

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 18,891,053	\$ 41,682,331
Adjustments for:		
Depreciation expenses	2,365,958	1,620,985
Amortization expenses	2,428,751	2,382,435
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(106,859,204)	466,406,599
Realized (gain) loss on financial assets at fair value through other comprehensive income	(57,428)	4,838,612
Gain on derecognition of financial assets measured at amortized cost	(3,094,909)	(10,493,286)
Finance costs	4,958,528	3,939,923
Interest income	(196,876,566)	(179,315,471)
Dividend income	(20,421,385)	(25,514,124)
Net changes in insurance liabilities	148,490,976	337,471,189
Net changes in reserve for insurance contracts with the nature of financial products	5,028,730	3,306,681
Net changes in reserve for foreign exchange valuation	(28,730,131)	40,449,731
Expected credit loss on investments	926,121	3,931,883
(Reversal of) expected credit loss on non-investments	(12,003)	27,032
Share of profit of associates accounted for using the equity method	(2,092,756)	(2,180,141)
Loss (gain) on reclassification using overlay approach	118,647,734	(252,818,402)
Gain on disposal and retirement of property and equipment	(4,656)	(11,370)
Gain on disposal of subsidiary	(398)	-
Gain on disposal of investment property	(10,598)	(69)
Loss (gain) on disposal of investments accounted for using the equity method	280,823	(358,539)
Loss (gain) on changes in fair value of investment property	227,669	(1,911,295)
Compensation costs of share-based payments	5,914	433,900
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	72,709,620	106,891,331
Increase in financial assets at fair value through other comprehensive income	(88,967,683)	(303,645,769)
Increase in financial assets measured at amortized cost	(54,340,325)	(234,672,170)
(Increase) decrease in financial assets for hedging	(508,973)	1,208,290
Decrease (increase) in notes receivable	5,794	(79,440)
Increase in other receivables	(14,228,670)	(3,958,974)
(Increase) decrease in prepaid expenses and other prepayments	(193,640)	72,996
Decrease (increase) in guarantee deposits paid	27,186,981	(28,465,090)
Decrease in reinsurance assets	56,681	167,582
(Increase) decrease in other assets	(3,106,400)	197,329
Decrease in financial liabilities at fair value through profit or loss	(247,037,215)	(316,688,841)
(Decrease) increase in financial liabilities for hedging	(1,690,367)	3,719,654
Increase in notes payable	141,878	285,330
Increase (decrease) in claims payable	58,960	(8,758)
Decrease in other payables	(1,057,477)	(1,641,452)

(Continued)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in due to reinsurers and ceding companies	\$ 112,836	\$ 69,683
Decrease in commissions payable	(32,497)	(320,140)
Increase in advance receipts	29,193	89,391
Increase (decrease) in guarantee deposits received	12,054,525	(6,480,245)
Increase (decrease) in deferred fee income	354,315	(532)
Decrease in other liabilities	<u>(1,560,224)</u>	<u>(3,200,885)</u>
Cash used in operations	(355,920,465)	(352,572,106)
Interest received	193,619,216	173,208,368
Dividends received	21,204,563	26,394,740
Interest paid	(3,244,971)	(3,197,078)
Income tax paid	<u>(908,315)</u>	<u>(6,375,301)</u>
Net cash used in operating activities	<u>(145,249,972)</u>	<u>(162,541,377)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	-	(2,308,500)
Proceeds from disposal of investments accounted for using the equity method	-	595,743
Acquisition of subsidiaries (net of cash acquired)	(238,286)	(415,958)
Disposal of subsidiary	30,744	-
Proceeds from return of capital on reduction of investments accounted for using the equity method	10,729	170,887
Acquisition of property and equipment	(2,549,560)	(2,257,603)
Proceeds from disposal of property and equipment	21,440	193,102
Acquisition of intangible assets	(247,380)	(282,633)
Proceeds from disposal of intangible assets	-	40,988
Decrease in loans	46,765,677	30,212,489
Acquisition of investment property	(12,380,488)	(8,201,702)
Proceeds from disposal of investment property	<u>134,892</u>	<u>91</u>
Net cash generated from investing activities	<u>31,547,768</u>	<u>17,746,904</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of the principal portion of lease liabilities	(1,009,473)	(848,984)
Increase (decrease) in other financial liabilities	641,644	(318,367)
Proceeds from issuance of bonds	34,986,835	-
Proceeds from issuance of ordinary shares	-	35,000,000
Cash dividends paid	-	(22,445,733)
Acquisition of additional interests in subsidiaries	(667,490)	(911,234)
Changes in non-controlling interests	<u>(266,704)</u>	<u>(653,053)</u>
Net cash generated from financing activities	<u>33,684,812</u>	<u>9,822,629</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>1,626,138</u>	<u>(1,145,283)</u>

(Continued)

# CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

---

	2023	2022
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (78,391,254)	\$(136,117,127)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>329,638,342</u>	<u>465,755,469</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 251,247,088</u>	<u>\$ 329,638,342</u>

(Concluded)