shareholders’ interests. Pacific-Antna Life Insurance Company Ltd. was renamed to CCB Life Insurance Company Ltd. authorized by the China Insurance Regulatory Commission on 7 June 2011. And CCB Life Insurance Company Ltd. made an announcement to change into a company limited by shares from a limited company on 20 December 2016.

The Investment Commission of the Ministry of Economic Affairs (MOEAIC) authorized the Company to increase capital of US$216,000 thousand CCB Life Insurance Company Ltd. on 29 August 2011 and to remit US$11,844 thousand on 30 August 2011. The increased share capital case was approved by China Insurance Regulatory Commission on 28 September 2011 and by Shanghai Administration for Industry and Commerce on 13 December 2011. Moreover, the Company remitted US$179,070 thousand to increase share capital in June 2012, and this increased share capital case was approved by China Insurance Regulatory Commission on 27 July 2012 and by Shanghai Administration for Industry and Commerce on 5 November 2012. MOEAIC authorized the Company to revoke the approved case on 29 August 2011 of US$25,086 thousand not implemented on 2 October 2017.

On 29 December 2016, the Board has resolved to participate CCB Life Insurance Co., Ltd.’s capital raising plan in exact proportion to its current shareholding. The MOEAIC approved the Company’s plan to increase capital investment in CCB Life Insurance Company Ltd. on 29 March 2017 and the Company remitted RMB$1,194,000 thousand in April 2019. The capital raising plan was approved by the China Insurance Regulatory Commission on 21 July 2020 and the Shanghai Administration for Industry and Commerce as of 28 October 2020.

(3) Information on the investee company, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to Table 6.

4. Information of 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

XIX. Operating segment information

1. Information on products and services

The Company engaged in life insurance business in accordance with Insurance Act. According to IFRS 8 “Operating Segments”, the Company offers only insurance contract products. The operating executives assign resources on a basis of entire company, therefore the entire company is a single operating segment.

2. Information on the geographical areas in which the business operates

The Company does not have foreign operating segment, therefore no information shall be disclosed.

3. Information on major customer

The Company does not have any one customer whose revenue constitute 10% or more on the income statement, therefore no information shall be disclosed.

China Life Insurance Co., Ltd.
Notes to financial statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Table 1:Acquisition of real estate reaching NT$100 million or 20 percent of paid-in capital or more

Acquiring Company	Name of Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on previous transaction, if Counterparty is a Related Party				Pricing Determination Reference	Purpose of Acquisition	Others
							Owner	Relationship	Transaction Date	Amount			
The Company	5F, 5F-1, 5F-2, 16F, 16F-1, 16F-2 and 19-24F., No. 76, Sec. 2, Dunhua S. Rd., Daan Dist., Taipei City with 38 parkinglots at ground floor and basement 1.	25 January 2022	$3,199,990	Paid in accordance with contact	Anhung Co., Ltd.	None	-	-	-	-	Valuation reports (Note 1)	Implementation of real estate investment	None
The Company	1-3F, No. 400, No. 406, No.408, and 4-38F, No. 402, Shizheng Rd., Xitun Dist., Taichung City with 616 parkinglots at basement.	25 January 2022	$12,050,000	Paid in accordance with contact	Land：Wang Sen-Sen Building：Fong Yi Construction Co., Ltd.	None	-	-	-	-	Valuation reports (Note 2)	Implementation of real estate investment	None

Note 1：Amount include taxes. Valuation report is aquired from Home Ban Appraisers Joint Firm and Repro International Appraisers for transaction price.
Note 2：Amount include taxes. Valuation report is aquired from Gao Yuan Appraisers Joint Firm and Cushman & Wakefield Appraisers Firm for transaction price.

China Life Insurance Co., Ltd.

Notes to financial statements (continued)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Table 2:Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover rate	Overdue		Amounts Received in Subsequent Period	Allowance for impairment loss
					Amount	Action Taken		
The Company	KGI Bank	Brother company	Other receivables $687,942	Note 1	$-	$-	$687,942	$-
			Other receivables $112,677	Note 2	-	-	643	-
	KGI Securities Co, Ltd.	Brother company	Other receivables $977,620	Note 3	-	-	977,620	-

Note 1: No turnover rate is available as the receivables were caused by Automated Clearing House (ACH).

Note 2: No turnover rate is available as the receivables were caused by the rent receivable of the leased office. It is the rental income recognized on a straight-line basis in accordance with the contract period (including the rent-free period).

Note 3: No turnover rate is available as the receivables were caused by sale of securities.

Table 3: Loans made to others

Lender	Lendee	Account	Related party	Maximum amount for the current period	Ending Balance	Actual using amount	Interest rate	Nature of loan	Amount of business	Reasons for the necessity of short-term financing	Recognized provision	Collateral		Loan limit for individual	Loan limit
												Name	Value		
Taipan Solar Co., LTD.	Crimson Solar Co., Ltd.	Long-term receivables - related party	Yes	$121,262	$121,262	$121,262	Three months TAIBOR+0.7%	Necessary for short-term financing	-	Operating	-	-	-	$601,459	$601,459

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Table 4:The reinvestment business provided Endorsements/Guarantees for others

Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Fuaranteed Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Equity per Latest Financial Statements (Note 2)	Maximum Endorsement/ Guarantee Limit	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
	Name	Nature of Relationship										
Shenhe Energy Co., Ltd.	Dehe Energy Co., Ltd.	Parent and Subsidiary	None	$3,178,600	$3,178,600	$788,413	$-	327%	None	Yes	No	No
Shenhe Energy Co., Ltd.	Dehe 1 Energy Co., Ltd.	Parent and Subsidiary	None	160,000	160,000	18,959	-	16%	None	Yes	No	No
Shenhe Energy Co., Ltd.	Dehe 2 Energy Co., Ltd.	Parent and Subsidiary	None	197,200	197,200	21,496	-	20%	None	Yes	No	No
Fu Bao Yi Hao Energy Co., Ltd.	Enfinite Capital Taiwan Solar Co., Ltd.	Parent and Subsidiary	None	6,222,000	6,222,000	1,584,400	-	497%	None	Yes	No	No

Note 1: For the endorsement guarantee provided by Shenhe Energy Co., Ltd., $2,000,000 thousand is provided by the bank to Dehe Energy Co., Ltd., Dehe 1 Energy Co., Ltd. and Dehe 2 Energy Co., Ltd. as shared quota.
Note 2: Investee Company's net value of the most recent financial statement is the book balance of the investee company, unaudited by the CPA.

China Life Insurance Co., Ltd.
Notes to financial statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Table 5:Transactions where the aggregate purchases or sales of the same security reaching NT$100 million or 20% of paid-in capital or more

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Currency	Beginning Balance		Acquisition		Disposal				Ending Balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount (Note3)
Fu Bao Yi Hao Energy CO., LTD.	Enfinite Capital Taiwan Solar Co. Ltd.	Investments accounted for using equity method	(Note 1)	(Note 1)	NTD	95,200,000	$1,145,386	30,800,000	$308,000	-	$-	$-	$-	126,000,000	$1,463,057
Ju Xin Energy Co., LTD	Xin Xin Energy Co., LTD	Investments accounted for using equity method	(Note 2)	(Note 2)	NTD	-	-	68,400,000	684,000	-	-	-	-	68,400,000	684,000

Note 1：Participated in the cash capital increase of Enfinite Capital Taiwan Solar Co. Ltd..

Note 2：Including the acquisition of 750,000 shares from the unrelated party You Ben-can, the acquisition of 550,000 shares from the related party Ju Sheng Energy Co., LTD and the participation in the cash capital increase of 67,100,000 shares of Xin Xin Energy Energy Co., LTD, each priced at $10.

Note 3：Investments using the equity method include investment gains and losses recognized under the equity method.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Table 6: Information on Investment in Mainland China

Investee Company	Principal Business Activities	Paid-in Capital	Method of investment	Accmulated outward remittance from Taiwan for investment purpose at the beginning of the priod	Inward or outward remmitance for investment purpose for the priod		Accmulated outward remittance from Taiwan for investment purpose at the end of the priod	Investee Company's profit or loss for the period	Shareholding ratio of direct or inderct investment by the Company	Recognized investment gain or loss for the period	Carrying amount of the investment at the end of the period	Accumulated repatriated investment gains up to the period
					Outward	Inward						
CCB Life Insurance Ltd (Note1)	Life Insuracne	$32,212,967 (CNY 7,120,461thousand)	Direct investment in Mainland China	$12,880,969	$-	$-	$12,880,969	$760,608 (Note 3)	19.90%	$-	$13,062,813 (Note 2)	$148,983 (Note 4)

Accmulated outward remittance from Taiwan for investment in Mainland China at the end of the priod	Approved amount of investment in the Mainland China promulgated by the Investment Commission, Ministry of Economic Affairs	Limit on the amount of investment in the Mainland China promulgated by the Investment Commission, Ministry of Economic Affairs
$12,880,969	$12,880,969	$88,672,525

Note 1: The investee company was originally named as Pacific-Antna Life Insurance Company Ltd. On 7 June 2011, the investee company was approved to change the name to CCB Life Insurance Ltd. by China Insurance Regulatory Commission.

On 20 December 2016, the investee company announced to restructure as incorporation.

Note 2: The Company classified the investment in the financial assets at fair value through other comprehensive income. The ending carring amount includes unrealized gains or losses.

Note 3: Investee Company's profit or loss for the period is the book balance of the investee company, unaudited by the CPA.

Note 4: Accumulated cash dividends distributed in previous years. The investment profit of $80,404 thousand last year have not been repatriated and are recognized as dividends receivable.