

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 41,682,331	\$ 126,081,388
Adjustments for:		
Depreciation expense	1,620,985	1,366,310
Amortization expense	2,382,435	2,655,445
Loss (gain) on financial assets and liabilities at fair value through profit or loss	466,406,599	(121,728,129)
Realized loss (gain) on financial assets at fair value through other comprehensive income	4,838,612	(24,399,829)
Gain on derecognition of financial assets measured at amortized cost	(10,493,286)	(38,060,685)
Finance costs	3,939,923	3,240,055
Interest income	(179,315,471)	(157,777,570)
Dividend income	(25,514,124)	(20,252,638)
Net changes in insurance liabilities	337,471,189	332,029,156
Net changes in reserve for insurance contracts with the nature of financial products	3,306,681	1,457,280
Net changes in reserve for foreign exchange valuation	40,449,731	(5,767,139)
Expected credit loss (reversal of expected credit loss) on investments	3,931,883	(1,627,302)
Expected credit loss of non-investments	27,032	24,773
Share of profit of associates accounted for using the equity method	(2,180,141)	(1,712,701)
Gain on reclassification using overlay approach	(252,818,402)	(39,802,554)
(Gain) loss on disposal and retirement of property and equipment	(11,370)	3,984
Gain on disposal of investment property	(69)	-
Gain on disposal of investments accounted for using the equity method	(358,539)	(167,748)
Gain on changes in fair value of investment property	(1,911,295)	(1,118,188)
Compensation costs of share-based payments	433,900	-
Net changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	106,891,331	(42,410,453)
Increase in financial assets at fair value through other comprehensive income	(303,645,769)	(130,368,058)
(Increase) decrease in financial assets measured at amortized cost	(234,672,170)	3,822,447
Decrease (increase) in financial assets for hedging	1,208,290	(157,643)
(Increase) decrease in notes receivable	(79,440)	27,742
(Increase) decrease in other receivables	(3,958,974)	4,361,556
Decrease in prepaid expenses and other prepayments	72,996	629,503
Increase in guarantee deposits paid	(28,465,090)	(431,146)
Decrease (increase) in reinsurance assets	167,582	(210,652)
Decrease in other assets	197,329	30,405
Decrease in financial liabilities at fair value through profit or loss	(316,688,841)	(68,011,438)
Increase (decrease) in financial liabilities for hedging	3,719,654	(328,623)
Increase (decrease) in notes payable	285,330	(209,845)
(Decrease) increase in claims payable	(8,758)	86,066

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other payables	\$ (1,641,452)	\$ (1,477,485)
Increase in due to reinsurers and ceding companies	69,683	145,875
(Decrease) increase in commissions payable	(320,140)	431,874
Increase in advance receipts	89,391	14,885
Decrease in guarantee deposits received	(6,480,245)	(3,953,792)
Decrease in deferred fee income	(532)	(2,151)
Decrease in other liabilities	<u>(3,200,885)</u>	<u>(446,245)</u>
Cash used in operations	(352,572,106)	(184,013,270)
Interest received	173,208,368	156,732,779
Dividends received	26,394,740	21,117,805
Interest paid	(3,197,078)	(3,083,987)
Income tax paid	<u>(6,375,301)</u>	<u>(25,627,232)</u>
Net cash used in operating activities	<u>(162,541,377)</u>	<u>(34,873,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(2,308,500)	(414,500)
Proceeds from disposal of investments accounted for using the equity method	595,743	307,166
Proceeds from return of capital on reduction of investments accounted for using the equity method	170,887	382,739
Acquisition of subsidiaries (net of cash acquired)	(415,958)	-
Acquisition of property and equipment	(2,257,603)	(1,421,449)
Proceeds from disposal of property and equipment	193,102	61
Acquisition of intangible assets	(282,633)	(306,787)
Proceeds from disposal of intangible assets	40,988	-
Decrease (increase) in loans	30,212,489	(611,339)
Acquisition of investment property	(8,201,702)	(11,576,015)
Proceeds from disposal of investment property	<u>91</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>17,746,904</u>	<u>(13,640,124)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(848,984)	(718,059)
Decrease in other financial liabilities	(318,367)	-
Proceeds from issuance of ordinary shares	35,000,000	-
Cash dividends paid	(22,445,733)	-
Acquisition of additional interests in subsidiaries	(911,234)	(605,519)
Changes in non-controlling interests	<u>(653,053)</u>	<u>(205,233)</u>
Net cash generated from (used in) financing activities	<u>9,822,629</u>	<u>(1,528,811)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(1,145,283)</u>	<u>678,008</u>

(Continued)

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$(136,117,127)	\$ (49,364,832)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>465,755,469</u>	<u>515,120,301</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 329,638,342</u>	<u>\$ 465,755,469</u>

(Concluded)