



國泰金控

Cathay Financial Holdings

2025 First Quarter Briefing

May 2025



Agenda

- ❑ Introduction of Cathay FHC
- ❑ Business overview
- ❑ Overseas expansion
- ❑ Business performance summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- ❑ Cathay Life embedded value & appraisal value
- ❑ Cathay Life's strategy to IFRS 17/TW-ICS
- ❑ Cathay's ESG efforts

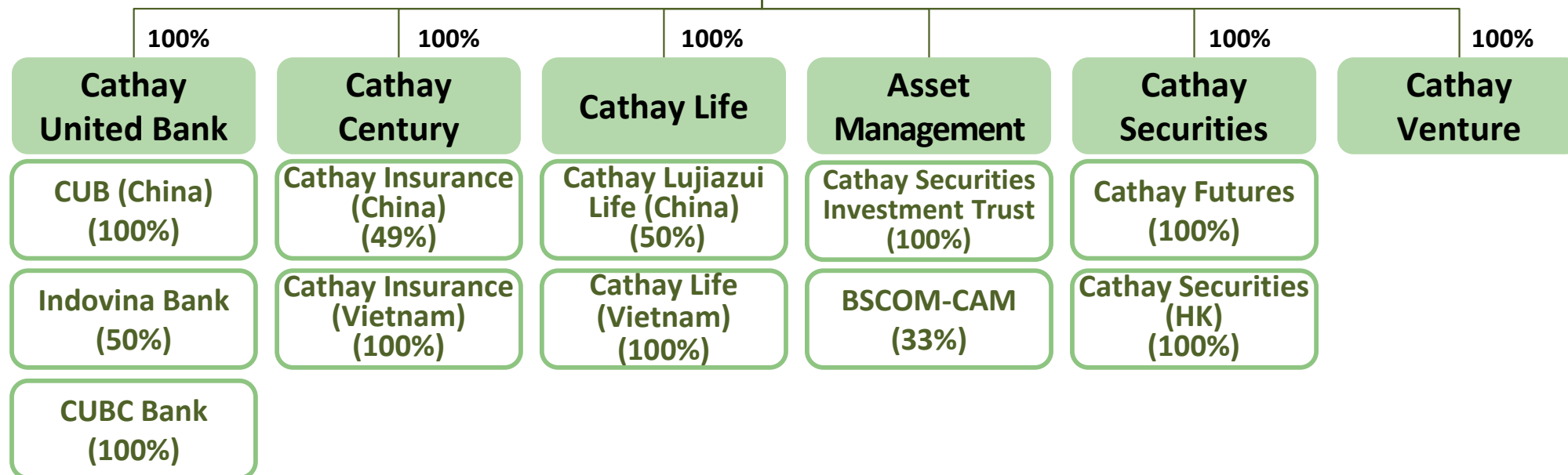
Cathay FHC: largest FHC, comprehensive products

Cathay FHC

Chairman: Mr. Hong-Tu Tsai

Vice Chairman: Mr. Tzung-Han Tsai

President: Mr. Chang-Ken Lee



- One of the largest private banks in terms of total assets
- The largest brokerage settlement bank

- 2nd biggest non-life insurer
- Market share in total premium income: 12.7%

- No. 1 life insurer in terms of total assets and total premium
- Market share in total premium: 19.9%

- Leading asset manager in Taiwan in terms of AUM
- Extending global asset management products and services

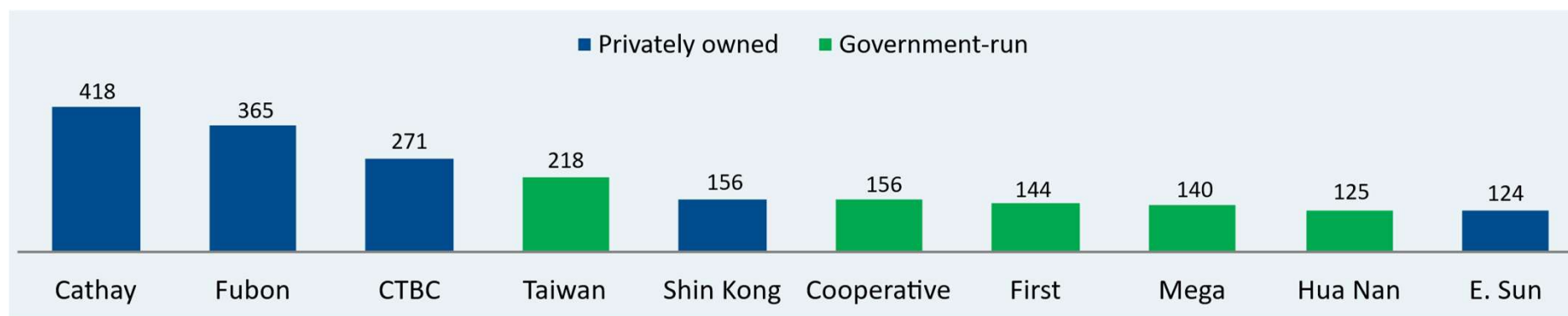
- Innovative digital business model
- Investment banking, brokerage, and proprietary trading businesses



Market leader in Taiwan's FIG sector

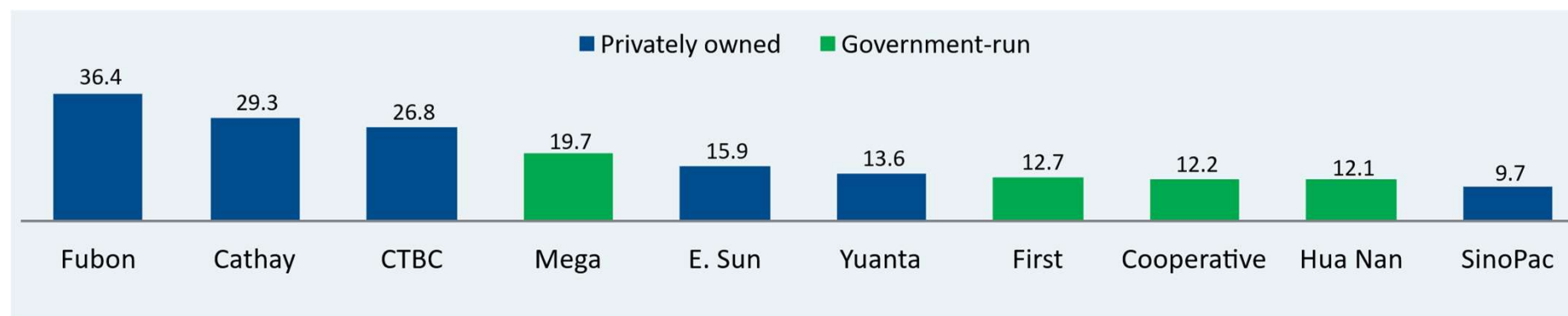
- Largest listed financial group by assets.

Ranking of total asset (US\$bn)



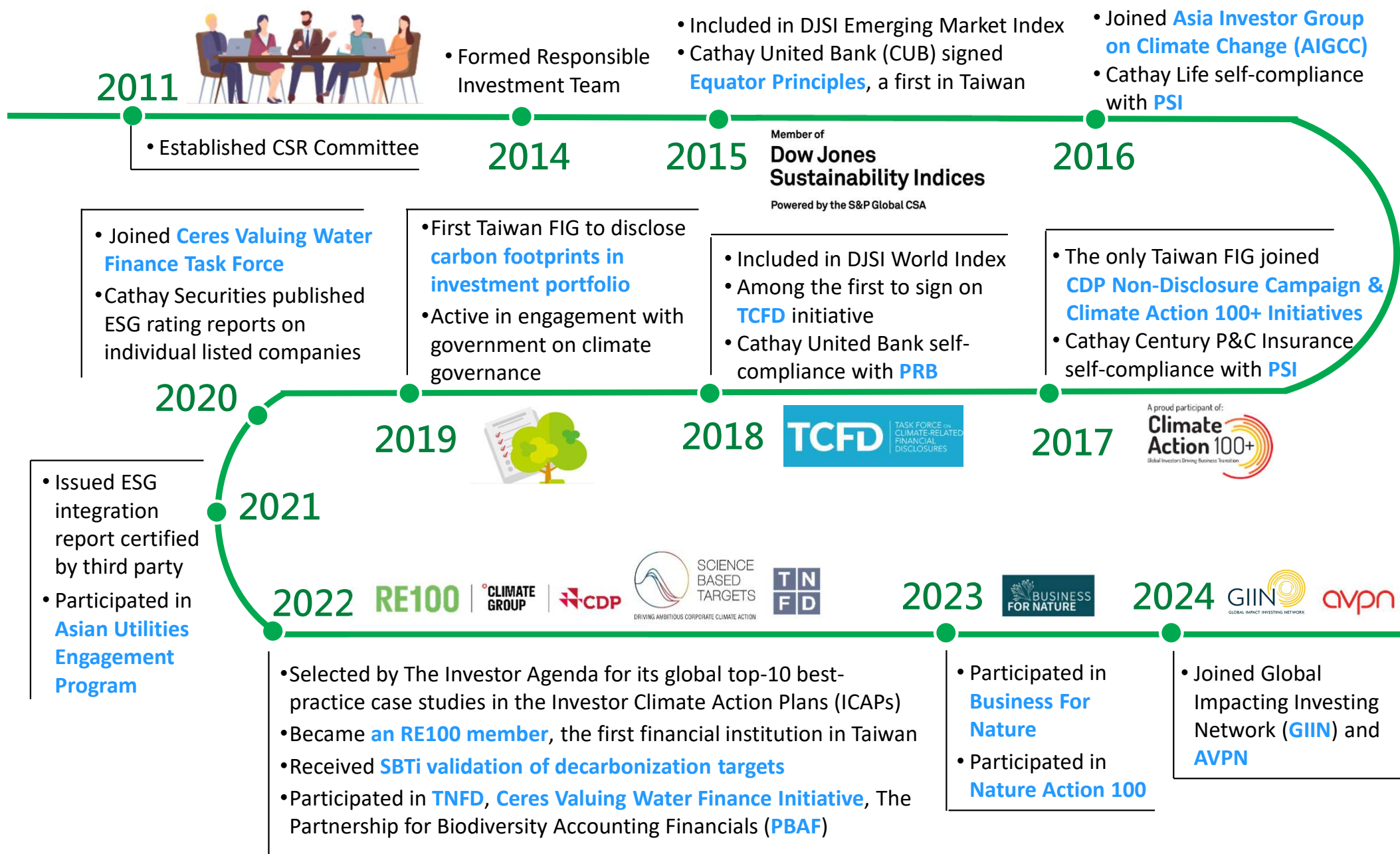
Note: Total assets as of March 31, 2025

Ranking of market cap (US\$bn)



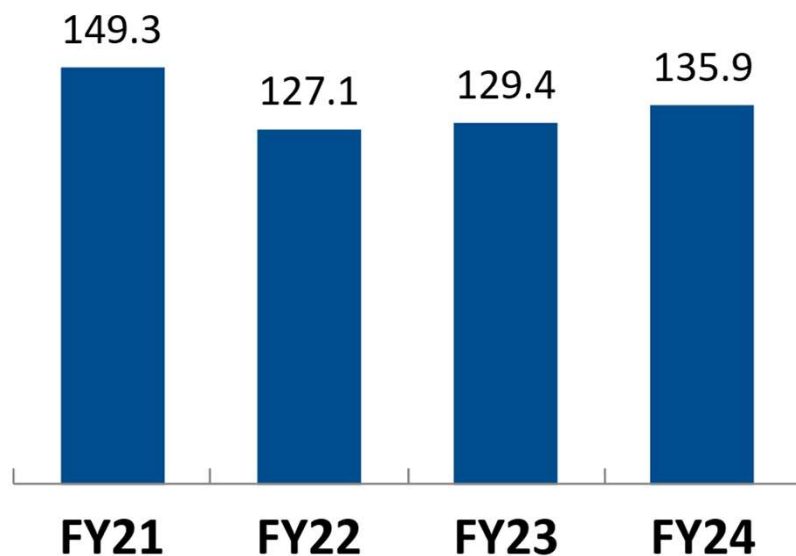
Note: Market capitalization as of May 29, 2025

Cathay FHC's efforts on ESG integration & climate actions

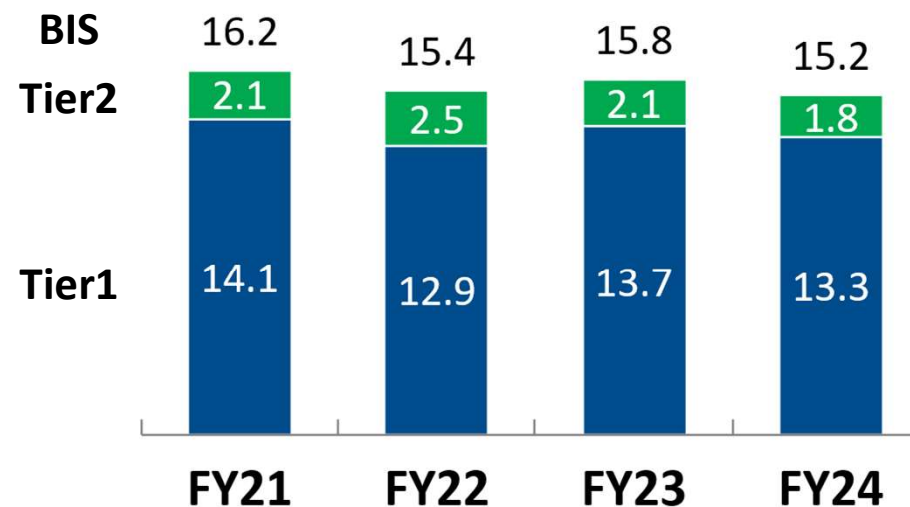


Cathay FHC – Strong capital position

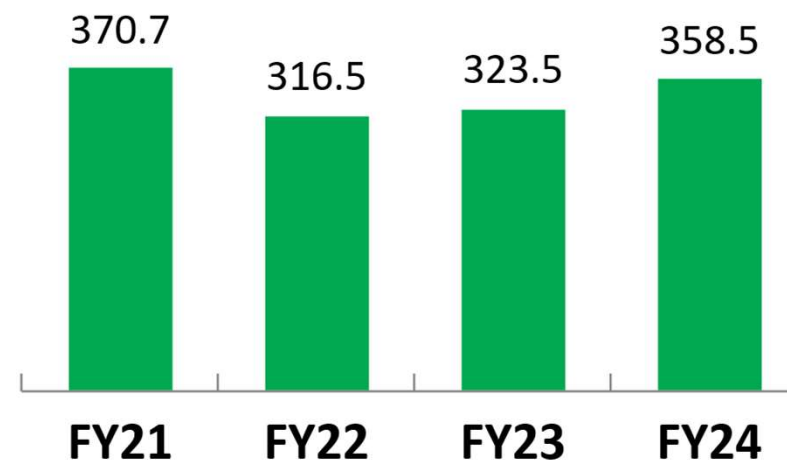
Cathay FHC CAR (%)



CUB capital adequacy (%)

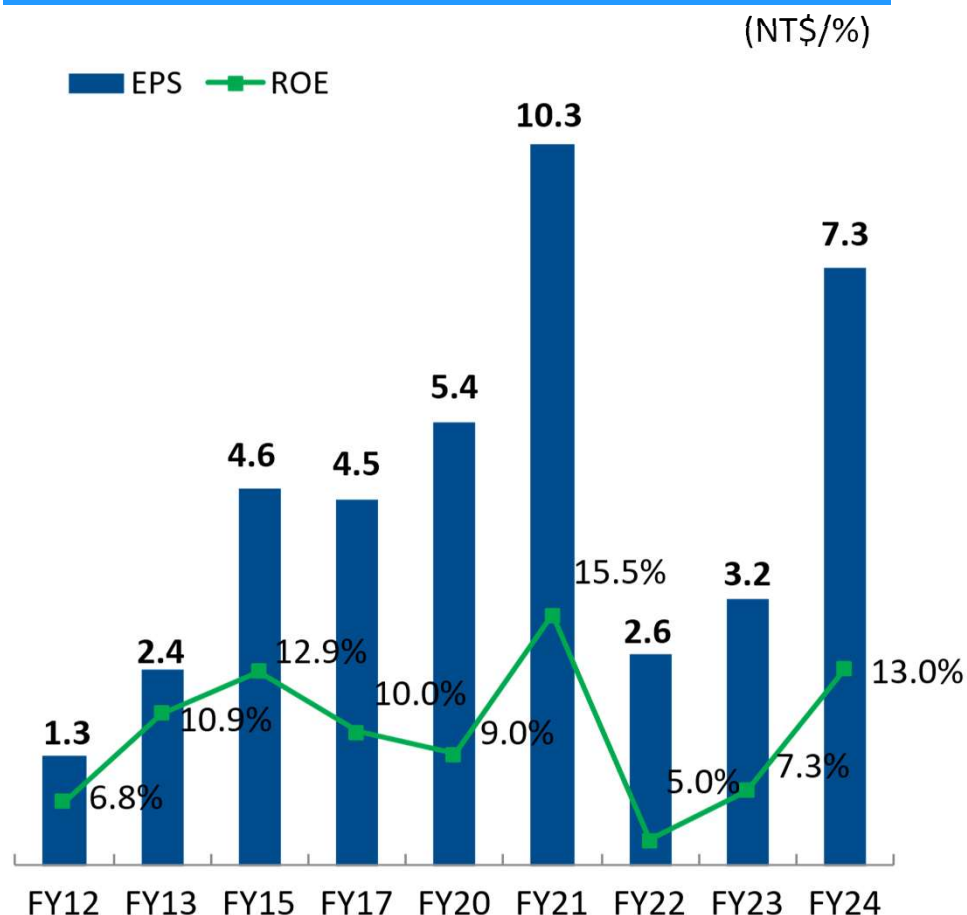


Cathay Life RBC (%)



Cathay FHC continued to deliver solid earnings

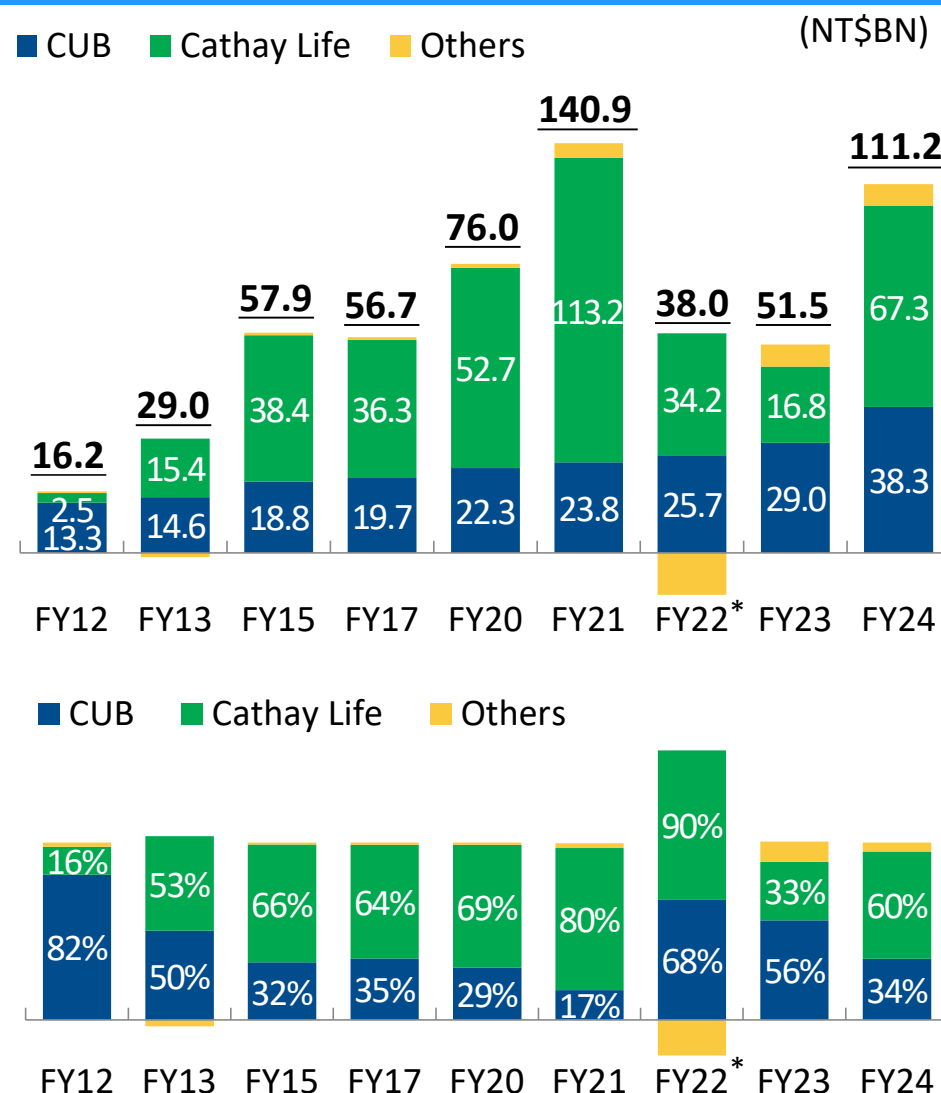
EPS & ROE



Note: (1) FY13 figures do not reflect the impact from applying fair value method on investment property.

(2) EPS has been adjusted for stock dividend (stock split).

Profit contribution



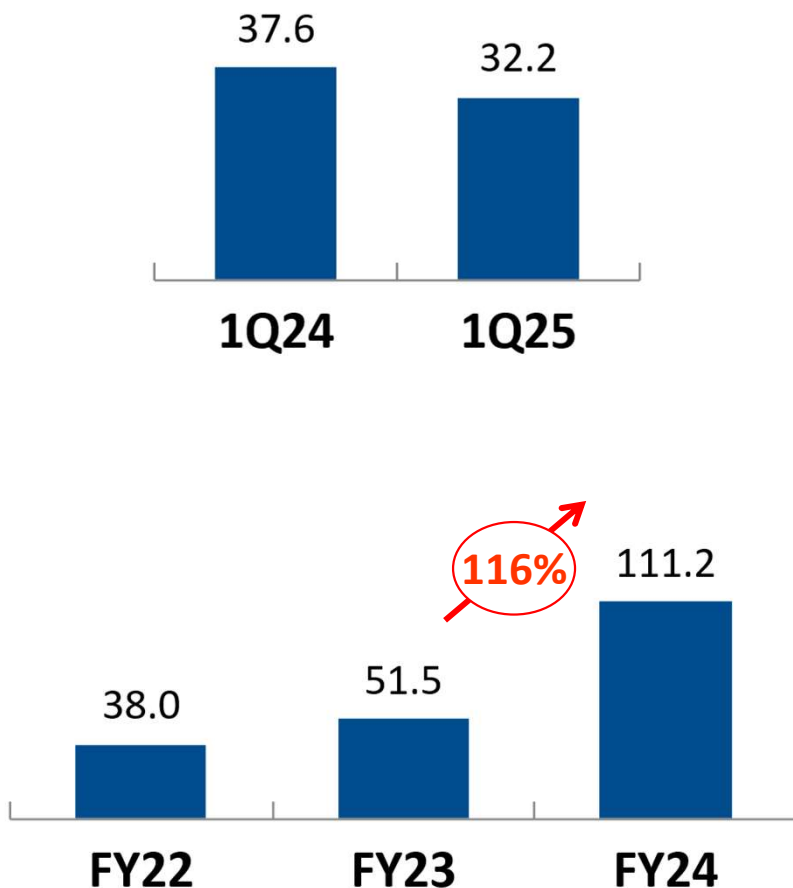
* Cathay Century reported a net loss of NT\$19.6bn due to pandemic insurance losses.

Cathay FHC – Net income & EPS

- 1Q25 net income declined YoY, primarily due to a high base of investment income in 1Q24 amid favorable financial markets. Core business momentum across subsidiaries remained solid.

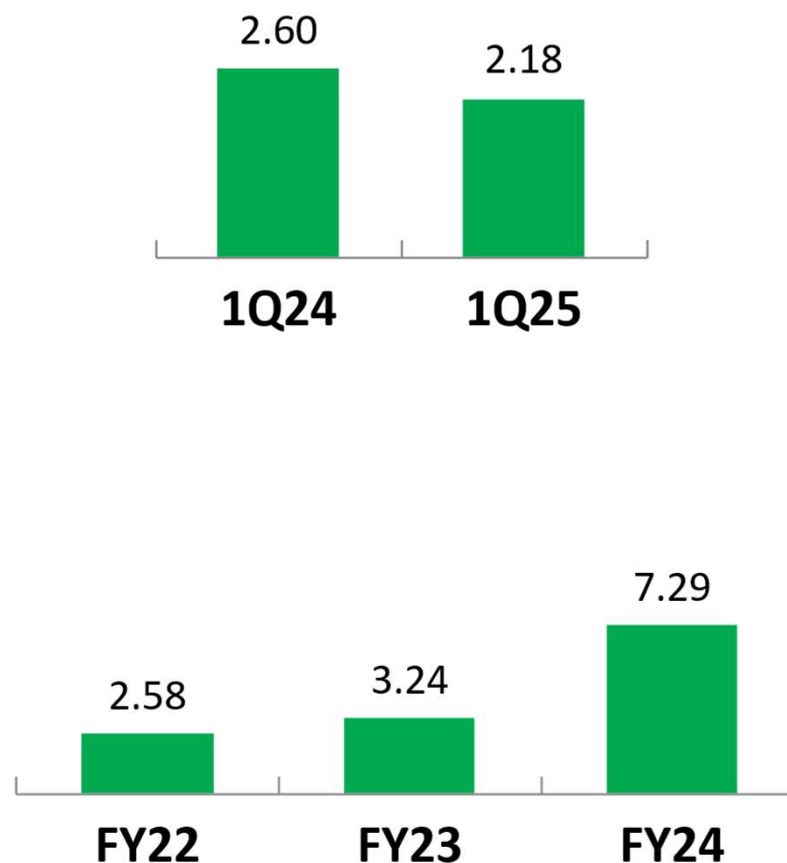
Net income

(NT\$BN)



EPS

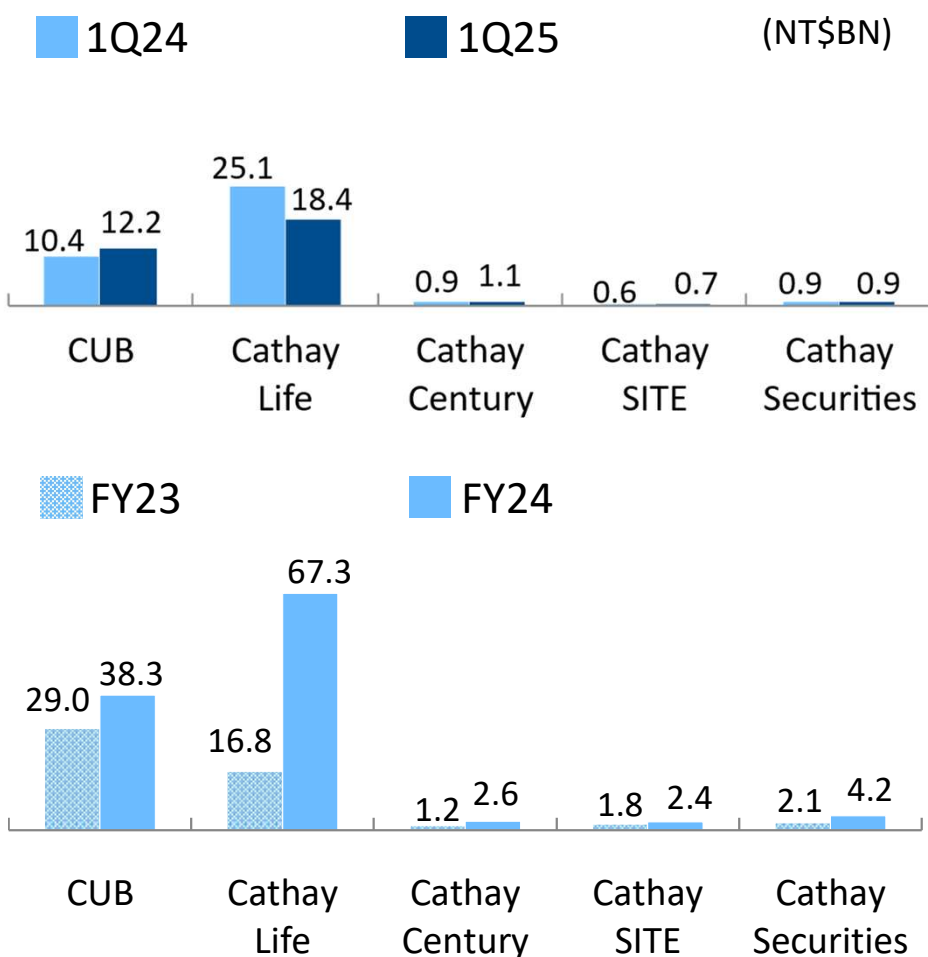
(NT\$)



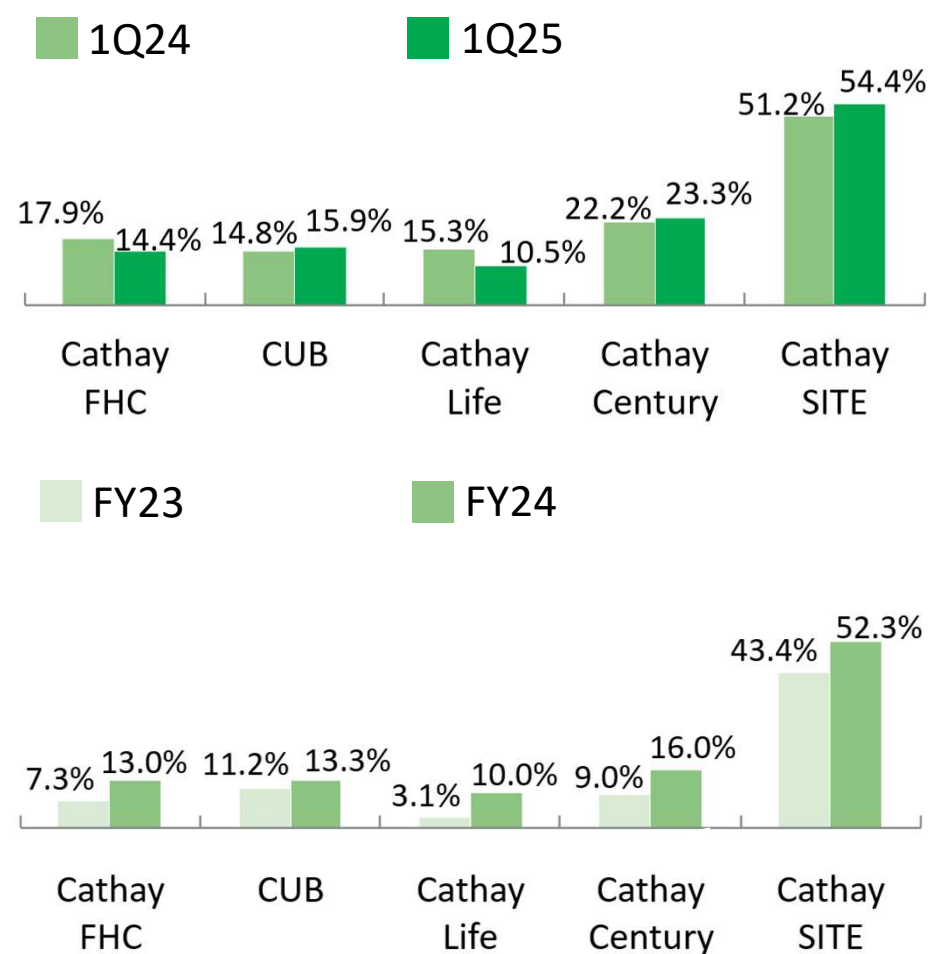
Cathay FHC – Net income & ROE

- CUB, Cathay Century and Cathay SITE each delivered record-high 1Q earnings.
- Cathay Life's net income declined YoY, primarily due to a high base of capital gains in 1Q24. However, recurring income increased, and underwriting profits remained steady.

Net income of primary subsidiaries

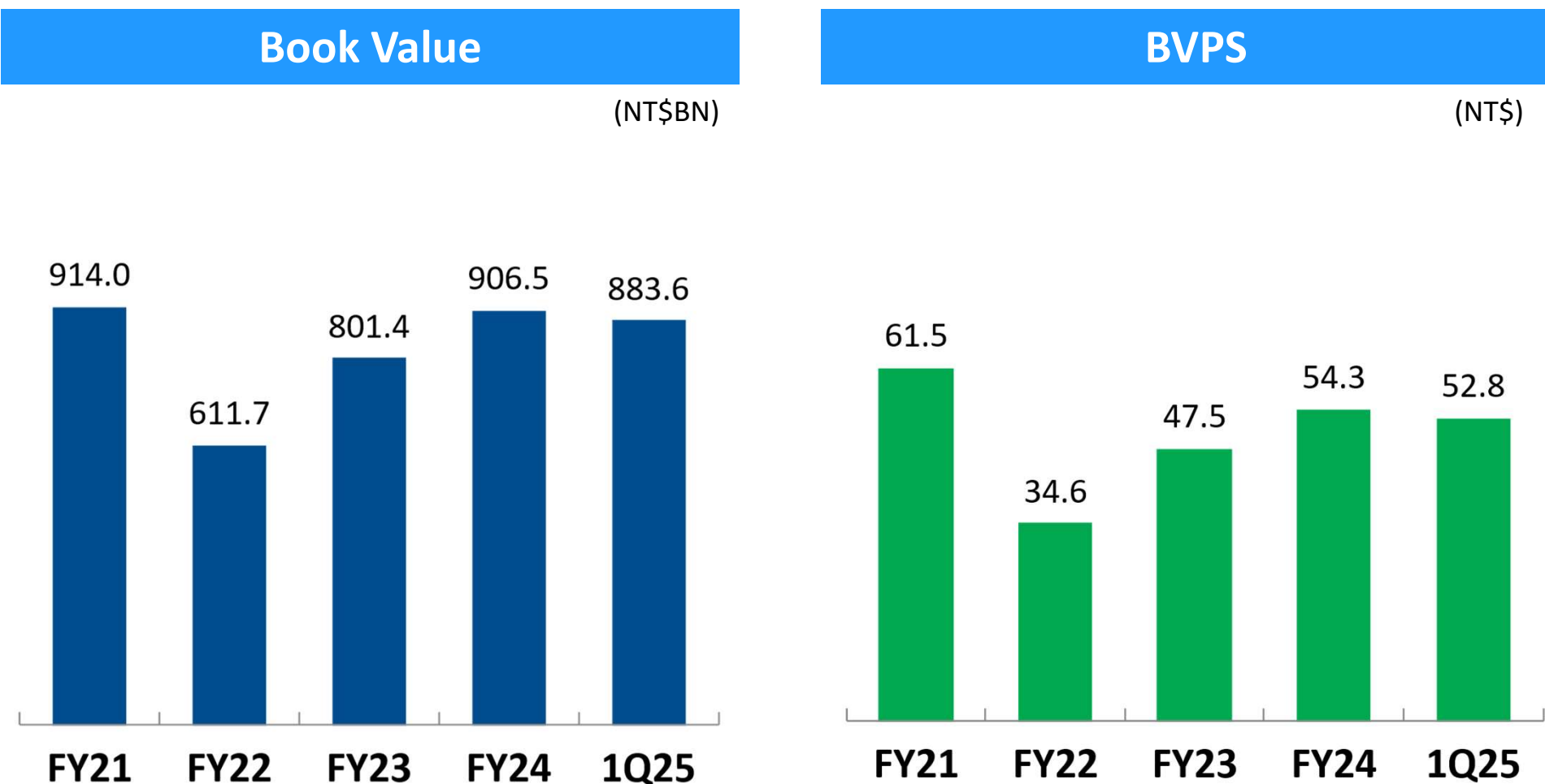


ROE



Cathay FHC – Book value & BVPS

- Book value declined YTD, reflecting lower mark-to-market value of financial assets amid stock market corrections.



Note: (1) Cathay Life changed its business model for financial asset classification on 2022/10/1 in accordance with IFRS 9 and the guidance by Accounting Research and Development Foundation.

(2) Book value includes preferred shares and minority interests. BVPS represented BVPS attributable to common shareholders.



1Q25 Business overview

Cathay United Bank

- Delivered record-high first quarter earnings, up 17% YoY.
- Showed robust growth in deposits and loans. Net interest income grew 18% YoY. Asset quality remained benign.
- Net fee income grew 33% YoY. WM and credit card fees up 46% and 14% YoY, respectively.

Cathay Life

- FYP, APE and VNB continued to grow, driven by strong sales of USD-denominated traditional products and investment-linked products.
- Pre-hedging recurring yield increased by 17bps YoY. Hedging costs were well contained.
- Equity-to-asset ratio reached 8.5%, reflecting a strong capital position.

Cathay Century

- Premiums grew 12% YoY, with 12.7% market share. Maintained steady underwriting profits by focusing on both quality and quantity, as well as ongoing risk management.
- Strengthened online business in China. Accelerated digital transformation and business expansion in Vietnam.

Cathay SITE

- Set record-high first-quarter earnings. AUM reached NT\$2.2tn. Earned wide acclaim for various products.
- Honored with Taiwan Fund Award from Smart and recognized as Best Institutional Asset Manager by AsianInvestor and Asia Asset Management, among a total of 13 awards .

Cathay Securities

- Gained market share by optimizing customer experience via a digital-driven business model and deepening digital engagement to expand the client base.
- Expand product offerings and platform functions in sub-brokerage business, maintaining the largest market share in the industry.



Agenda

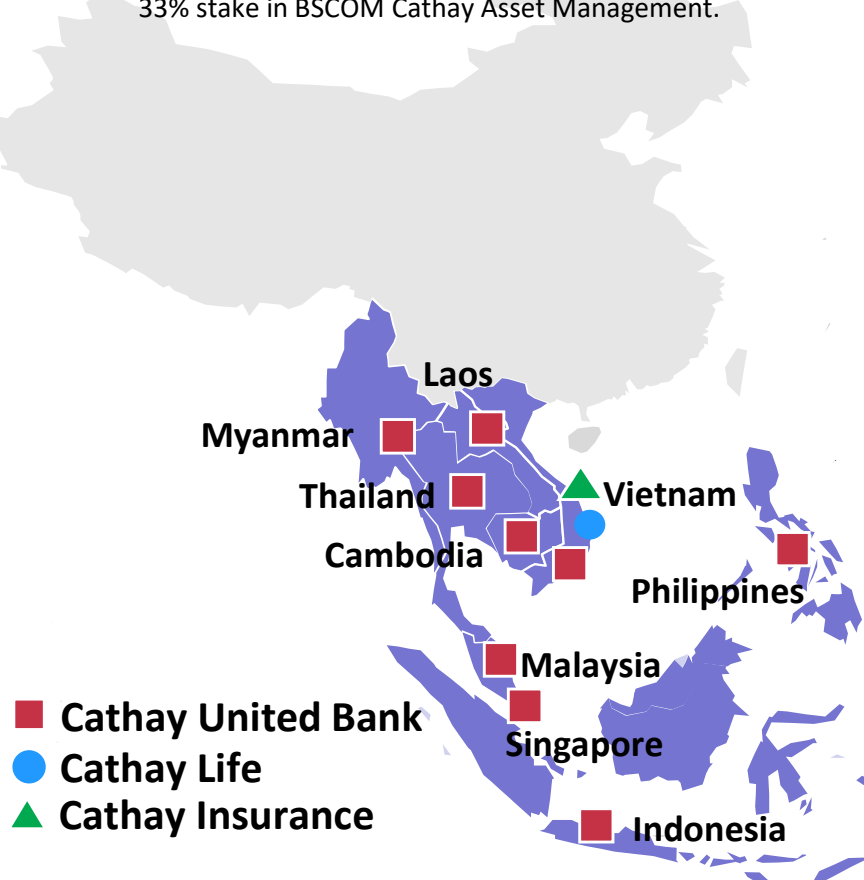
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- ❑ Business overview
- ❑ **Overseas expansion**
- ❑ **Business performance summary**
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- ❑ Cathay's ESG efforts

Cathay FHC in Southeast Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Myanmar	Thailand	Indonesia
Bank	7	37	15	1	1	1	1	1	1	1	1
Life	51	125									
P&C	26	2									
Asset Mgt.	1										
Securities				2							

Note: (1) Footprints in Thailand and Indonesia are rep. offices.

(2) Cathay FHC owns 49% stake in Cathay Insurance (China), and 33% stake in BSCOM Cathay Asset Management.



■ Banking

- Vietnam: Deepened corporate banking business and enhanced digital retail banking services.
- Cambodia: Optimized digital platform and launched CUBC Payment Link Portal for the tourism industry.
- Singapore: Continued steady development of corporate banking and private banking businesses.
- India: Received FSC approval in March to establish a Mumbai branch.

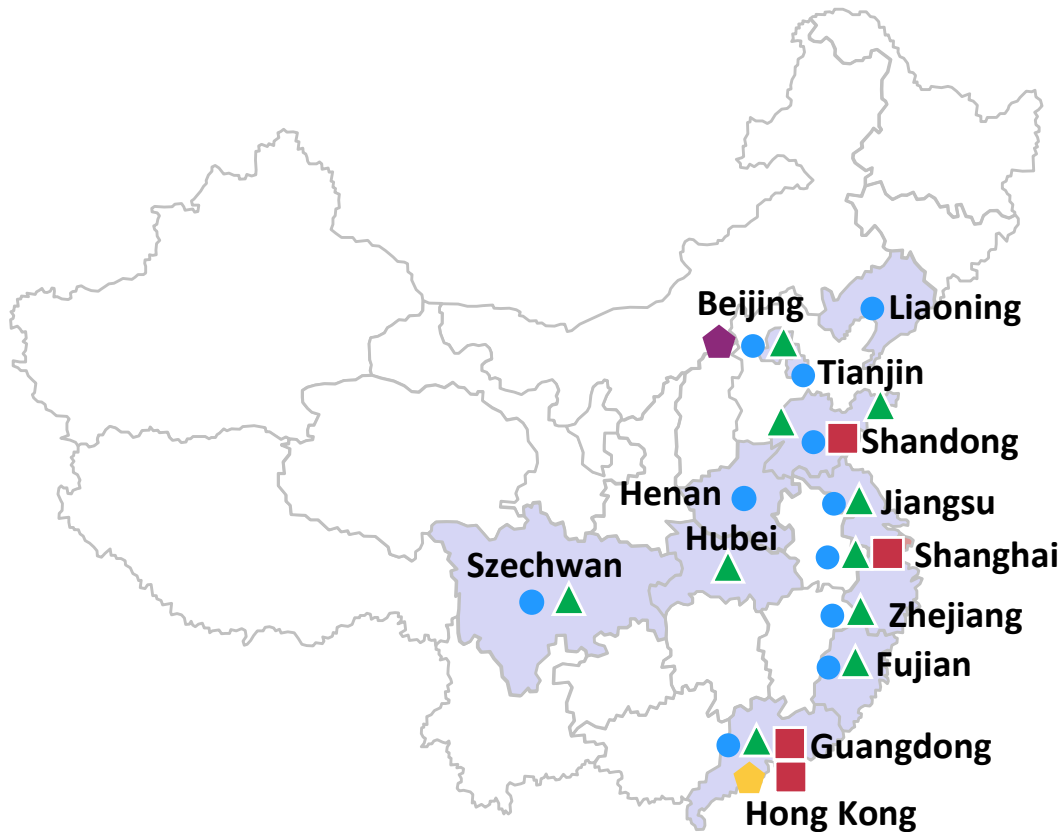
■ Cathay Life (Vietnam)

- Total premium was 0.7tn VND in 1Q25.
- Enhance sales structure to improve productivity.

■ Cathay Insurance (Vietnam)

- Premium income reached 141bn VND in 1Q25.
- Continued to promote digital transformation and mobile insurance applications.

Cathay FHC in China



- Cathay United Bank
- Cathay Lujiazui Life
- ▲ Cathay Insurance
- ◆ Cathay Securities
- ◆ BSCOM Cathay Asset Management Company

■ Cathay United Bank

- China subsidiary was the only Taiwanese bank to receive the Well-Being Workplace Award from Employer Branding Institute.
- Hong Kong branch focused on promoting sustainable finance and served as the mandated arranger for HKBN's sustainability-linked loan.

■ Cathay Lujiazui Life

- Total premium was 1.7bn RMB in 1Q25.
- Grew business in scale and value through agent workforce and multiple-channel development.

■ Cathay Insurance (China)

- Formed a strategic alliance with Ant Group to expand e-commerce financial services, with premium income primarily from online channels.

■ Cathay Securities (HK)

- Continued to grow local and cross-border business.

■ BSCOM Cathay Asset Management

- Business remained steady.

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Cathay United Bank

Cathay Life

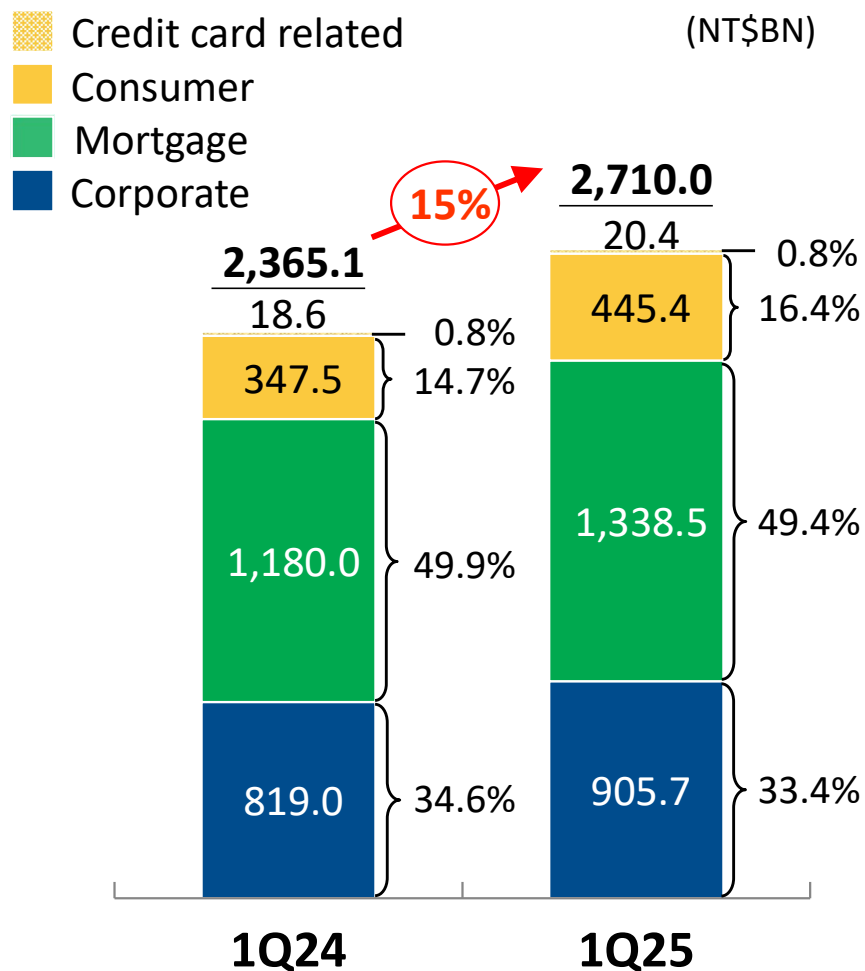
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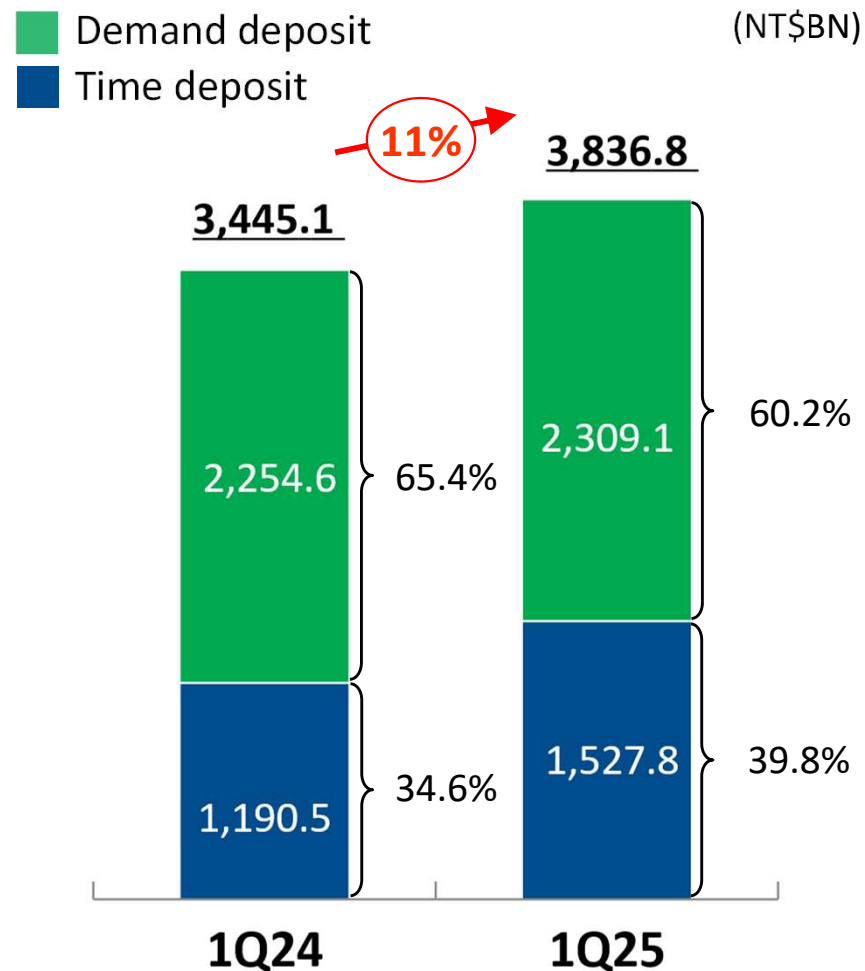
Cathay United Bank – Loan & deposit breakdown

- Loan growth was robust, with double-digit YoY growth in corporate, mortgage and consumer loans.
- Deposits saw solid growth; maintained the advantage of high demand-deposit ratio.

Loan breakdown



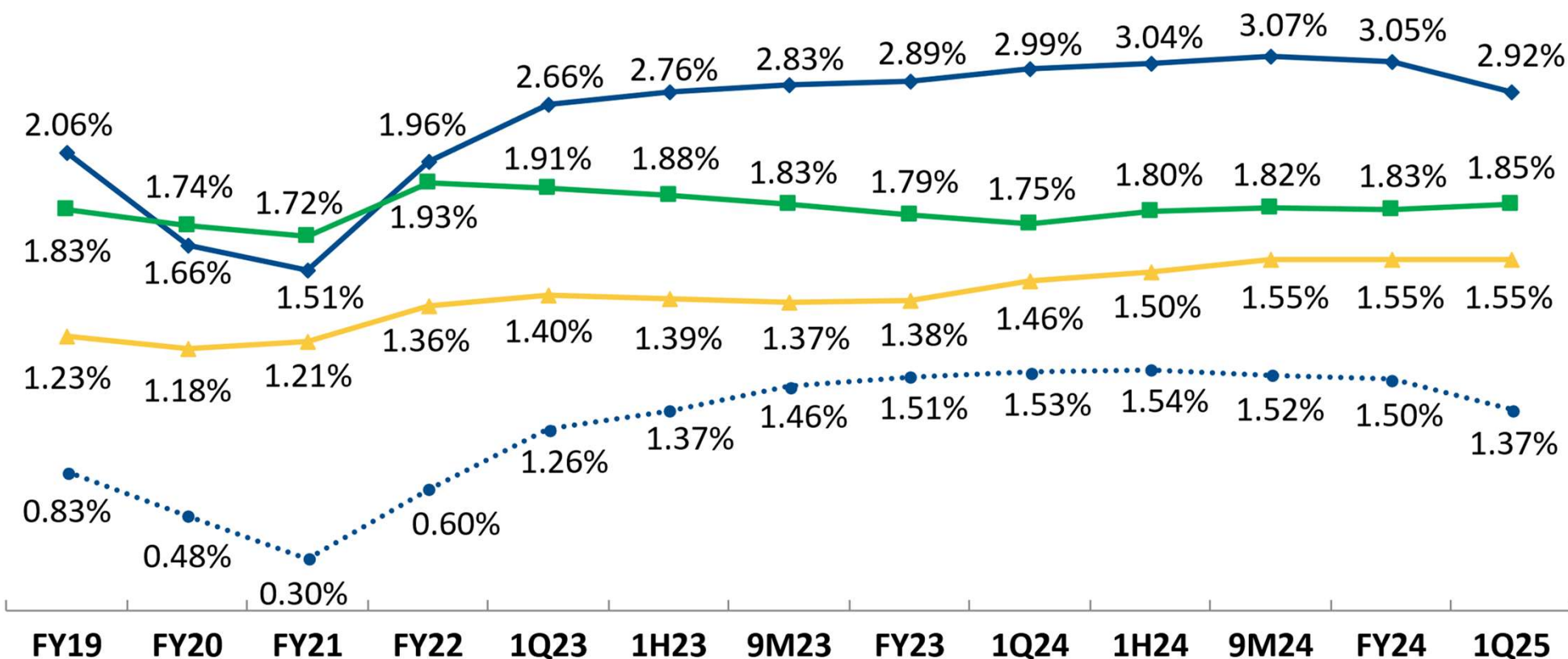
Deposit breakdown



Cathay United Bank – Interest yield

- 1Q25 NIM rose 9bps YoY, benefiting from changes in deposit structure and lower funding costs on FX deposits due to rate cuts.

◆ Avg. rate of interest-earning assets ■ Interest spread ▲ Net interest margin ... Funding cost



Quarterly

Spread

NIM

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Spread	1.96%	1.91%	1.84%	1.73%	1.70%	1.75%	1.83%	1.86%	1.87%	1.85%
NIM	1.46%	1.40%	1.37%	1.36%	1.40%	1.46%	1.55%	1.61%	1.57%	1.55%

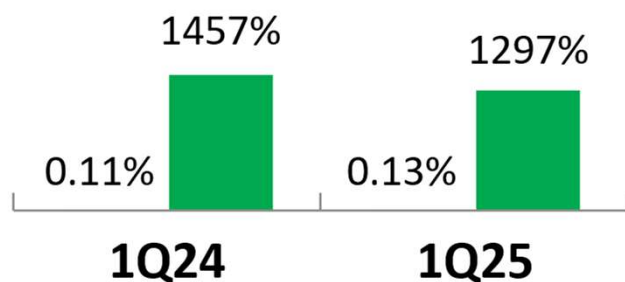


Cathay United Bank – Credit quality

- Asset quality remained benign, with NPL at 0.13% and coverage ratio at 1297%.

NPL & Coverage ratio

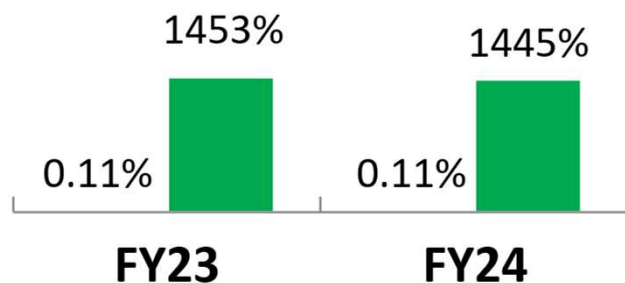
- NPL ratio
- Coverage ratio



Mortgage NPL

0.10 %

0.13 %



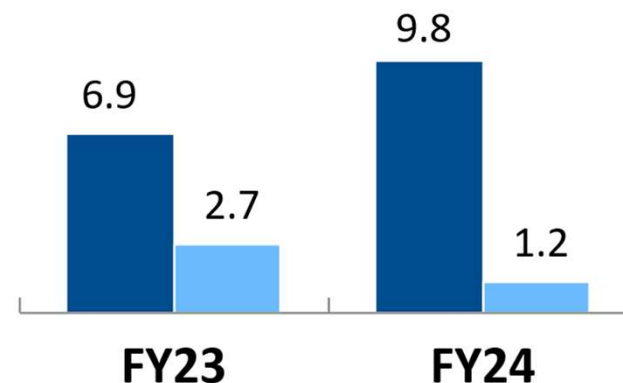
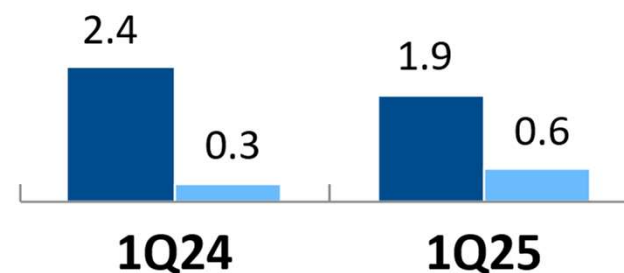
Mortgage NPL

0.10 %

0.11 %

Gross provision

- Gross provision (NT\$BN)
- Recovery

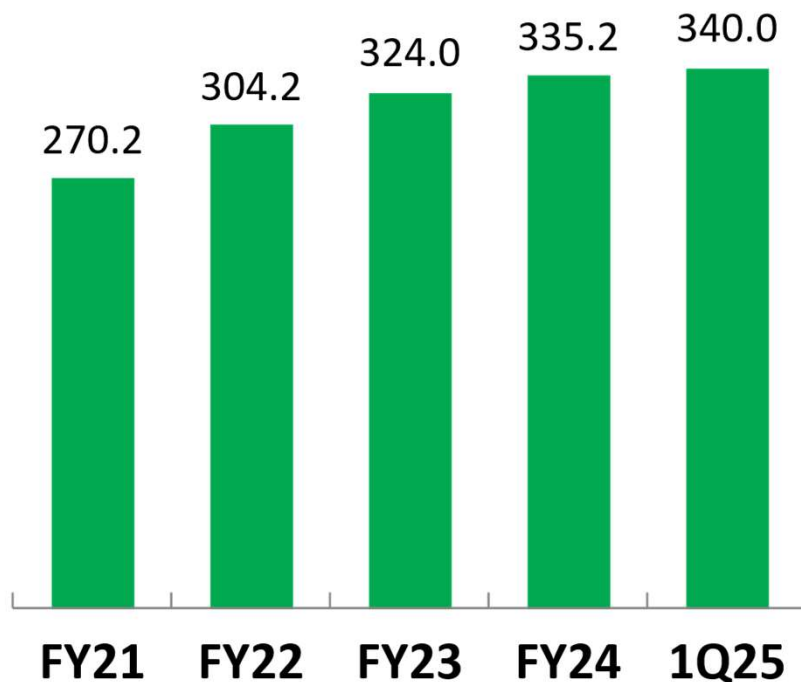


Cathay United Bank – SME & FX loans

- SME loans showed steady growth.
- FX loans continued to grow. CUB aims to grow FX loans while ensuring asset quality.

SME loans

(NT\$BN)

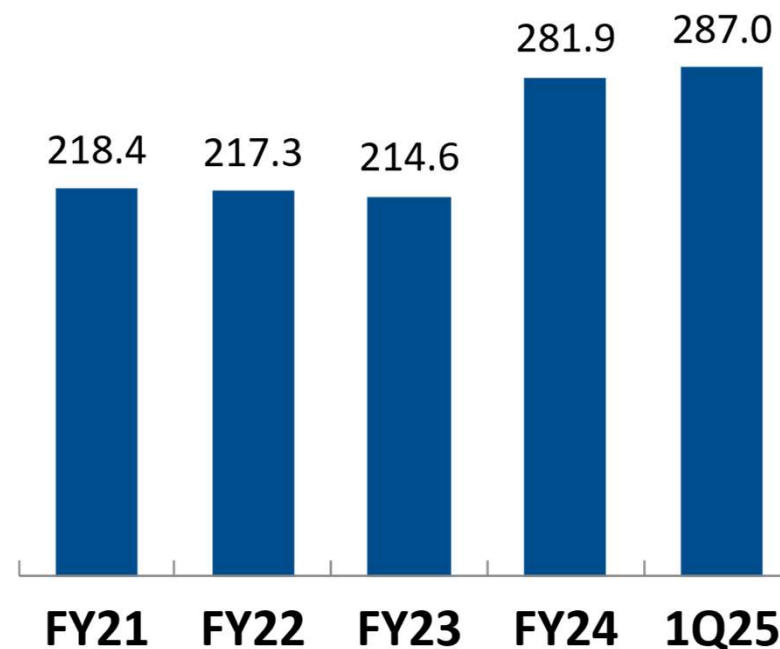


As % of total loans

15.3% 15.3% 14.5% 12.8% 12.6%

Foreign currency loans

(NT\$BN)



12.4% 10.9% 9.6% 10.8% 10.7%

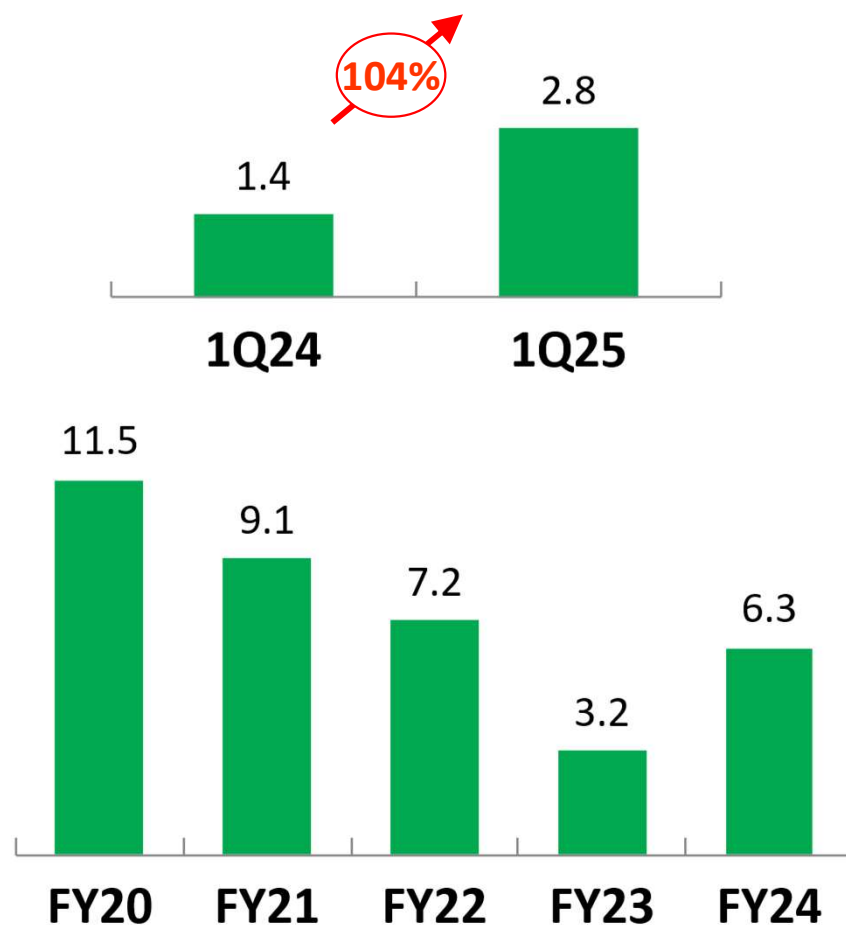


Cathay United Bank – Offshore earnings

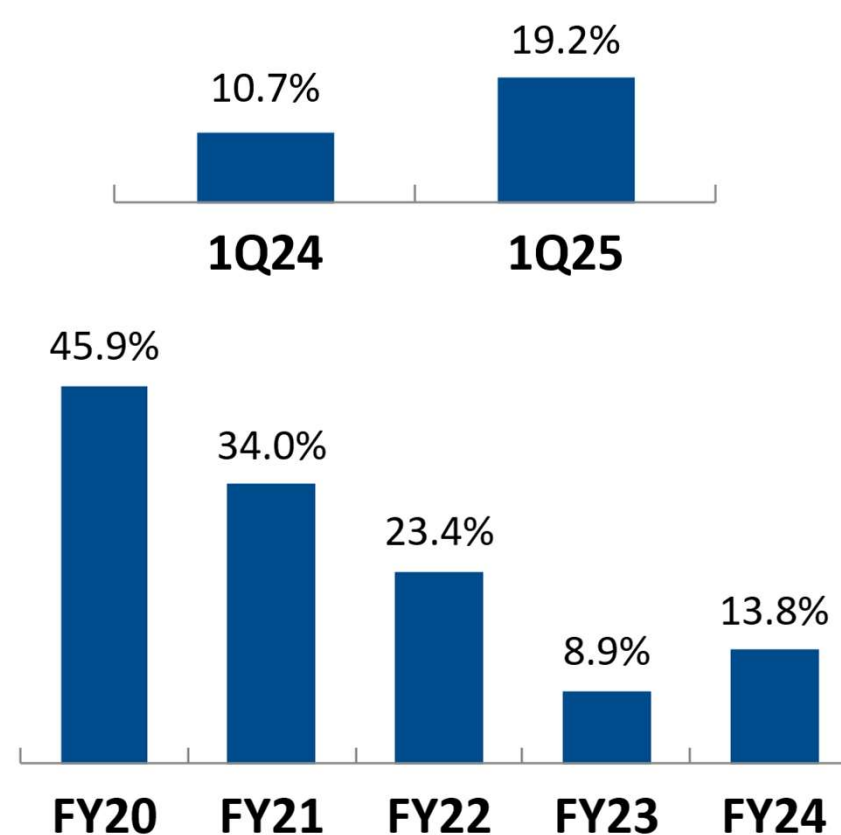
- Offshore earnings rebounded due to the recovery in deposits, loans, and investment income.

Offshore earnings

(NT\$BN)



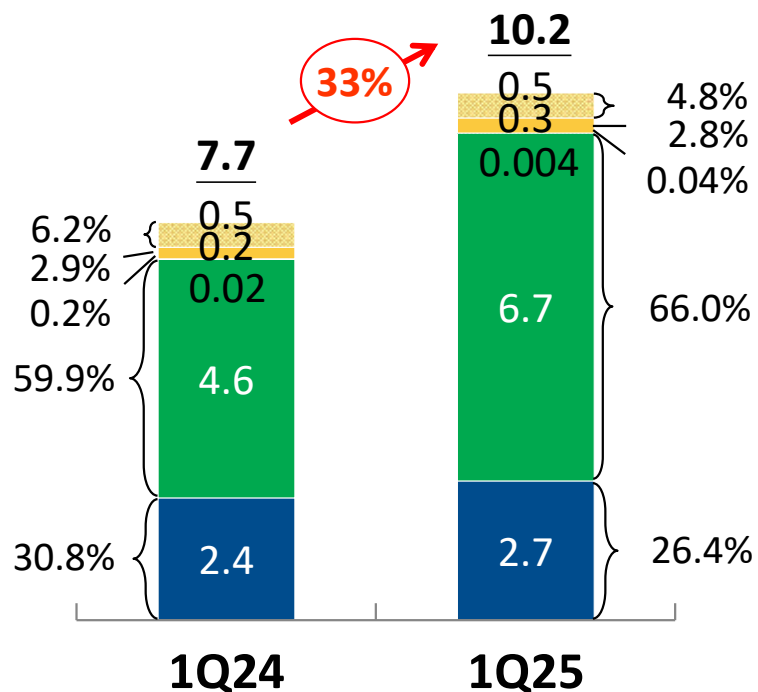
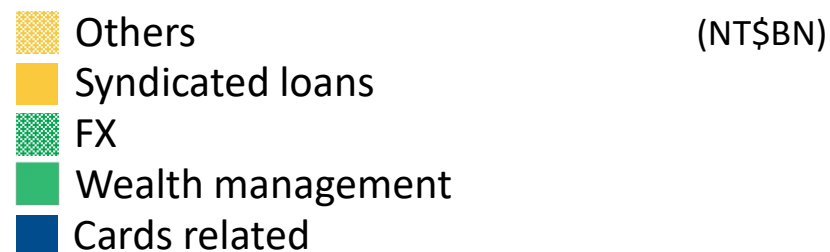
As % of CUB pre-tax profits



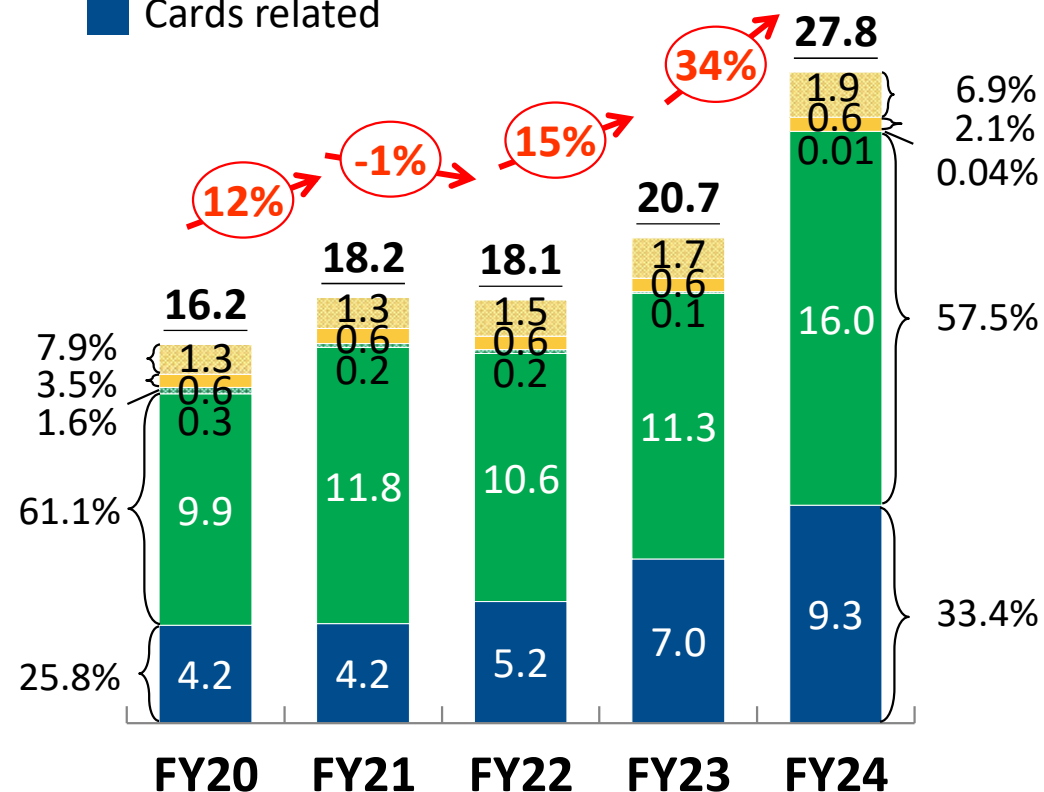
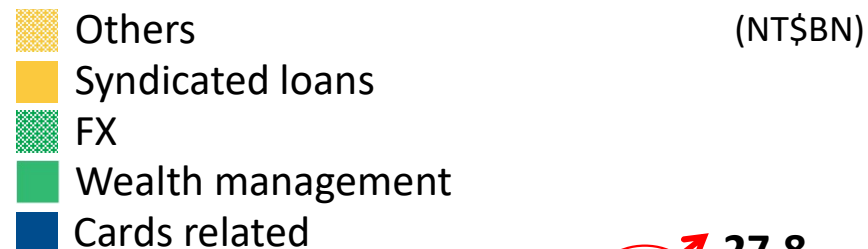
Cathay United Bank – Net fee income

- Net fee income grew 33% YoY. Wealth management fees rose over 40% while credit card fees increased 14% YoY, driven by higher spending.

Quarterly net fee income



Annual net fee income

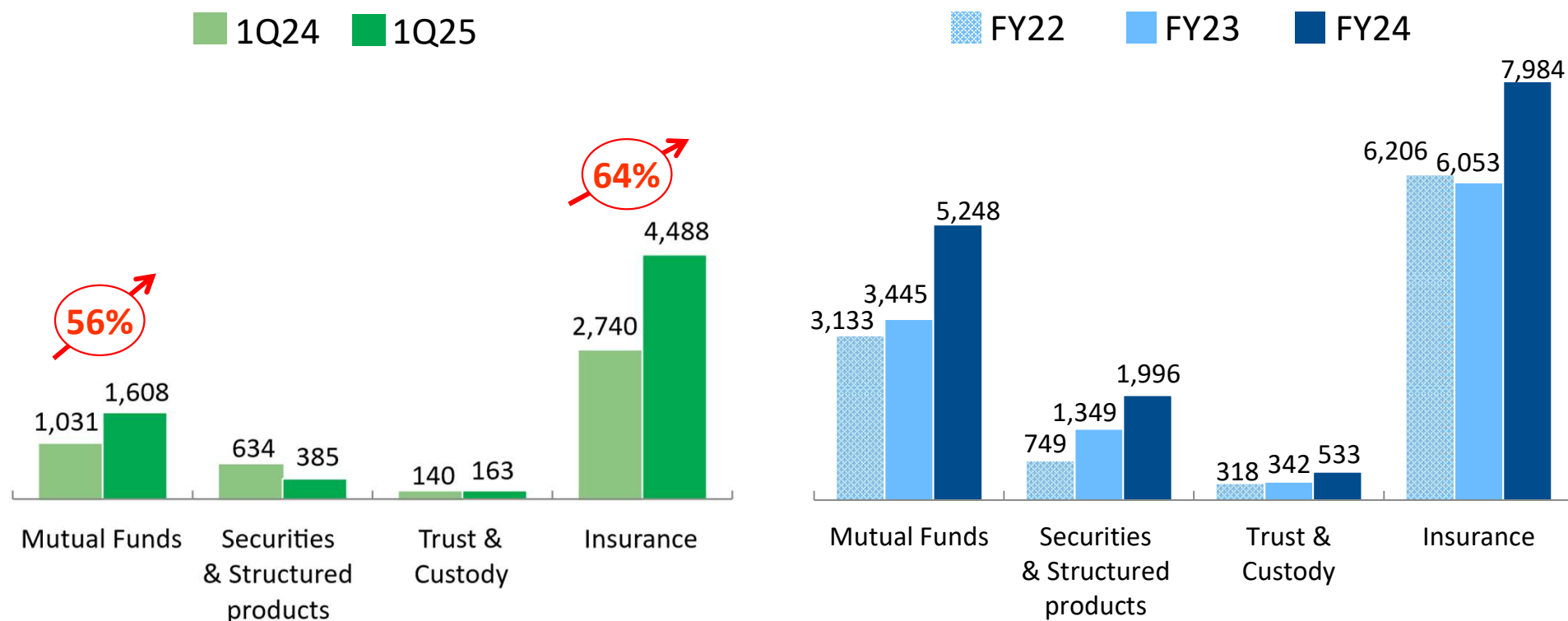


Cathay United Bank – Wealth management fees

- WM fees rose 46% YoY, driven by strong sales in mutual funds and bancassurance.
- WM customers and AUM continued to show steady growth.

Wealth management fees breakdown

(NT\$MN)	1Q24	1Q25	FY22	FY23	FY24
Wealth management fee income	4,586	6,700	10,595	11,344	15,963
YoY growth (%)	39.6%	46.1%	-10.1%	7.1%	40.7%



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Cathay United Bank

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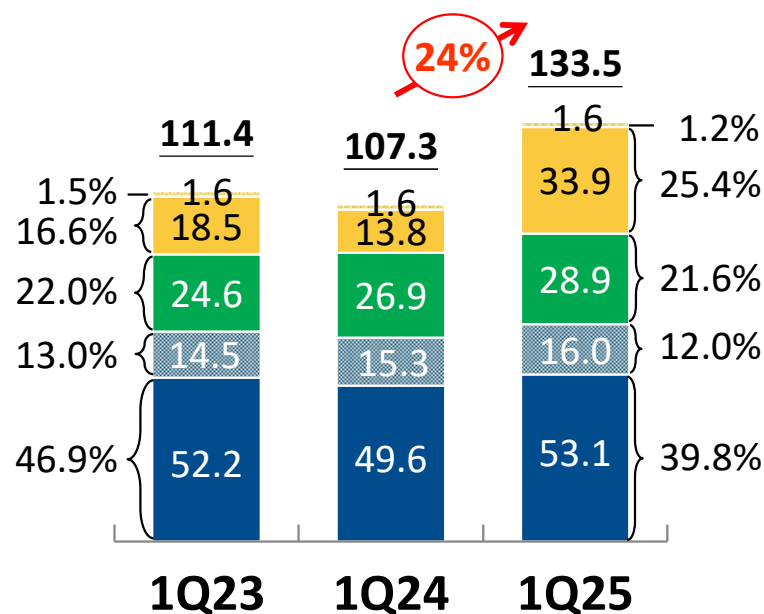
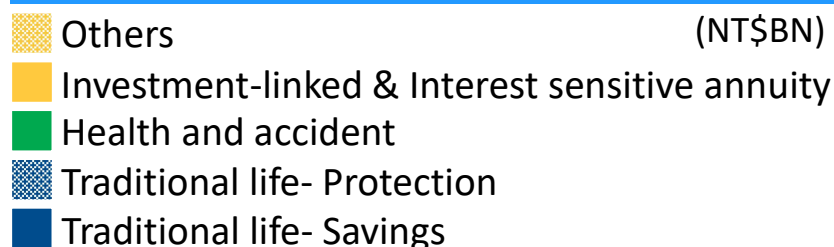
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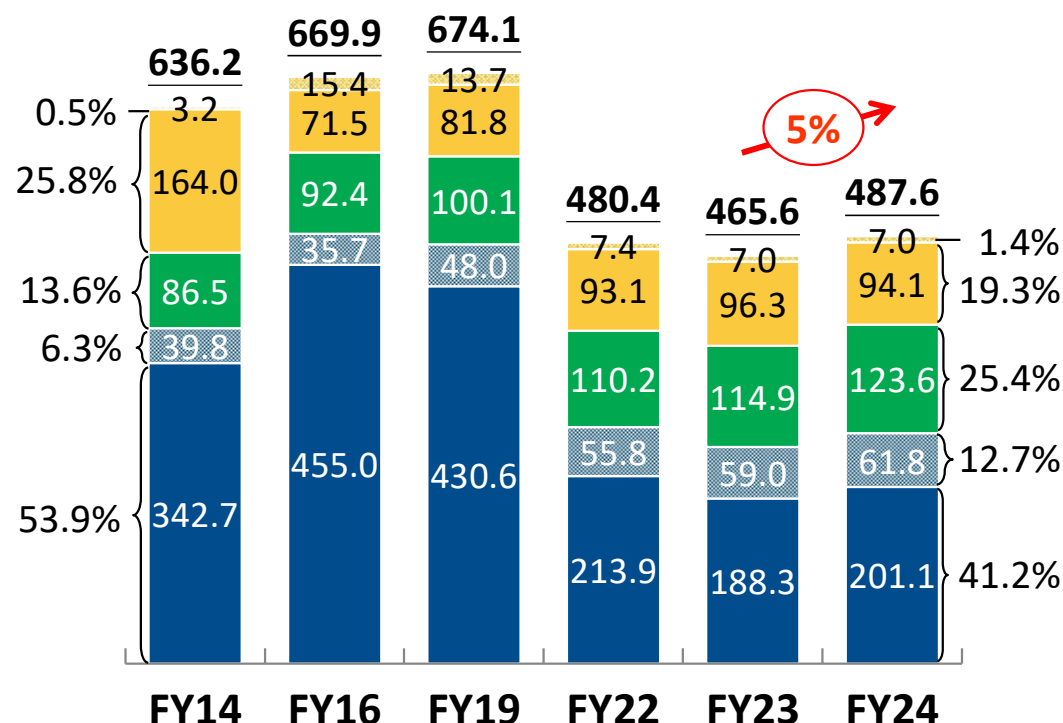
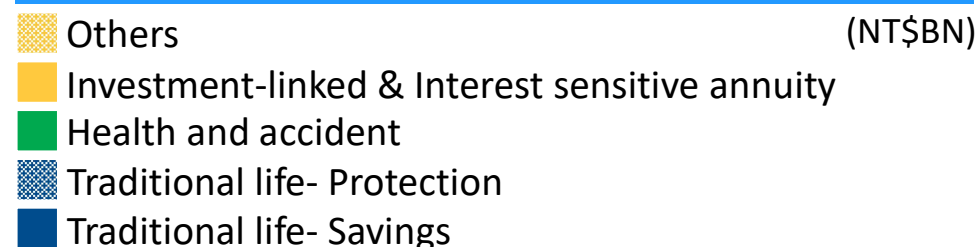
Cathay Life – Total premium

- Total premium increased by 24% YoY, driven by strong sales growth in investment-linked products, while premium income from high-CSM protection products continued to grow.

Quarterly total premium



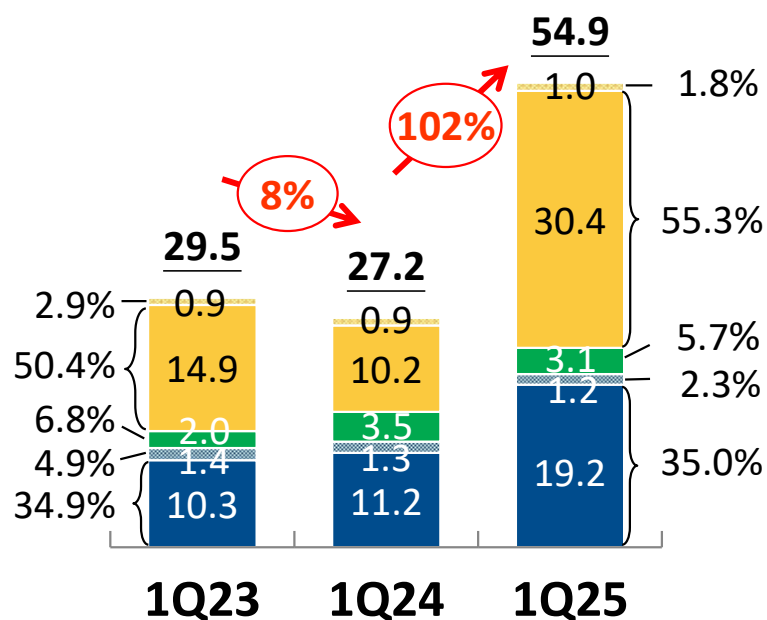
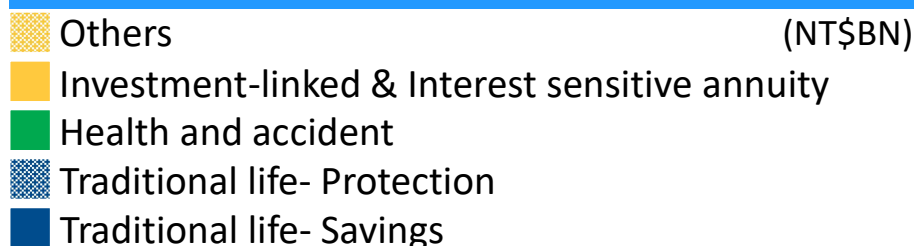
Annual total premium



Cathay Life – FYP & APE

- FYP and APE rose by 102% and 8%, respectively, supported by strong sales growth in investment-linked products and USD-denominated traditional products.
- Health and accident premiums were affected by a high base in FY24, resulting from stop-selling effect due to regulatory changes.

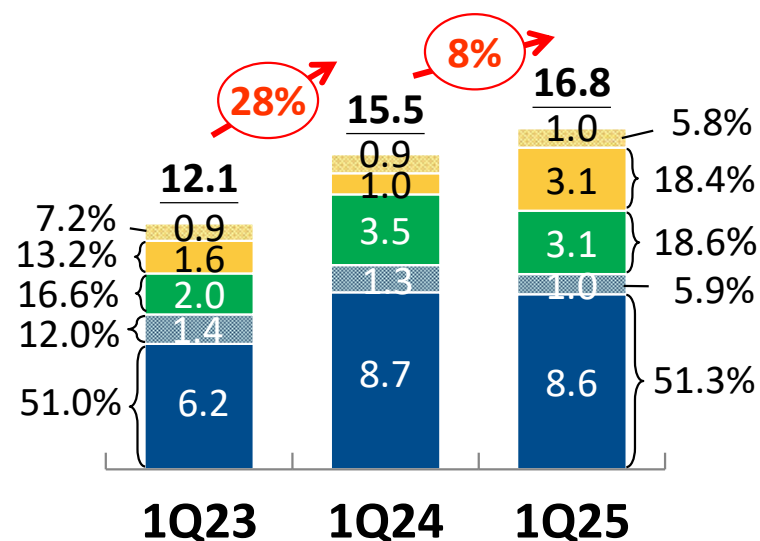
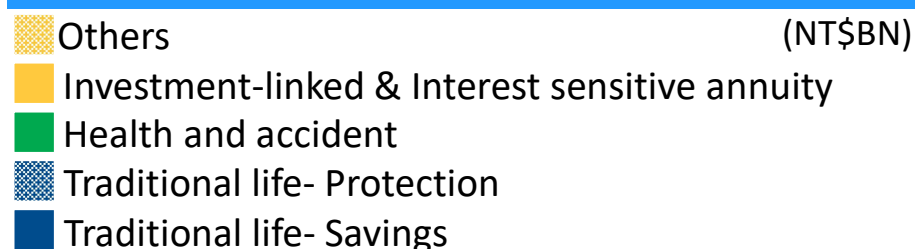
First Year Premium



FX polices %
(excl. Investment-linked)

59% 59% 74%

Annualized FYP (APE)



Note: Annualized FYP (APE) = 10% x single-paid FYP + 20% x 2-yr-paid FYP + ... + 50% x 5-yr-paid FYP + 100% x 6-yr and above payment term FYP



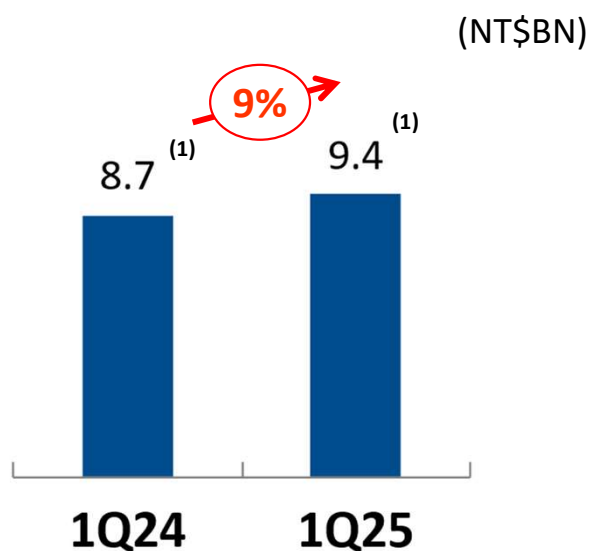
國泰金控
Cathay Financial Holdings

Cathay Life – Value of new business

- VNB increased 9% YoY, driven by a surge in sales of USD-denominated traditional products and investment-linked products.

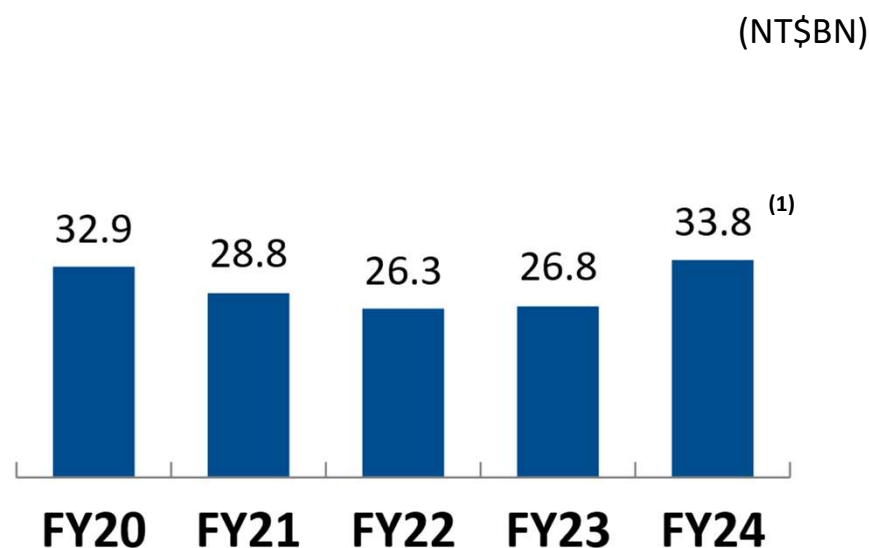
Value of new business

Profit Margin	1Q24 ⁽¹⁾	1Q25 ⁽¹⁾
VNB/FYP	32%	17%
VNB/APE	56%	56%



Value of new business (annual)

Profit Margin	FY20	FY21	FY22	FY23	FY24 ⁽¹⁾
VNB/FYP	20%	14%	20%	20%	22%
VNB/APE	53%	56%	62%	56%	58%



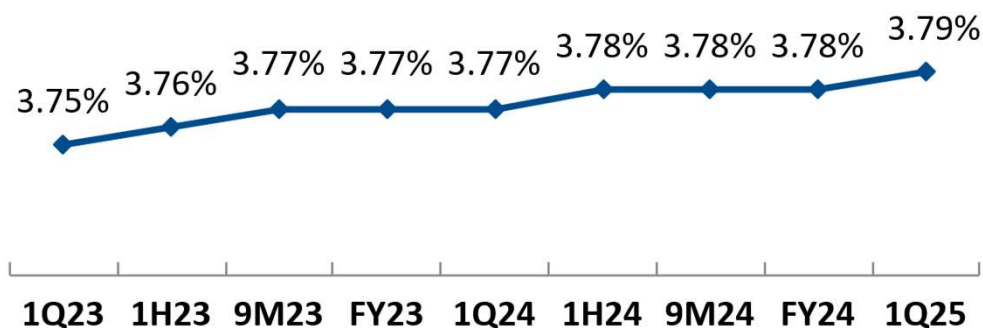
Note: (1) 1Q24、FY24 and 1Q25 VNB were based on 2024 Embedded Value assumptions.

(2) Based on 2023 Embedded Value assumptions, 1Q24 & FY24 VNB were NT\$8.9bn and NT\$34.8bn ; VNB/FYP were 33% and 23% , VNB/APE were 58% and 60%, respectively.

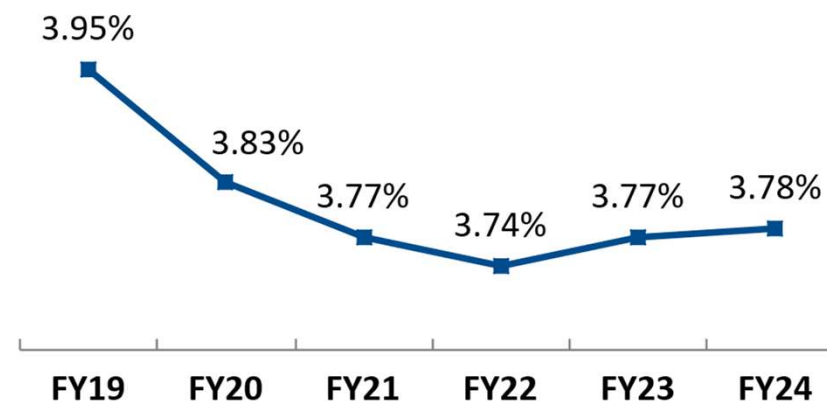
Cathay Life – Cost of liability and break-even asset yield

- COL rose slightly due to the declared rate increase for interest-sensitive policies.
- Break-even asset yield was around 3%. The break-even asset yield was relatively low in FY24, as favorable capital markets led to a strong increase in the mark-to-market value of total investment assets.

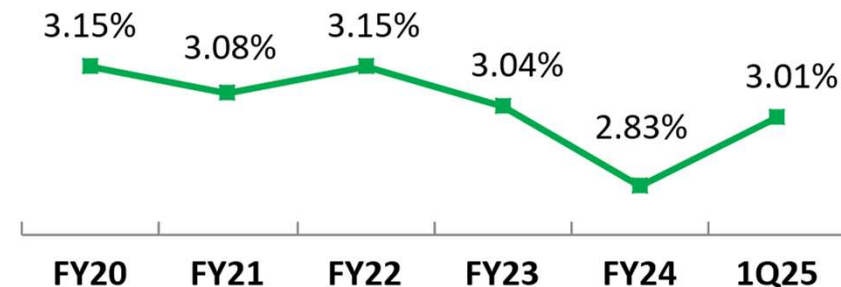
Cost of liability (quarterly)



Cost of liability (annual)



Break-even asset yield



Note: The figures of cost of liability are reserve-based.

Cathay Life – Investment portfolio

(NT\$BN)	FY22	FY23	FY24			1Q25		
Total investments⁽¹⁾	7,330.6	7,638.1	7,990.6			8,014.3		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	4.1%	2.6%	1.9%	156	2.6%	2.3%	181	2.2%
Equity- Domestic	5.1%	6.6%	7.2%	575	15.4%	6.8%	542	11.7%
Equity- International ⁽²⁾	5.6%	5.6%	5.5%	437	11.6%	4.8%	385	7.8%
Bond- Domestic	7.1%	8.1%	8.3%	666	5.6%	8.4%	672	5.2%
Bond- International ⁽²⁾	61.9%	61.8%	62.0%	4,952	3.8%	62.7%	5,023	4.0%
Mortgage & Secured loans	3.8%	3.0%	2.9%	230	2.4%	2.9%	234	2.3%
Policy loans	2.3%	2.2%	2.1%	167	5.2%	2.1%	165	5.1%
Real estate	7.7%	7.5%	7.5%	597	2.5%	7.5%	601	2.4%
Others	2.5%	2.5%	2.6%	209	1.0%	2.6%	212	1.6%

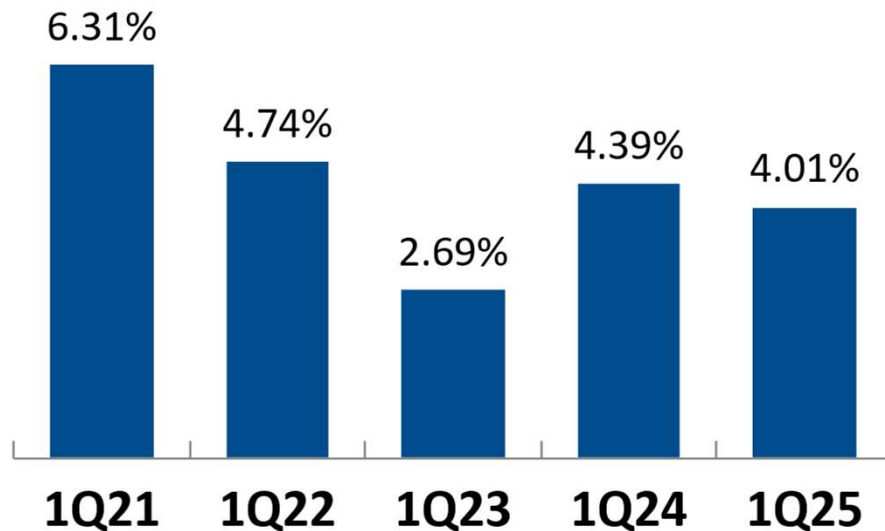
Note: (1) Total assets excluded separate account assets.

(2) Yields of international equity and international bond are pre-hedge investment yields.

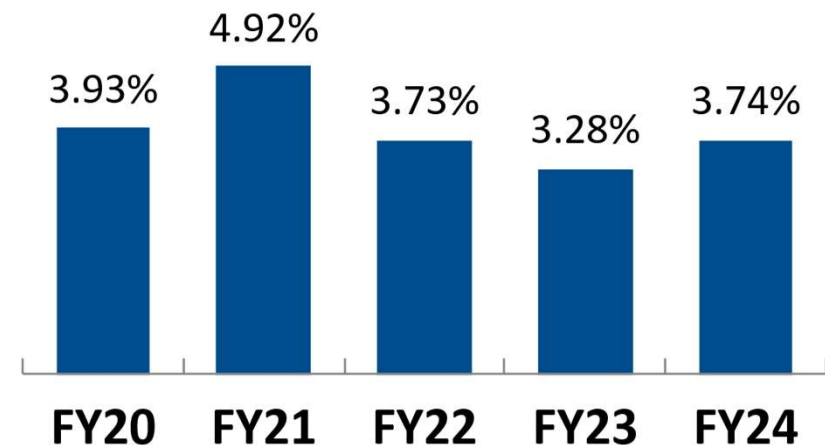
Cathay Life – Investment performance highlights

- After-hedging investment yield remained benign, supported by capital gains from equity portfolio adjustment during the market rally, while hedging costs were well contained.

After-hedging investment yield



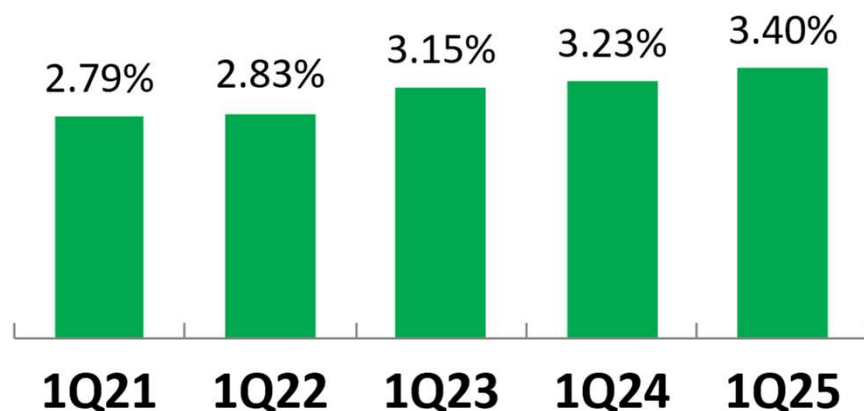
After-hedging investment yield



Cathay Life – Investment performance highlights

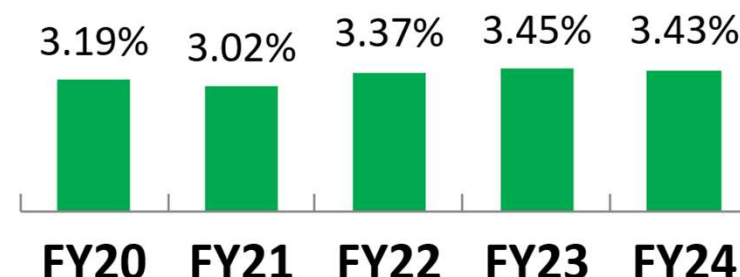
- Pre-hedging recurring yield grew by 17bps YoY, driven by higher interest income from continued expansion of fixed income positions at elevated yields, along with increased cash dividend income.
- Hedging costs were well contained, supported by 1.2% NTD depreciation and effective proxy hedging. FX volatility reserves totaled NT\$38.6bn as of 1Q25.

Pre-hedging recurring yield

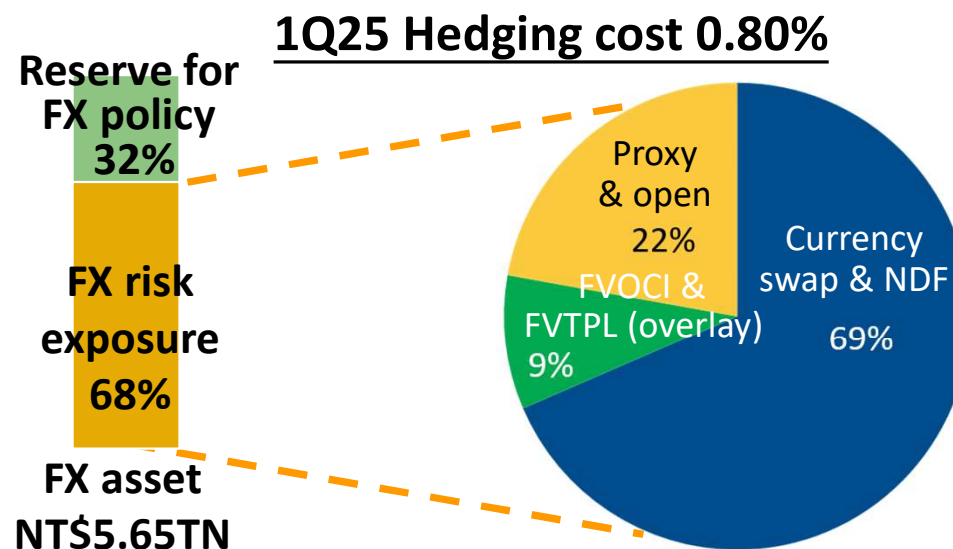


Note: Pre-hedging recurring income doesn't include capital gains but interest revenue, cash dividend and rental income. Yields for the aforementioned were 3.03%, 0.20% and 0.16% in 1Q25 ; and 2.94%, 0.13% and 0.16% in 1Q24, respectively.

Pre-hedging recurring yield



FX asset hedging structure



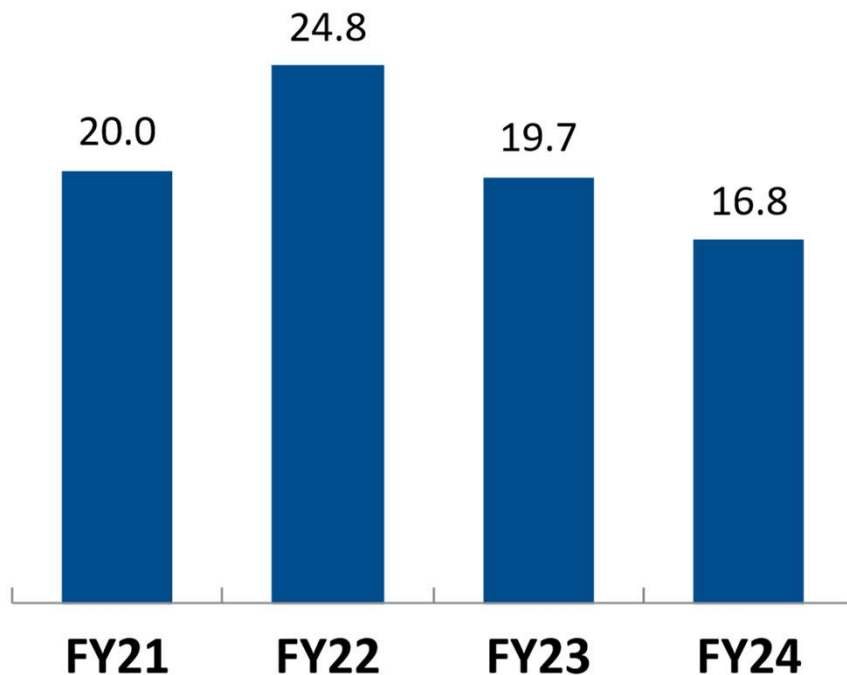
Hedging cost is based on FX asset

Cathay Life – Cash dividend income & overseas fixed income by region

- Diversified overseas fixed-income investments across regions to balance risk and return.

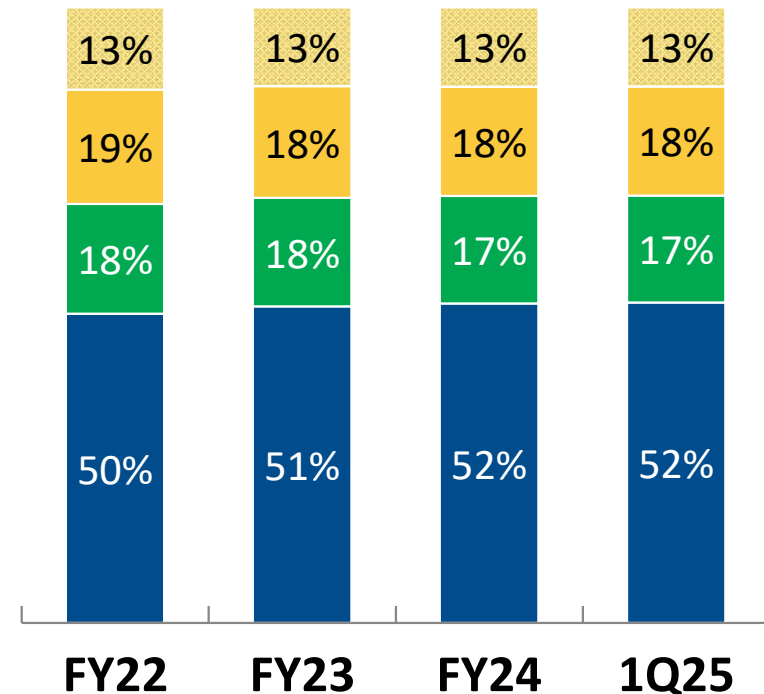
Cash dividend income

(NT\$BN)



Overseas fixed income by region

- Others
- Asia Pacific
- Europe
- North America

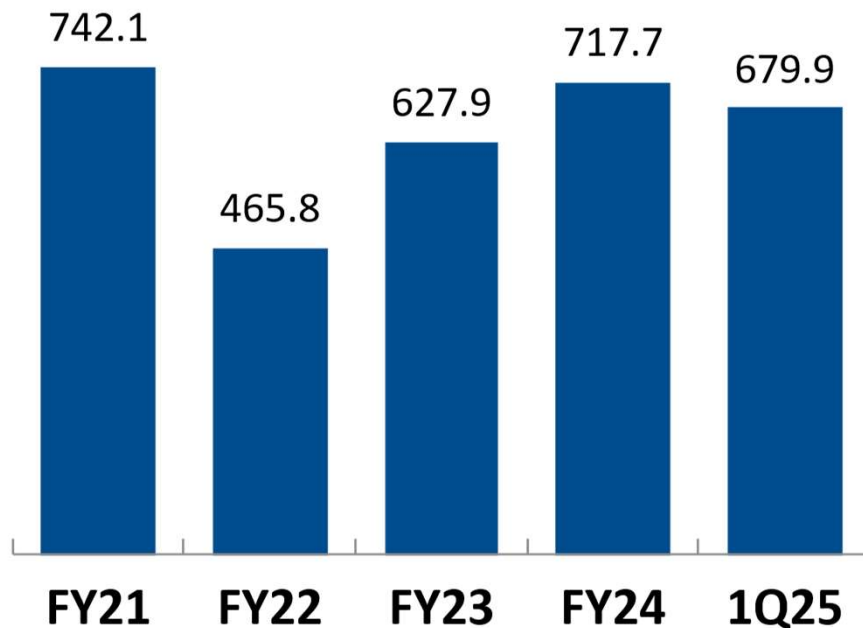


Cathay Life – Book value & unrealized G/L of financial assets

- Book value and unrealized G/L of financial assets declined YTD, reflecting equity market corrections.
- Equity-to-asset ratio stood at 8.5%, indicating robust capital strength.

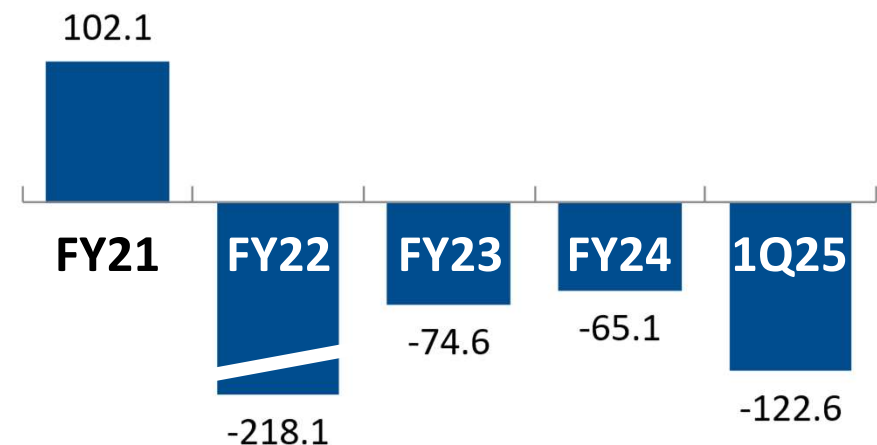
Book value

(NT\$BN)



Unrealized G/L of financial assets

(NT\$BN)



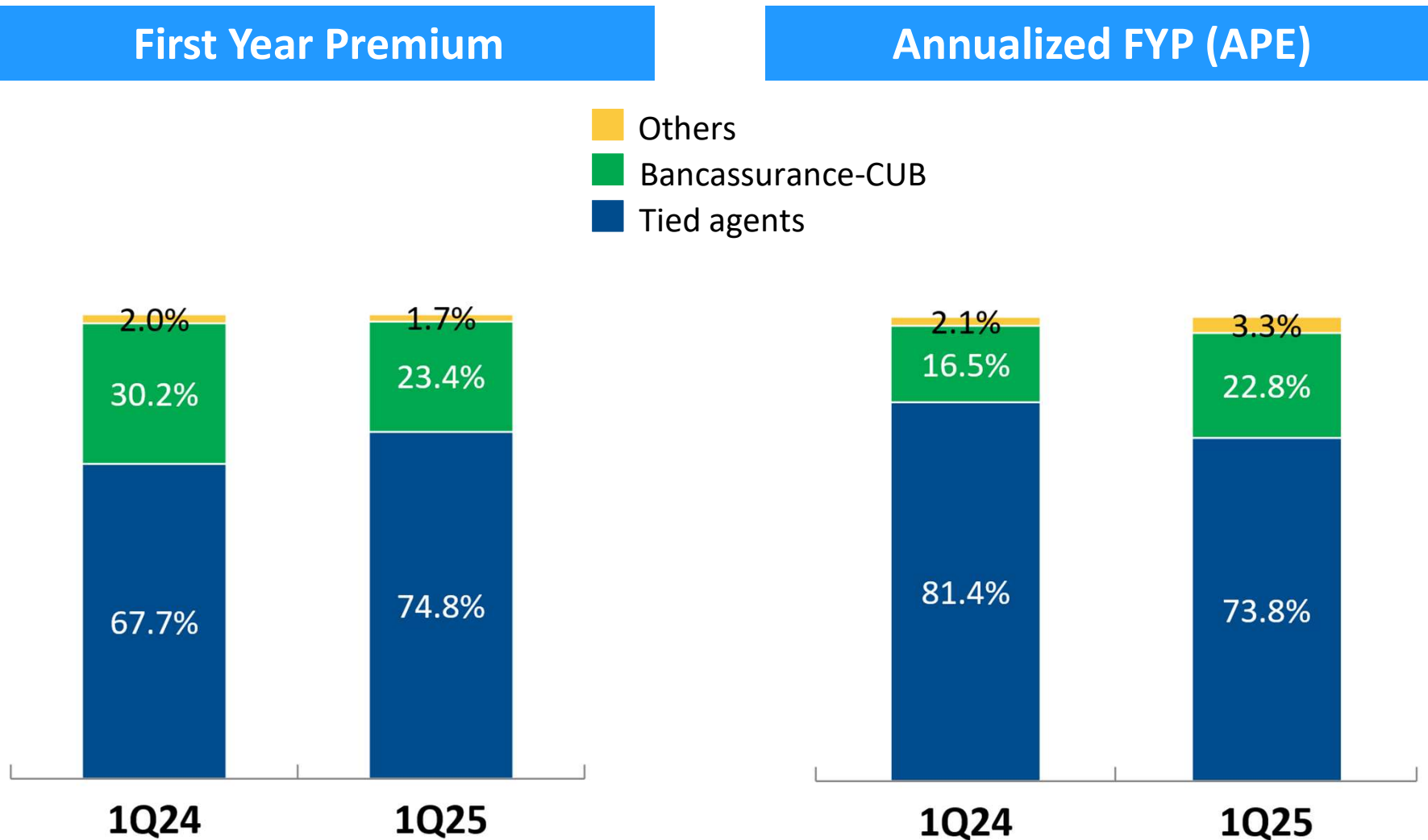
Note: (1) Cathay Life changed its business model for financial asset classification on 2022/10/1 in accordance with IFRS 9 and the guidance by Accounting Research and Development Foundation.

(2) Unrealized G/L of financial assets are the combination of FVOCI & FVTPL (overlay approach).



Cathay Life – Distribution channels

- Premium income was mainly generated by Cathay Life sales agents and Cathay United Bank. The group's strong sales capabilities provided solid contributions to premium income and VNB.



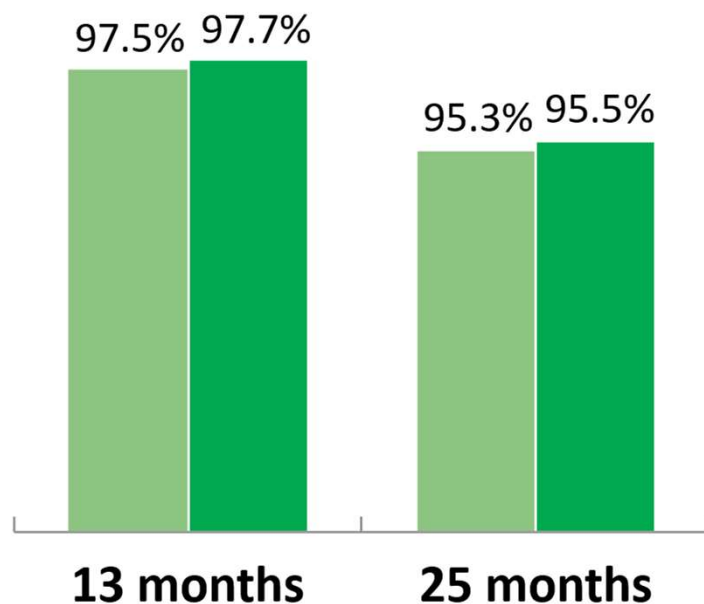
Cathay Life – Operational indicators

- Persistency ratio remained high, exceeding 95%.
- Expense ratio increased YoY, attributable to significantly rise in sales of USD-denominated traditional products and investment-linked products.

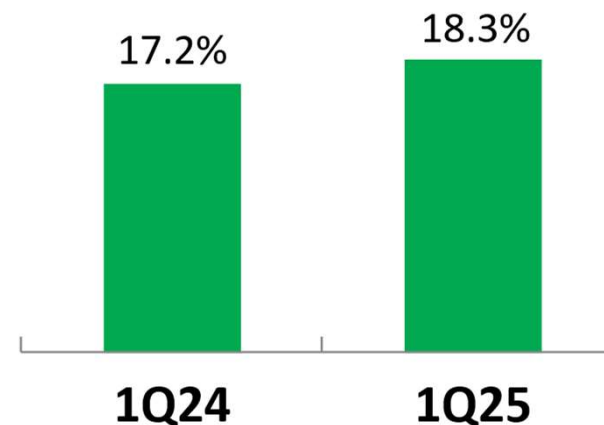
Persistency ratio

1Q24

1Q25



Expense ratio



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Cathay United Bank

Cathay Life

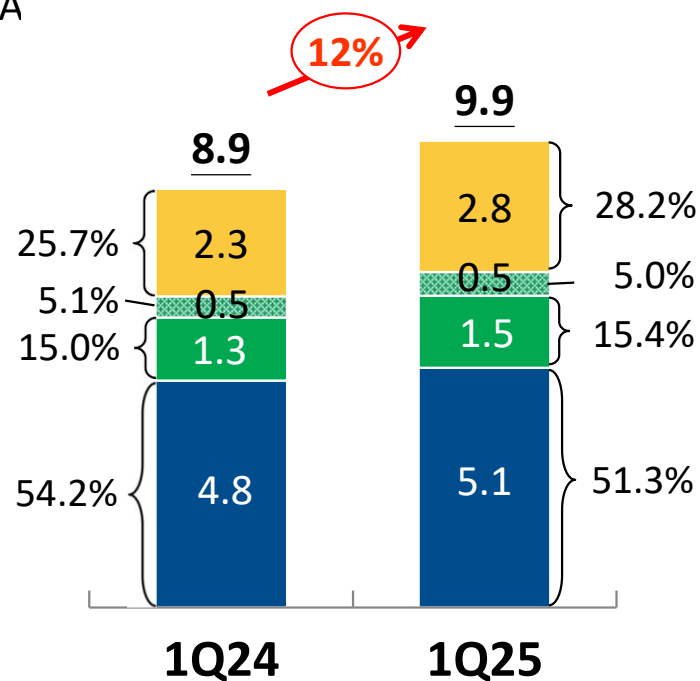
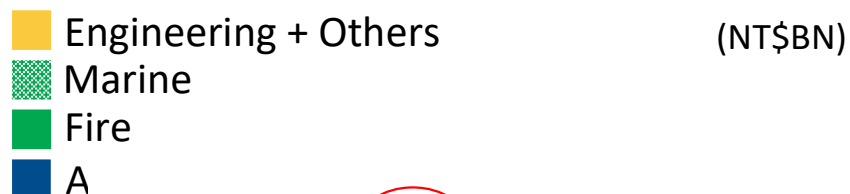
Cathay Century

- ❑ Cathay Life embedded value & appraisal value
- ❑ Cathay Life's strategy to IFRS 17/TW-ICS
- ❑ Cathay's ESG efforts

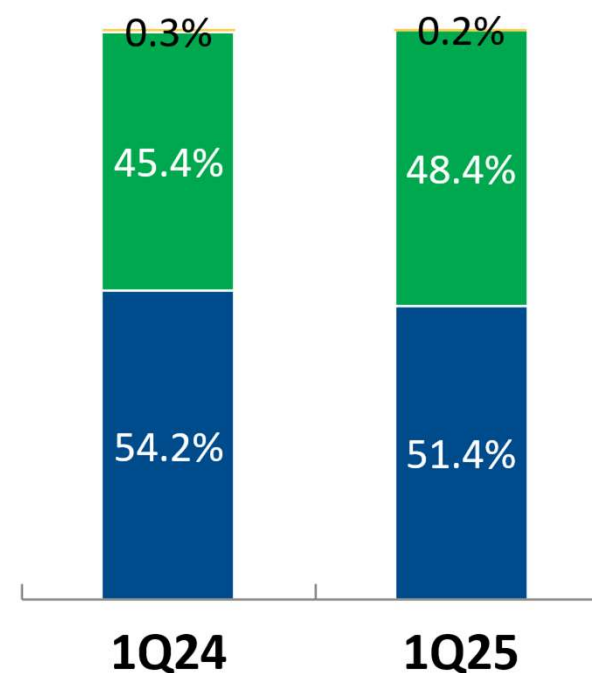
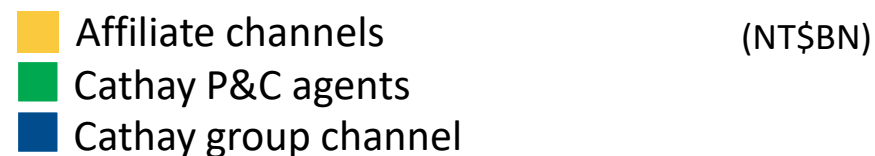
Cathay Century – Premium income & distribution channels

- Premium income maintained double-digit growth. Market share was 12.7%, ranking No.2 in the industry.

Premium income



Distribution channel



Market share	12.7%	12.7%
Retention	68.8%	68.1%

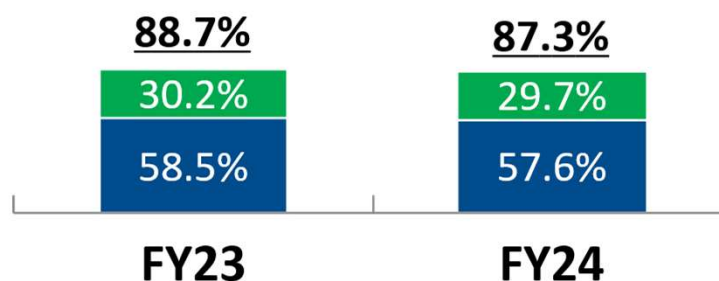
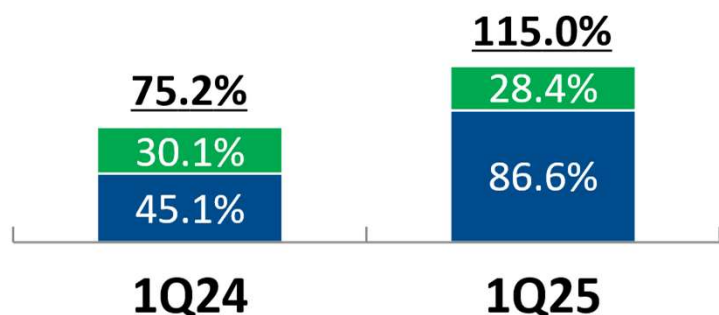


Cathay Century – Combined ratio

- Gross combined ratio rose YoY due to a higher gross loss ratio from 0121 earthquake claim payments. However, as these claims were largely covered by catastrophe reinsurance, the retained loss ratio increased only slightly, and the retained combined ratio remained stable.

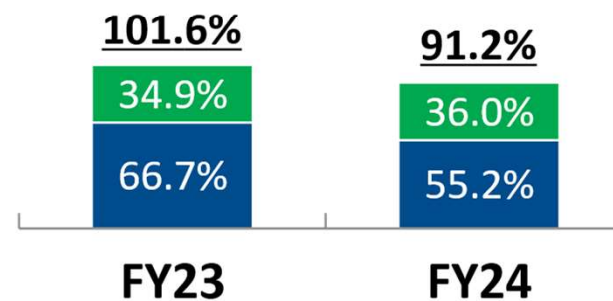
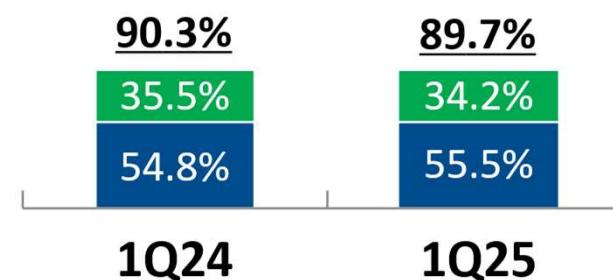
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



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Embedded Value & Appraisal Value

NT\$BN, except for per share figures

Valuation date	2023/12/31	2024/12/31
In-force business investment yield	3.88% ~ Year 2043 4.75% for NTD policies 4.57% ~ Year 2043 5.35% for USD policies (Equivalent investment yield: 4.19% Rolling over to 2024: 4.25%)	3.95% ~ Year 2044 4.76% for NTD policies 4.72% ~ Year 2044 5.36% for USD policies (Equivalent investment yield: 4.26%)
Risk discount rate	9.5%	9.5%
Adjusted net worth	652	745
Value of in-force business	835	868
Cost of capital (CoC)	-348	-334
Value of in-force business (After CoC)	488	534
Embedded Value (EV)	1,140	1,279
EV / per share	179.5(77.7)	201.3(87.2)
Future one year's new business investment yield	2.62% ~ Year 2043 4.58% for NTD policies 5.21% ~ Year 2043 5.28% for USD policies	2.63% ~ Year 2044 4.59% for NTD policies 5.22% ~ Year 2044 5.29% for USD policies
Value of future one year's new business (After CoC)	28.0	30.0
Appraisal Value (AV)	1,386	1,546
AV / per share	218.2(94.5)	243.5(105.4)

Note: (1) EV/AV calculation does not include business of Cathay Life in China and Vietnam.
(2) per share = per share of Cathay Life; (per share) = per share of Cathay FHC
(3) The outstanding shares of Cathay Life in 2023 and 2024 are 6.35bn .
(4) The outstanding shares of Cathay FHC in 2023 and 2024 are 14.67bn.
(5) Totals may not sum due to rounding.



Summary

NT\$BN, except for per share figures

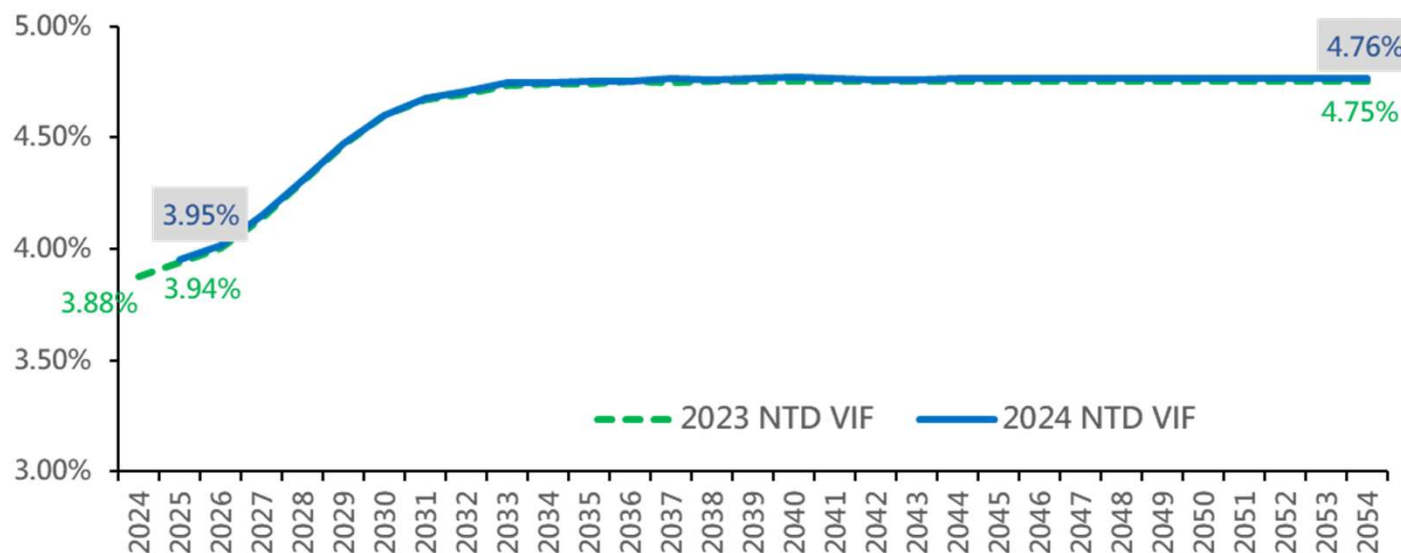
Valuation date		2023	2024	Growth rate	1Q25
Embedded value	Equity	618	704	14%	--
	Adjusted net worth	652	745	14%	--
	Value of in-force business (before CoC)	835	868	4%	--
	Cost of capital (CoC)	-348	-334	-4%	--
	Value of in-force business (after CoC)	488	534	9%	--
	Embedded value	1,140	1,279	12%	--
Value of one year's new business	First year premium (FYP)	132.9	154.1	16%	54.9
	Annualized FYP (APE)	47.4	57.8	22%	16.8
	Value of one year's new business (V1NB)	26.8	33.8	26%	9.4
	Profit margin (V1NB/FYP)	20%	22%	--	17%
	Profit margin (V1NB/APE)	56%	58%	--	56%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	47%	42%	--	34%
Appraisal value (20 years NB)	Multiple	8.8	8.9	--	--
	Appraisal value	1,386	1,546	12%	--
Basic Value per share	EV / per share of Cathay FHC	77.7	87.2	12%	--
	AV / per share of Cathay FHC	94.5	105.4	12%	--

Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares in 2023 and 2024 , which is 14.67bn.

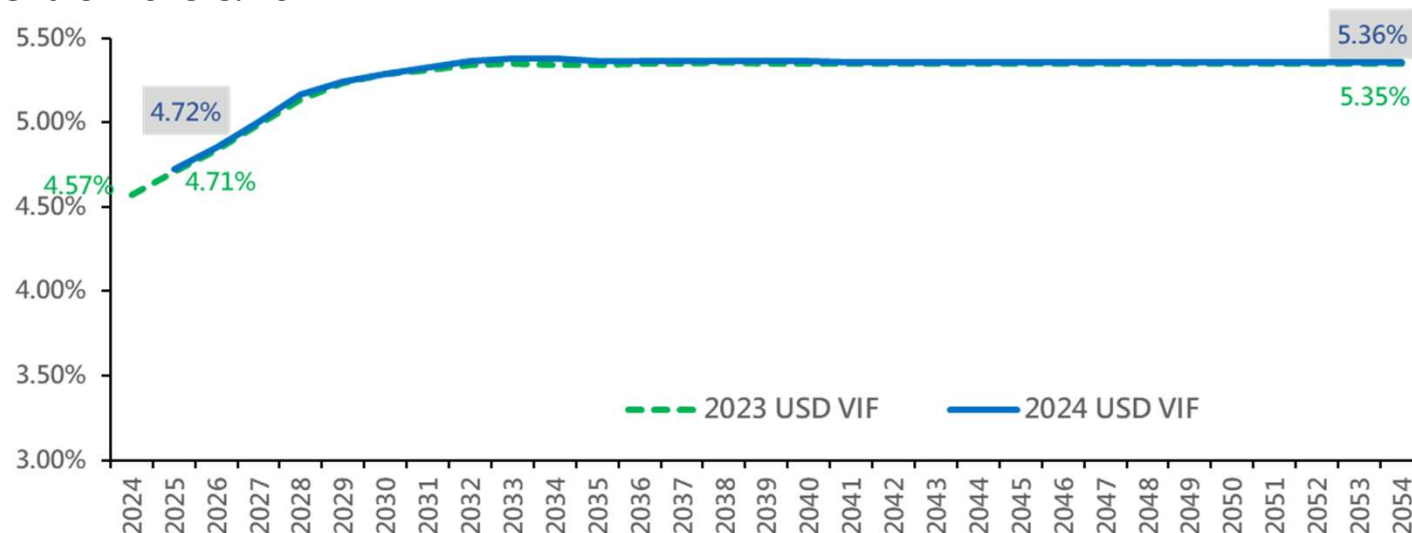
(2) Totals may not sum due to rounding.

Economic Assumptions: In-force business investment yield

- Investment return assumptions for the value of in-force business of NTD-denominated policies as of the end of 2023 & 2024.



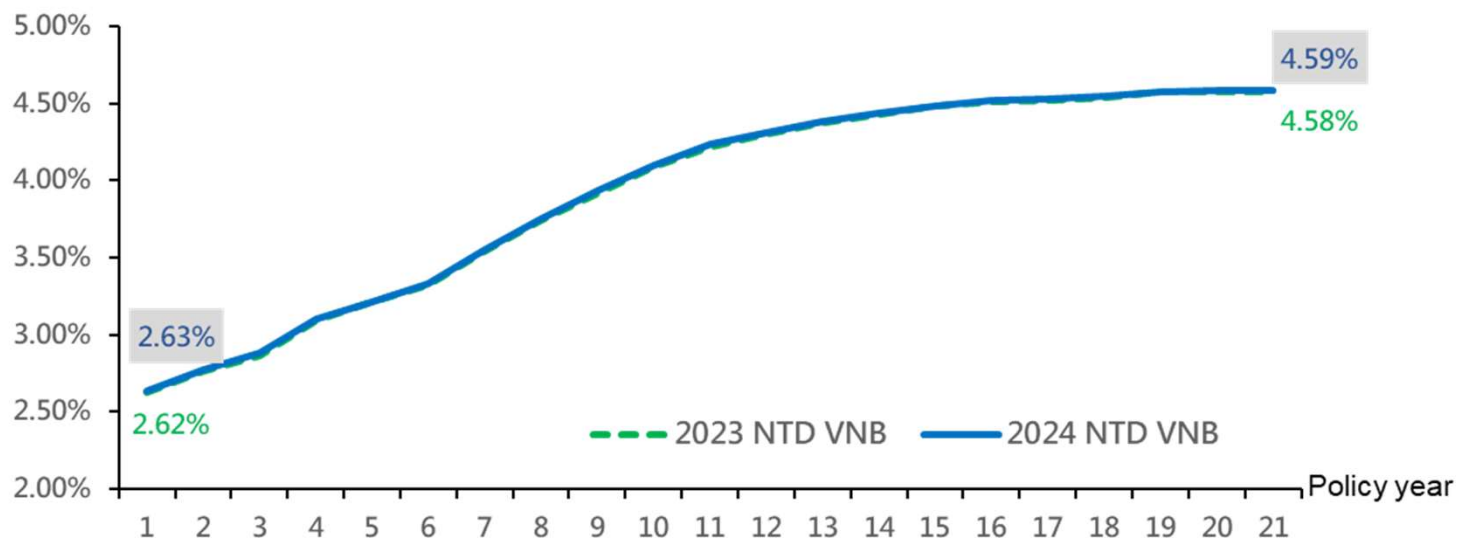
- Investment return assumptions for the value of in-force business of USD-denominated policies as of the end of 2023 & 2024.



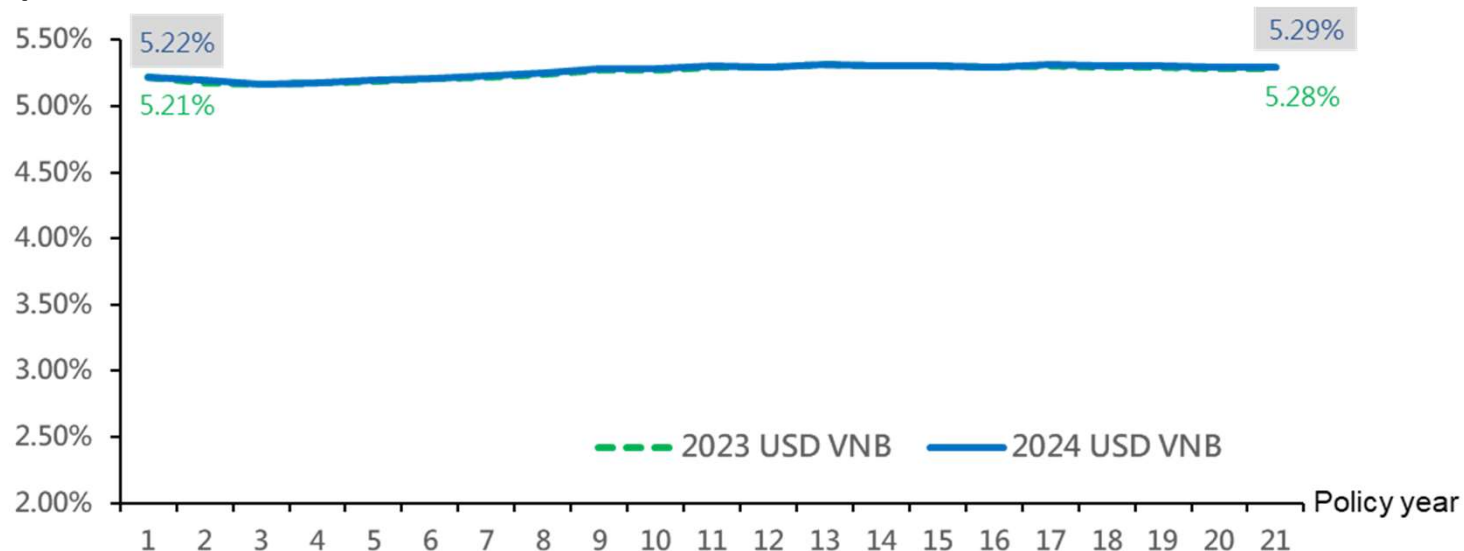
Economic Assumptions:

Future one year's new business investment yield

- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2023 & 2024.



- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2023 & 2024.



Cost of Capital projection and non-economic assumptions

■ RBC capital requirement:

Apply 2024 RBC formula announced by Insurance Bureau to project future capital requirement.

1. Capital Requirement = 200% RBC; Risk-based capital calculation reflects company's current and future operation status.
2. Reflect the following RBC calculation changes in 2024 :

(1) The changes of C3 risk factor (x) of traditional products

x	Before	After
2025	1.0	0.9

note: C3 risk capital of traditional products is calculated as $\min[\text{interest rate risk capital calculated based on one-year negative spread} + (x+y) \times \text{the highest C3 risk capital in the recent 5 years, ICS interest rate risk capital}]$, which was the enhancement measures of C3 interest risk announced by Insurance Bureau in 2021.

- (2) RBC Formula includes a new category: Catastrophe risk (C5)
- (3) The risk factor for domestic infrastructure investments is reduced to 1.28%.
- (4) The risk factor for domestic REITs is increased to 9.23%, and the risk factor for foreign REITs is revised to $\text{Max}(15.17\%, \text{the risk factor corresponding to the REIT issuer's credit rating})$.
- (5) In spite that the Company has recognized the expected credit losses (ECL) for bonds in accordance with IFRS 9, the risk capital requirement must still be provisioned based on the risk factors corresponding to the bonds' credit ratings.

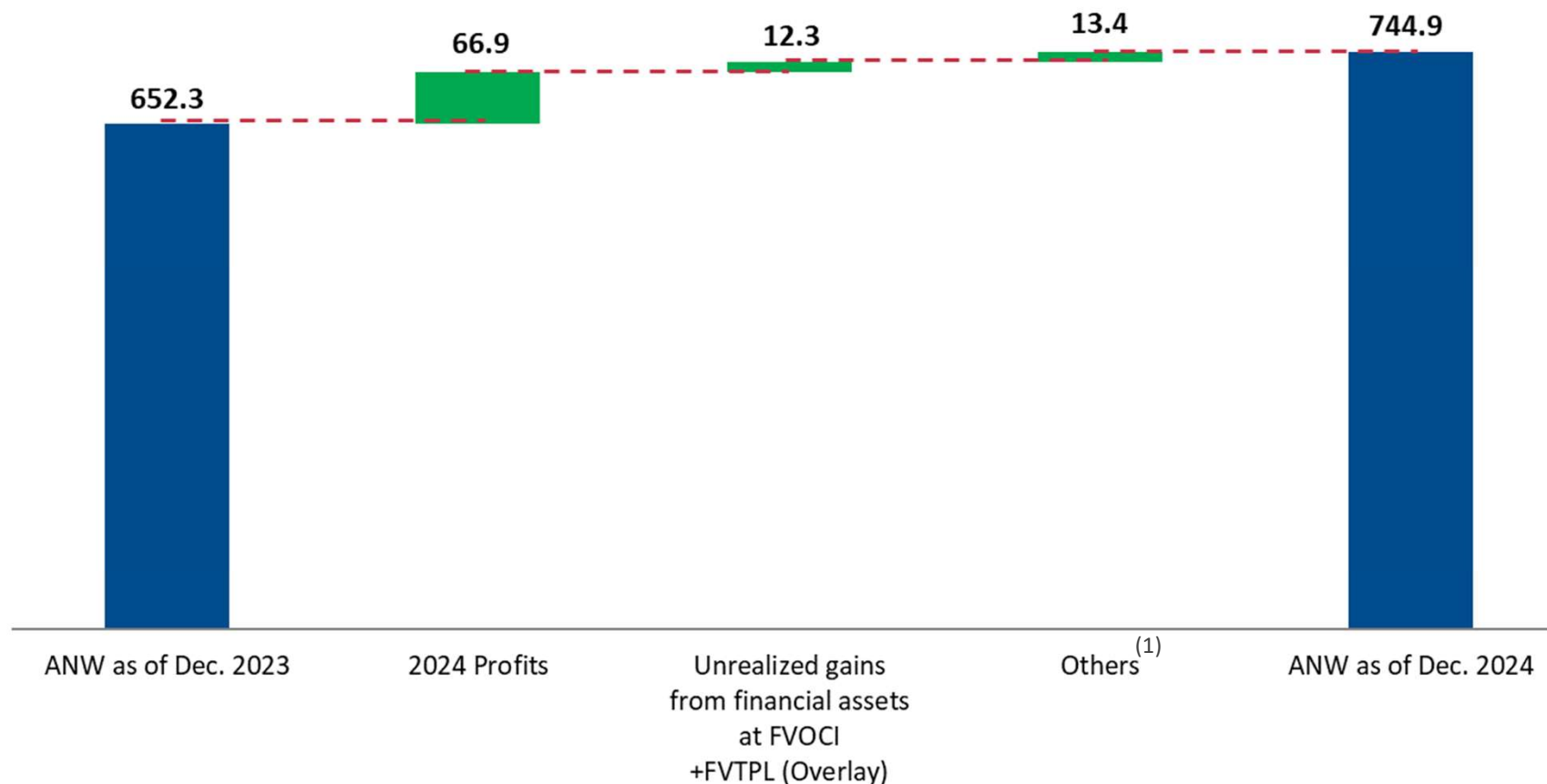
■ Experience rate:

All assumptions are set based on the company's recent experiences and trends, and are characterized by product types. In addition, the lapse rate reflects an extra allowance in lapse assumption in response to the concurrent rise in interest rates observed in recent years in Taiwan and the U.S., as well as the depreciation of the Taiwan Dollar against the U.S. dollars.

■ PricewaterhouseCoopers Asia Actuarial Services provides an independent review of the actuarial assumptions on EV.

Analysis of change in Adjusted Net Worth (ANW)

NT\$BN

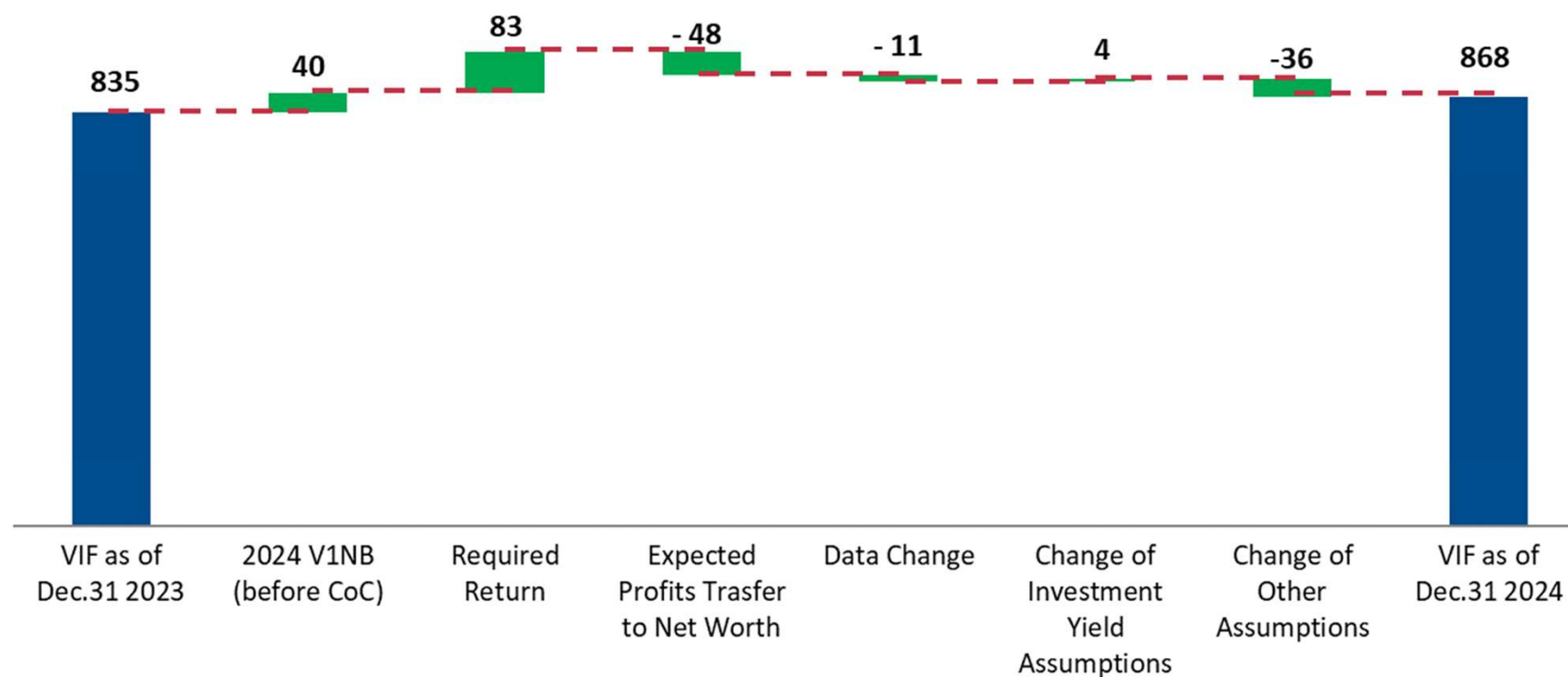


Note:

(1) Others primarily include change of foreign exchange volatility reserve and exchange differences on translation of the financial statements of foreign operations.

Analysis of change in value of in-force business (VIF)

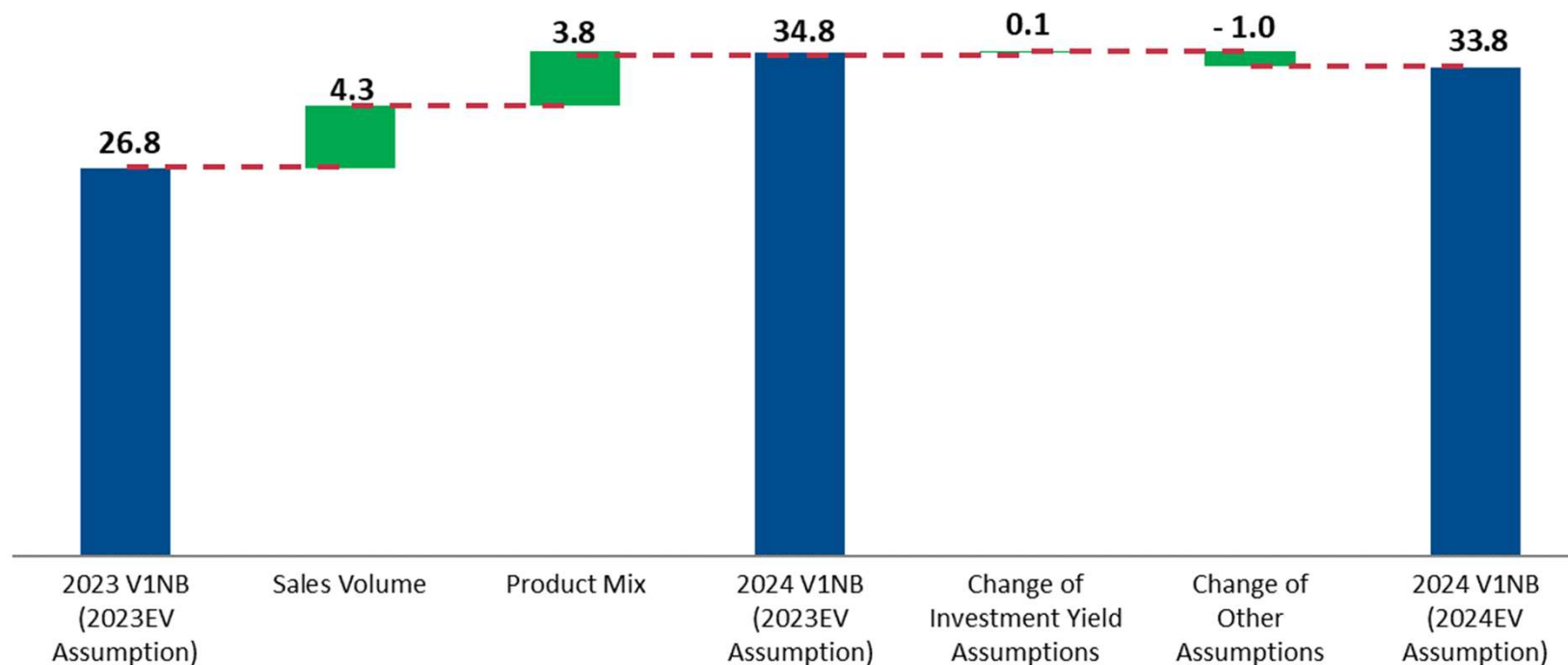
NT\$BN



- The value of one year new business (after CoC) of 2024 is 34.8 billion.

Analysis of change in value of one year's new business (V1NB)

NT\$BN



Sensitivity analysis

NT\$BN, except for per share figures

Valuation date	2024/12/31					
Assumption	Investment yield – 0.25%	Investment yield + 0.25%	Investment yield + 0.25% (capped) ⁽¹⁾	Base Case (Discount rate 9.5%)	Discount rate – 0.5%	Discount rate + 0.5%
Adjusted net worth	745	745	745	745	745	745
Value of in-force business	710	1,026	928	868	919	821
Cost of capital (CoC)	-346	-321	-329	-334	-320	-346
Value of in-force business (After CoC)	364	704	599	534	599	475
Embedded Value	1,109	1,449	1,344	1,279	1,344	1,220
EV / per share	174.6 (75.6)	228.2 (98.8)	211.6 (91.6)	201.3 (87.2)	211.7 (91.6)	192.1 (83.2)
Appraisal Value	1,349	1,737	1,617	1,546	1,632	1,469
Value of future one year's new business (After CoC)	26.1	33.9	31.0	30.0	32.3	28.0
AV / per share	212.5 (92.0)	273.5 (118.4)	254.5 (110.2)	243.5 (105.4)	256.9 (111.2)	231.3 (100.2)

Note: (1) "Investment yield +0.25% (capped)" : the investment return is capped by 4.76% for NTD policies and 5.36% for USD policies.

(2) Totals may not sum due to rounding.

YoY Comparison

Under different discount rate assumptions, the results of the Year 2023 & 2024 go as follows.

NT\$BN		
Valuation date	2023/12/31	2024/12/31
Embedded Value	1,082~1,205	1,220~1,344
Value of future one year's new business	25.9~30.3	28.0~32.3
Appraisal Value	1,311~1,469	1,469~1,632

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Response to IFRS 17 & TW-ICS implementation

- ❑ Proactively participating in the international field testing of IFRS 17 and ICS since 2015
- ❑ Refining business strategies since 2020 in response to the implementation of IFRS 17 and TW-ICS, focusing on new business profitability, investments and capital planning



Product Strategy

Profitability under new framework is confirmed

- ✔ Focus on not only returns but risks, namely risk-adjusted return on capital (RAROC)
- ✔ Shift to protection-type, USD interest sensitive life and ILPs



Investments

Liability-driven investments

- ✔ Risk-adjusted return on capital (RAROC) consideration under TW-ICS
- ✔ More fixed income assets to enhance recurring yield and manage interest rate risks



Capital

Capital raising plan to create buffer for market fluctuation

- ✔ NT\$35bn common equity injection in 2022; NT\$35bn and NT\$80bn subordinated debt issuance in 2023 and 2024, respectively.



Asset Liability Management

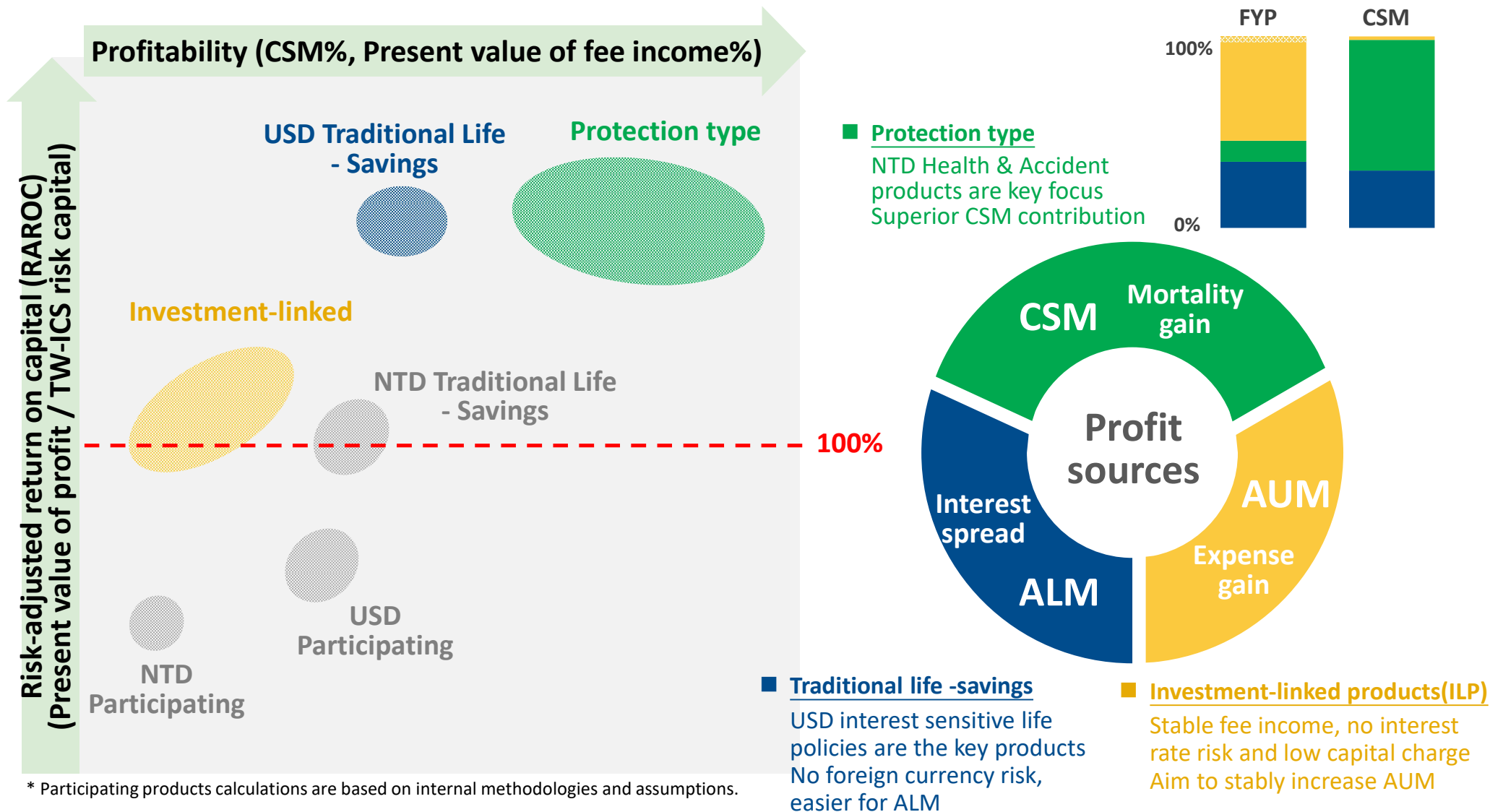
Strengthen interest rate risk management

- ✔ Advance duration management, including effective and dollar duration
- ✔ Employ interest rate hedge for USD policies as needed



Focus on high CSM and RAROC products

- ❑ CSM accumulation is top priority
- ❑ Taking profitability, volume(FYP) and capital charge into consideration



Enhancing transparency and comparability under IFRS 17

- ❑ Mark-to-market valuation for insurance liabilities
- ❑ Profit of insurance policies recognized as CSM (as a liability item) and released through revenue over the contract term

IFRS 9 (Overlay) & IFRS 4		IFRS 9 & IFRS 17	
Revenues	<ul style="list-style-type: none"> Premium income Investment income (incl. realized gains of equity investment w/overlay) 	Insurance service results <ul style="list-style-type: none"> CSM & risk adjustment (RA) release Expected claims and expenses paid Actual claims and expenses paid 	1 CSM released through revenue over the contract term
Expenses	<ul style="list-style-type: none"> Incurred claims Changes in insurance policy reserves Expenses 	Financial results <ul style="list-style-type: none"> Investment income Insurance finance expenses 	2 Net interest earned
		Others <ul style="list-style-type: none"> Other income Other expenses 	3 Fee income from investment-linked products (out of IFRS 17 scope)
Net income		Net income	
OCI	<ul style="list-style-type: none"> Changes in FVOCI assets 	OCI <ul style="list-style-type: none"> Changes in insurance liabilities due to discount rates ⁽¹⁾ Changes in FVOCI assets 	4 Changes in asset and liabilities due to interest rate changes
		Retained earnings	5 Reflect net income and FVOCI equity investment realized gains ⁽²⁾



New solvency regime TW-ICS: Higher capital requirements

- ❑ TW-ICS requires higher capital, with stricter risk-based assessments, market-consistent liability valuation, and higher capital charges for various risks.

		RBC	TW-ICS
Adopted framework		RBC (NAIC)	ICS (IAIS)
Valuation	Fixed income	Amortized cost	Mark-to-market (market adjusted value)
	Stock	Average market value over half-year period	
	Insurance liability	Locked-in basis	
Capital resources		Tiering	Tiering CSM 100% recognized as capital
Risk measurement		VaR 95%	VaR 99.5%
Risk calculation		Factor-based	<ul style="list-style-type: none"> • Stress approach (primarily), factor-based • Broader risks (longevity/lapse/expense/catastrophe/non-default spread risks)

TW-ICS: Transitional measures ease capital pressure

Transitional measures on Capital Resource

- **Linear increase of the net fair value impact from assets and liabilities for legacy portfolios ⁽¹⁾ over a 15-year phase-in period**
 - A phase-in mechanism for the valuation of assets and liabilities to alleviate day-one impact

Transitional measures on Required Capital

- **Linear increase of the capital requirement over a 15-year phase-in period**
 - Interest rate risk: from initial 50% to 100%
 - Longevity/lapse/expense/catastrophe/non-default spread risks: from initial 0% to 100%
 - Domestic stocks and real estate risk factors linearly converge to TW-ICS from RBC

Localization

- **Morbidity/mortality/longevity/lapse risk stress factors are adjusted based on localized data**
- **Localization equity and real estate risk factors**

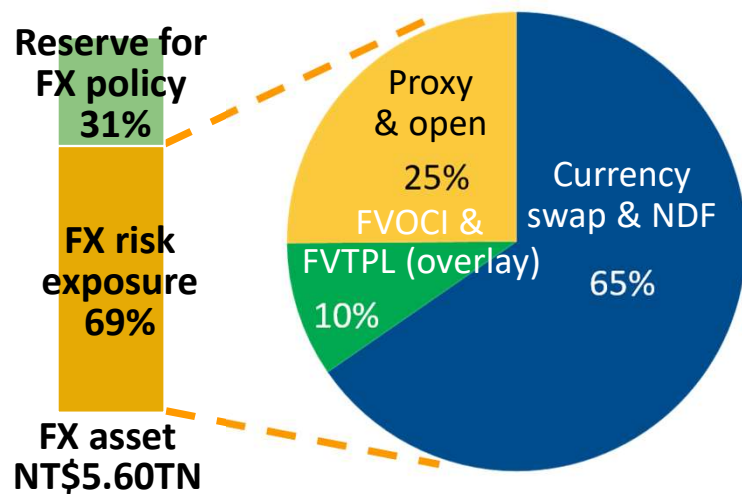
Risk factor	RBC	ICS (IAIS)	TW-ICS
Taiwan listed stocks	21.65% (TWSE), 30% (OTC)	48% (EM)	35%
Domestic real estate	7.81%	25%	15%
Domestic public infrastructure ⁽²⁾	1.28%	49% (other equity)	1.28%



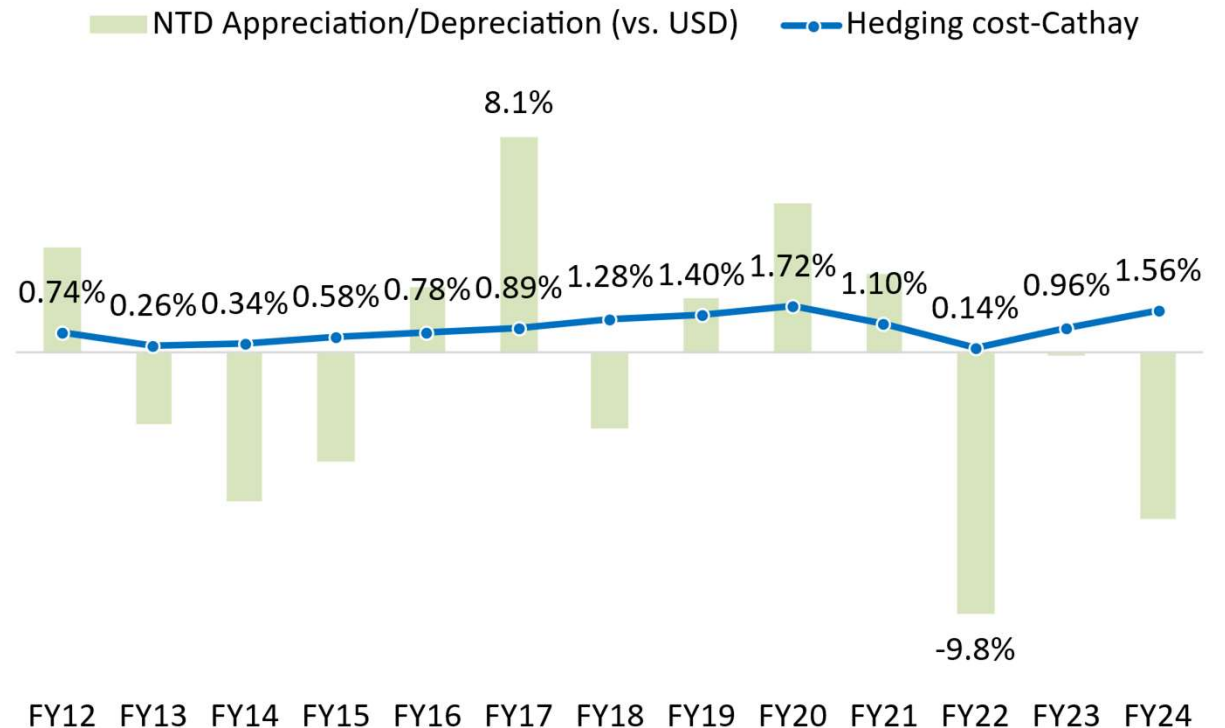
Cathay Life – Dynamic hedging strategy

- Dynamic and effective hedging strategy maintains hedging costs within the target range of 1-1.5%.

FY24 FX asset hedging structure

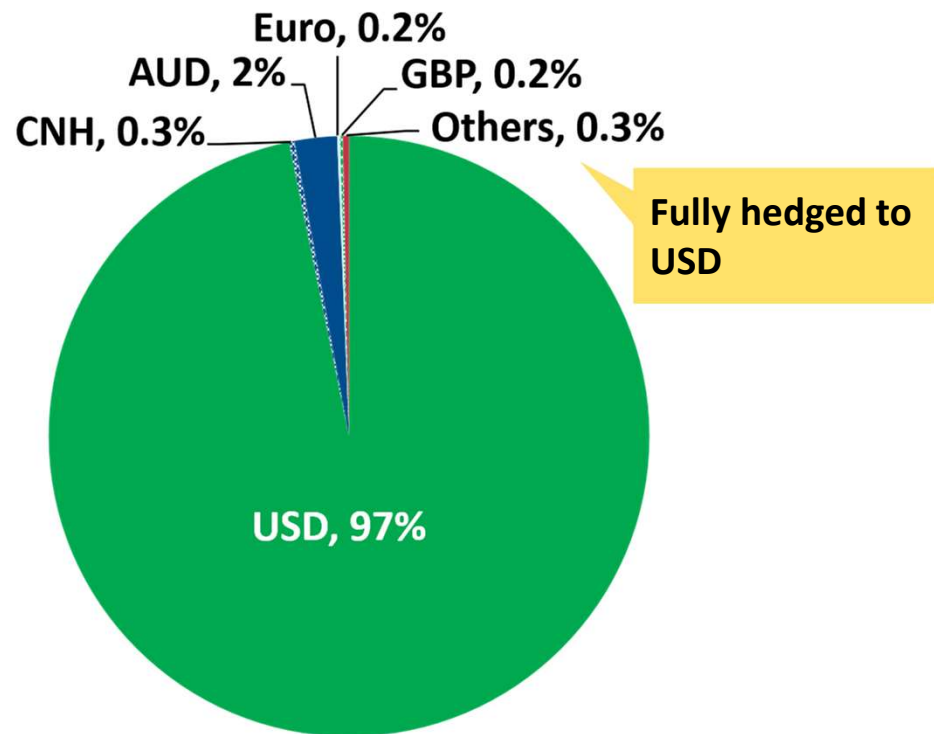


Hedging cost vs. NTD/USD movement

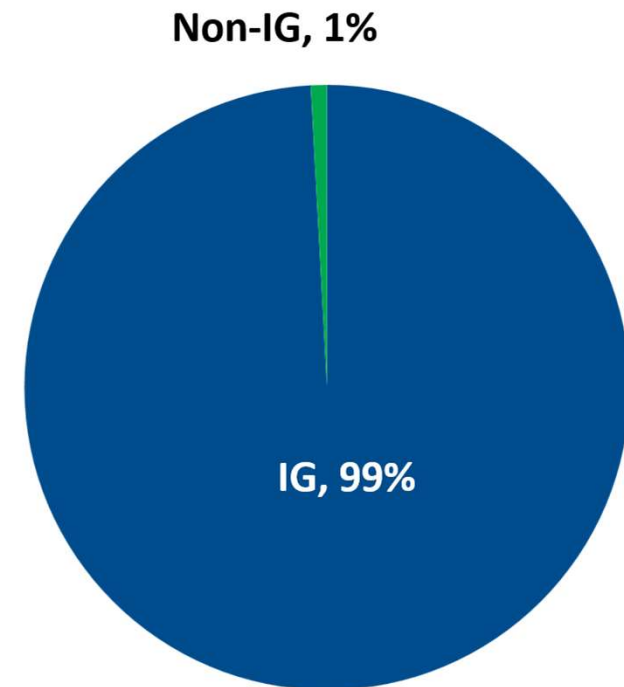


Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (1Q25)



Overseas bond by rating (1Q25)



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Renowned corporate sustainability performance

Global

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

Included in
DJSI World & DJSI EM



FTSE4Good



Gender-Equality Index

MSCI
ESG RATINGS
AAA

CDP
A- level

RE100 | **CLIMATE GROUP** | **CDP**

First Taiwan FI



Asia 6th approval



2022 & 2023 ICAPs

Global best practice



1st in Asia

Taiwan

**Top-20%
Corporate Governance**

Over 1,000 listed companies

TWSE Corporate Governance Evaluation



天下企業公民
Excellence in Corporate Social Responsibility

Top-10 World Corporate Citizen for **12** years
Top 3 Large Cap & Financial in 2024

遠見ESG企業永續獎
Global Views ESG Corporate Sustainability Award

First Prize in Finance & Insurance
in 2025



2024 Taiwan Corporate
Sustainability Awards



Cathay's sustainability strategies and goals



Climate

Low-carbon economy

- Net-zero emissions across financial assets by 2050
- Leadership in climate engagement
- Comprehensive financial solutions for climate change

Sustainable environment

- Zero-carbon operations by 2050
 - Green operations
 - Green energy
 - Green real estate



Health

Health promotion

- Expansion of the health ecosystem
- Support for rehabilitation
- Development of elderly-friendly services

Financial health

- The industry's top guardian of customer assets
- Benchmark enterprise for financial inclusion in Taiwan



Empowerment

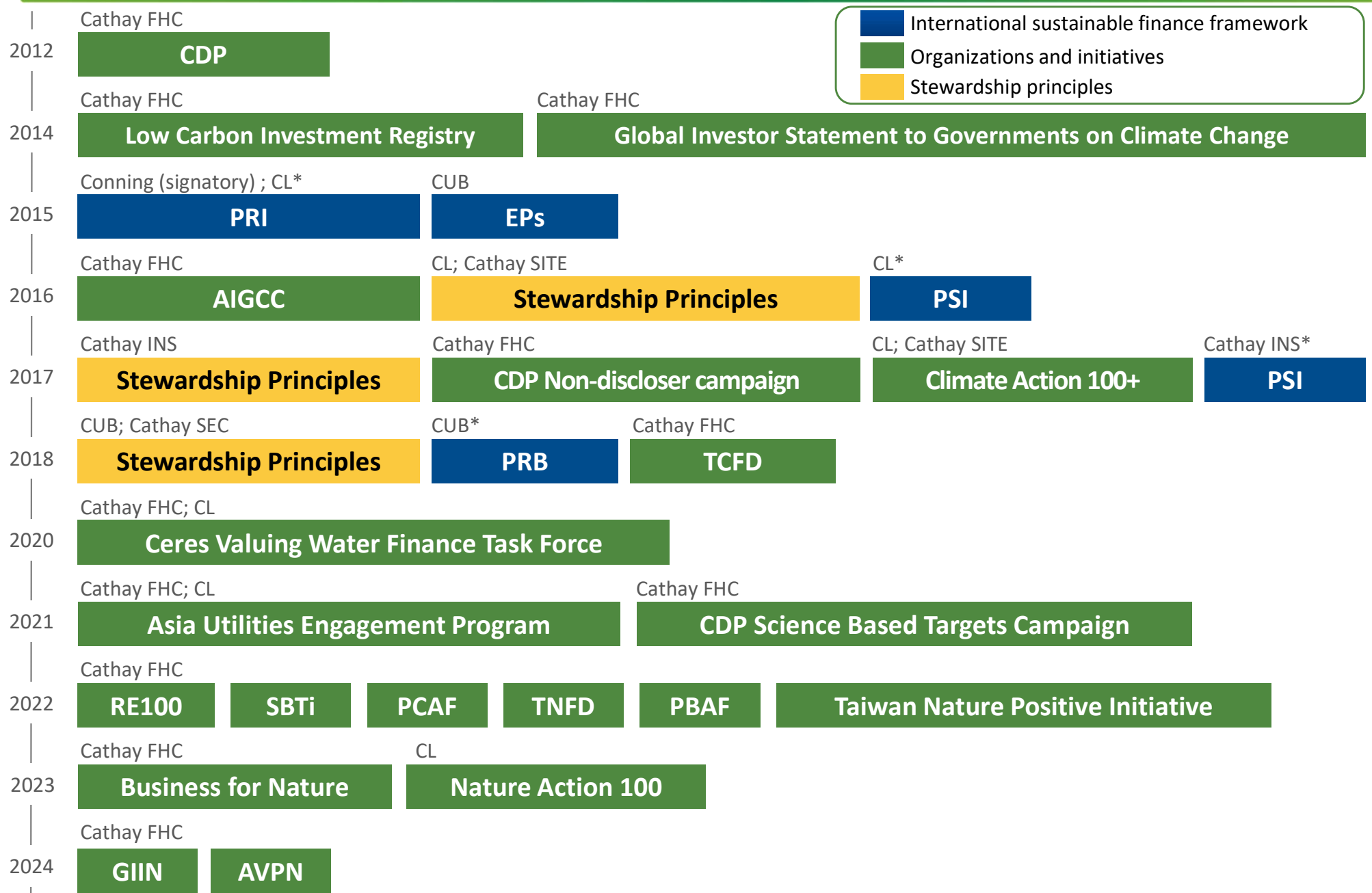
Workplace Empowerment

- Employee reskilling and upskilling
- Leadership pipeline development
- Fostering workplace diversity, equity and inclusion

Social Empowerment

- Youth empowerment
- Women's empowerment
- Support for the underprivileged

Participation in climate actions and nature initiatives



Cathay FHC's commitment to net-zero carbon emissions



Low-carbon operation transition since 2017

RE100

CLIMATE GROUP



Became an RE100 member



SCIENCE
BASED
TARGETS

Received SBTi validation of carbon reduction

2018

Disclosed carbon footprints in investment portfolio

2019

CUB **ceased** financing new **coal power projects (Zero coal financing in 1Q27)**
Cathay Life **excluded investments in coal power plants** without active transition plans

2020

Integrated **carbon-reduction** performance into **CEO's KPI**

2022

Received **Science-Based Target initiative (SBTi)** validation
Became an **RE100 member**

2025

100% renewable energy for headquarters

2030

100% renewable energy for all locations in Taiwan

2050

Net-zero carbon emissions

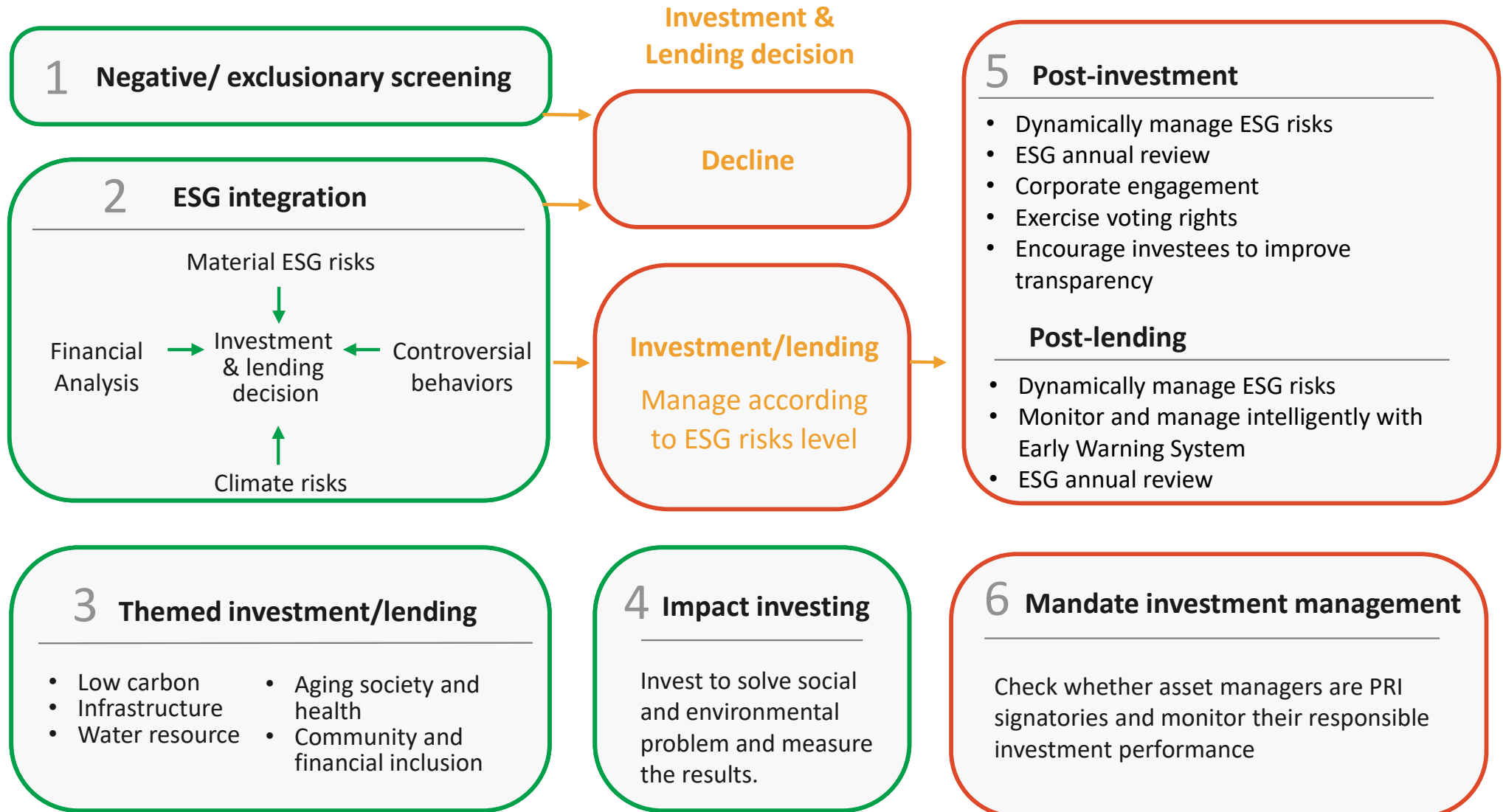
No new investments with revenue over	2022	2025	2030	2040
Coal value chain	30%	20%	20% (OECD: 5%)	5%
Unconventional oil & gas	50%	30%	30% (OECD: 20%)	5%



Integrating ESG into responsible investment and lending














Investment/ Lending Process

Engagements after Investment/ Lending



Leveraging financial competence to support sustainability

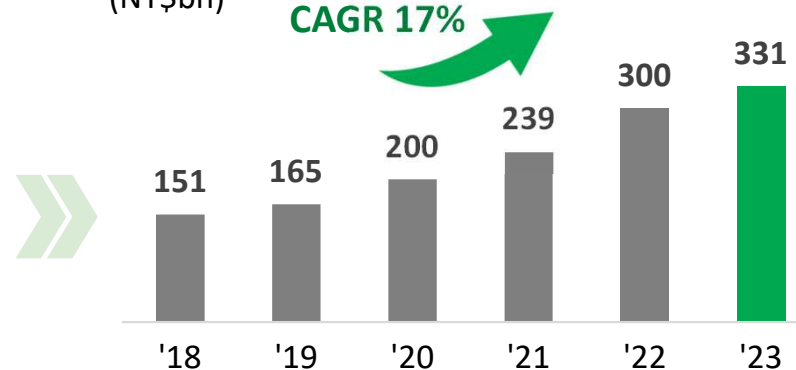
2023 Sustainability themed investment / lending

(NT\$)	Investment	Lending	Related to SDGs	
 Low carbon	289.7bn	40.8bn		
 Infrastructure	841.5bn	70.2bn		
 Water resources	490.3bn	43.7bn		
 Aging society & health	2.4bn	4.0bn		
 Community & inclusive finance	6.7bn	1.1bn		

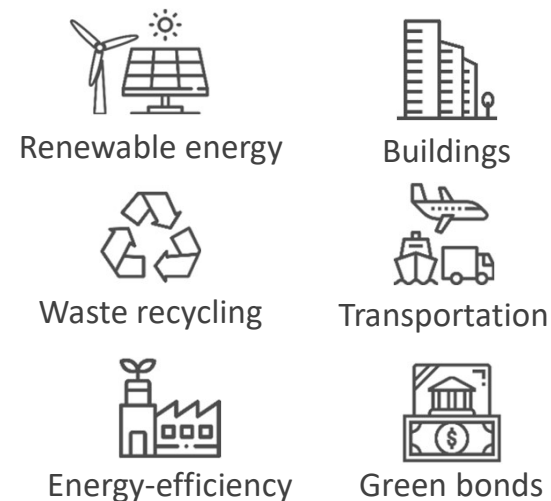
Low-carbon investment/lending grew YoY

(NT\$bn)

CAGR 17%



Define low-carbon sectors based on Low Carbon Registry Taxonomy



Hastening positive environmental change with green products

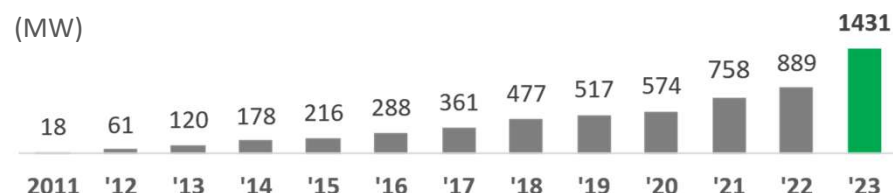
Pioneers in renewable energy financing



Wind Power + Solar Power

Total capacity of **financed solar power stations and wind turbines** **2,804 MW**

Total capacity of loan-financed solar power stations installed



First in the industry – Green insurance



Renewable energy

NT\$ 211bn
cumulative insured amount



Public bicycles accident

188.5mn
bicycle riders



Offshore wind power insurance



Bicycle insurance

10,745 bicycles

Green finance services across markets



Sustainability-linked loan (SLL)

Approved **~60 SLLs, NT\$48bn+** across Taiwan, Hong Kong, the Philippines, Singapore & Australia



Green deposit

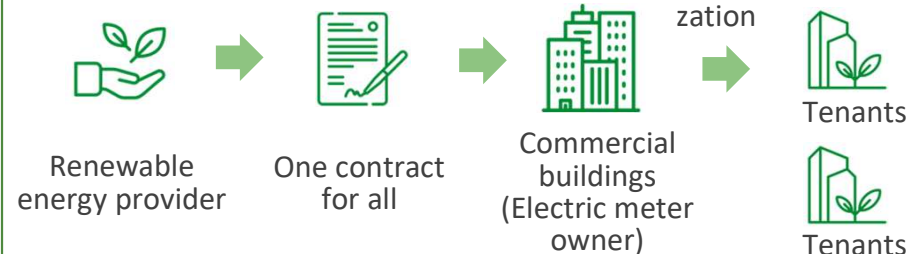
Utilized by over 40 companies of NT\$30bn
Released 1st green deposit assurance report

Green landlord

18 companies joined the program (2023)

Supplied **1,349kWH** in renewable energy

Green leasing program



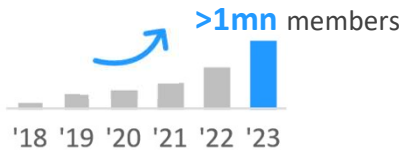
Health promotion – from compensation to prevention

FitBack app health promotion program



Compensation ►►► Prevention

FitBack wellness platform to encourage a healthier living



Accrued **1.23 tn** steps, conserving **175,000** tons of carbon emissions

Track health habits



steps



heart rate



sleep



fitness



aerobic

Health ecosystem

Fitness programs

Health counselling

Dietary supplements

Fitness gear

Expand influence

Policyholders

General public

Employees

FitBack app + spillover-feature insurance products

Health habit targets

Premium discounts

Increased benefit

Increased insured amount



Led the industry by offering **30** spillover insurance policies

Every step counts for charity

步步攻億走

Every step counts

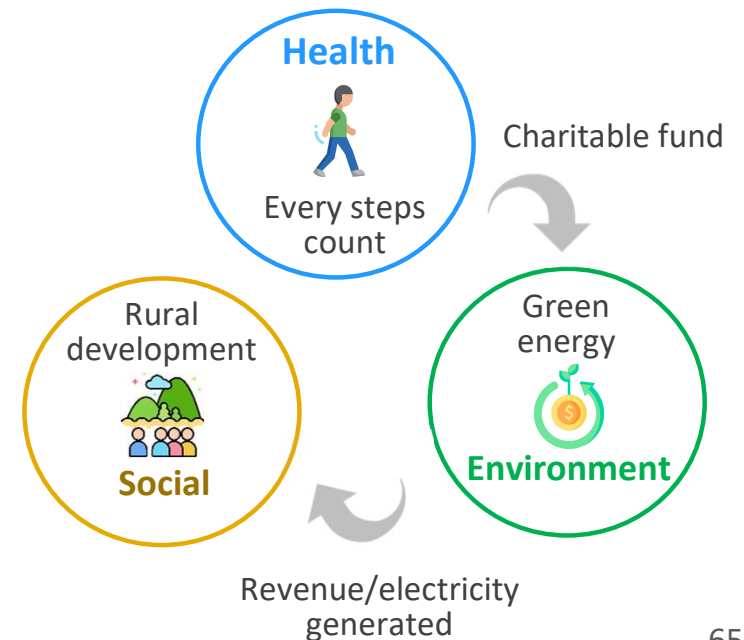
一起 讓走路有意義



Reach the collective step target, and Cathay donates to a charitable fund, turning every step into environment and social sustainability.

385,000 participants, **92.4bn** steps

Cathay donated **NT\$ 8.4mn**



Financial health – financial inclusion



Small amount whole life insurance

Provided basic coverage through 267,000 policies to elders who have difficulty obtaining required insurance.



Microinsurance

Offered basic protection of NT\$47.5bn to 130,000 economically disadvantaged.



Elderly-friendly products

Tailored insurance products through 125,000 policies to elders up to 80 with physical conditions excluded from standard qualification.



Microfinance

Financed US\$41mn to Southeast Asian microfinance institutions (MFIs).



accessibility via digital platforms



CUBE App, connecting Bank, Life, P&C and Securities services, provides ~7mn digital users one-stop digital financial services.



Mix and Match allows users to select and assemble their desired insurance policies.



SmartBiz commercial sales platform and Smart Claim assistant, provide seamless insurance and claim services



Cathay Securities App, with 1.78mn customers, offers all-in-one digital investment services.



Chatbot Alpha serves over 1.5mn monthly online users from all Cathay channels.



Creating a culture of DEI at workplace

Diverse communication channels

Cross-generation inclusions



Town hall/employee meeting

60%+ employees feel increased company loyalty



Supervisor-employee 1x1s

4.2/5 satisfaction for supervisor feedback



Cross department engagement activities

3x cross department interaction rate

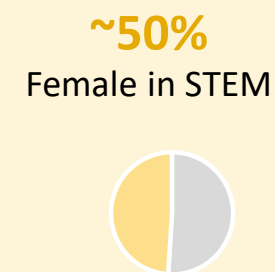
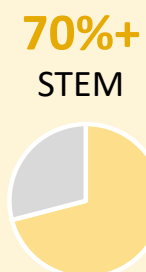
Diversify talent acquisition

New hires by
academic disciplines

13
In 2020

↑ 18
In 2023

Attracting STEM
talent, valuing
female in STEM



“Career FlexiPacing” support

Supporting employees in maintaining flexible
career pacing, balancing work and family care



Flexible WFH arrangement



Continue to upskill via online courses



Cloud-based library for continuous learning



Employee Assistance Program (EAP)

Women empowerment



69%
women employees



54%
women in manager positions



23%
women on the Board of Directors
(2021: 8% , 2022: 15%)

Promoting a DEI society

Proactive actions to address various needs in the society

Income Inequality



Scholarships

Cultural Deficiency



Cloud Gate contemporary dance

Female Power



AWE Women Entrepreneurs

Youth Competence



Youth Empowerment

Aging Society



Elderly Care



Reach **260,000+** youths, women, vulnerable, and the general public



~500 engagements with schools



~300 creative proposal received

Note: The above figures represent the cumulative amount as of the end of 2023

Youth empowerment action in campus

Climate Change



Cathay Climate Change Youth Forum

Sustainable Energy



Proposal platform to empower youth voices and actions

Financial Literacy



Educate knowledge on financial products and career exploring

Impact Investing



Campus tour to educate impact investment

Critical Thinking



Train the trainer to promote critical thinking by youth

Input



Amount Invested
NTD **31mn+***

Outcome



Beneficiaries
85,000+ attendees*

Impact



Youth Action Willingness
2023 an average of **92.7%** of participants are willing to engage in sustainable actions after events



國泰金控
Cathay Financial Holdings

Note: coverage 2021-2023

Cathay Financial Holdings

(NT\$MN)

Income Statement Data (Consolidated)

	FY22	FY23	FY24	FY24/ FY23 % Chg	1Q24	1Q25	1Q25/ 1Q24 % Chg
Operating Income							
Net interest income	226,163	245,556	262,122	7%	62,425	67,113	8%
Net commission and fee	15,421	9,204	15,076	64%	3,418	4,821	41%
Net earned premium	439,719	431,638	462,813	7%	109,709	117,763	7%
Change in liability reserve	(198,098)	(139,104)	(114,344)	-18%	(46,210)	(40,334)	-13%
Net claims payment	(438,283)	(461,707)	(498,373)	8%	(102,612)	(118,853)	16%
Investment income	132,185	39,173	117,374	200%	54,136	44,964	-17%
Contribution from associates-equity method	2,266	1,951	2,555	31%	550	973	77%
Other net non-interest income	(36,038)	29,656	(2,840)	-110%	(11,283)	(10,518)	7%
Bad debt expense	(4,778)	(4,103)	(9,279)	126%	(2,302)	(1,353)	-41%
Operating expense	(88,610)	(94,013)	(107,251)	14%	(24,827)	(27,298)	10%
Income before taxes	49,948	58,252	127,853	119%	43,005	37,277	-13%
Income taxes	(11,986)	(6,738)	(16,626)	147%	(5,442)	(5,063)	-7%
Net income	37,962	51,514	111,227	116%	37,562	32,215	-14%
Net income to parent company	37,359	50,929	110,270	117%	38,109	32,015	-16%

EPS (NT\$)	2.58	3.24	7.29		2.60	2.18	
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Dividend Payout

Cash dividend per share	0.90	2.00	3.50				
Stock dividend per share	0.00	0.00	0.00				
Weighted average outstanding common shares (Millions of shares)	13,190	14,669	14,669				

Balance Sheet Data (Consolidated)

Total assets	12,070,886	12,810,424	13,767,150		13,081,009	13,868,143	
Total shareholders' equity	611,708	801,446	906,527		874,866	883,610	
Equity attributable to parent company	598,840	788,055	888,692		860,827	866,114	

Operating Metrics

ROAE (Consolidated)	4.98%	7.29%	13.02%		17.93%	14.40%	
ROAA (Consolidated)	0.32%	0.41%	0.84%		1.16%	0.93%	
Double leverage ratio(inc. preferred stock)	122%	118%	118%		117%	119%	

Capital Adequacy Metrics

Capital Adequacy Ratio	127%	129%	136%				
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Cathay Life
(NT\$MN)

Income Statement Data (Consolidated)	FY22	FY23	FY24	FY24/ FY23 % Chg	1Q24	1Q25	1Q25/ 1Q24 % Chg
Net written premium	410,186	401,229	430,672	7%	102,387	108,718	6%
Net earned premium	409,196	400,118	428,935	7%	102,758	109,364	6%
Reinsurance commission earned	527	424	318	-25%	6	3	-43%
Fee income	10,804	11,728	13,542	15%	3,101	3,545	14%
Recurring investment income	242,608	259,730	272,669	5%	63,271	70,038	11%
Gain on disposal of investment							
Realized gain (loss)-Equity	23,289	40,782	114,260	180%	39,076	22,827	-42%
Realized gain (loss)-Debt	5,572	4,158	1,139	-73%	931	2,701	190%
Gain on investment property	2,735	(70)	976	1496%	(3)	(88)	-2700%
FX and others, net	(2,907)	(52,426)	(87,502)	-67%	(16,976)	(11,074)	35%
Investment income, net	271,296	252,174	301,542	20%	86,298	84,405	-2%
Other operating income	8,726	1,468	1,550	6%	350	333	-5%
Separate account revenues	(933)	56,586	67,117	19%	26,630	7,426	-72%
Net claims payment	(398,511)	(429,157)	(475,850)	11%	(98,222)	(113,907)	16%
Changes in liability reserves	(188,389)	(147,994)	(112,991)	-24%	(45,923)	(39,395)	-14%
Acquisition and commission expense	(30,977)	(33,700)	(38,537)	14%	(10,798)	(10,811)	0%
Other operating costs	(6,729)	(6,358)	(8,486)	33%	(1,802)	(2,074)	15%
Financial cost	(3,817)	(4,802)	(7,418)	54%	(1,338)	(2,748)	105%
Separate account expense	933	(56,586)	(67,117)	19%	(26,630)	(7,426)	-72%
Operating expense	(32,301)	(27,981)	(32,240)	15%	(7,430)	(9,213)	24%
Net non-operating income	1,859	2,755	2,538	-8%	548	548	0%
Income taxes	(7,513)	(1,907)	(5,624)	195%	(2,427)	(1,700)	-30%
Net income	34,169	16,766	67,280	301%	25,120	18,352	-27%
Net income to parent company	33,667	16,343	66,883	309%	25,735	18,282	-29%

Balance Sheet Data

Total assets	8,172,430	8,536,002	9,094,382		8,818,307	9,111,362
General account	7,517,003	7,808,336	8,303,423		8,041,722	8,326,307
Separate account	655,427	727,666	790,958		776,585	785,055
Reserves for life insurance liabilities	6,794,562	6,919,383	7,146,011		7,040,809	7,220,855
Total liabilities	7,706,641	7,908,127	8,376,708		8,131,053	8,431,455
Total shareholders' equity	465,789	627,875	717,673		687,254	679,907
Equity attributable to parent company	456,817	618,419	704,497		677,359	667,237

Operating Metrics

First Year Premium(FYP)	129,343	132,871	154,103		27,162	54,916
Annualized FYP(APE)	42,434	47,415	57,793		15,493	16,778
Expense ratio	12.8%	13.7%	15.7%		17.2%	18.3%
13-M persistency ratio	97.7%	97.3%	97.9%		97.5%	97.7%
25-M persistency ratio	96.6%	95.4%	95.3%		95.3%	95.5%
ROAE	5.66%	3.07%	10.00%		15.28%	10.50%
ROAA	0.42%	0.20%	0.76%		1.16%	0.81%

Capital Adequacy Metrics

RBC ratio (Standalone)	316%	323%	359%
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Cathay United Bank
(NT\$MMN)

Income Statement Data (Consolidated)	FY22	FY23	FY24	FY24/ FY23 % Chg	1Q24	1Q25	1Q25/ 1Q24 % Chg
Operating Income							
Net interest income	48,704	51,743	60,913	18%	13,676	16,189	18%
Net fee income	18,246	20,844	27,973	34%	7,700	10,206	33%
Investment income	6,711	13,476	18,334	36%	5,446	2,999	-45%
Other income	1,180	835	602	-28%	201	152	-24%
Net operating income	74,841	86,898	107,822	24%	27,024	29,545	9%
Operating expenses	(38,307)	(45,752)	(51,840)	13%	(11,761)	(13,456)	14%
Pre-provision profit	36,534	41,146	55,982	36%	15,263	16,089	5%
Net provisions for possible losses	(5,524)	(5,077)	(9,211)	81%	(2,383)	(1,321)	-45%
Income before taxes	31,010	36,069	46,770	30%	12,880	14,768	15%
Income tax	(5,299)	(7,102)	(8,430)	19%	(2,457)	(2,590)	5%
Net income	25,712	28,967	38,341	32%	10,423	12,178	17%
Net income to parent company	25,590	28,805	37,780	31%	10,354	12,049	16%
Balance Sheet Data							
Total assets	3,887,031	4,233,701	4,606,285		4,216,748	4,683,965	
Loans, net	2,045,082	2,280,571	2,679,233		2,399,689	2,752,611	
Financial assets	1,268,349	1,403,347	1,234,617		1,320,752	1,274,669	
Total liability	3,645,307	3,957,835	4,306,237		3,929,494	4,370,233	
Deposits	3,246,162	3,543,558	3,848,586		3,508,564	3,937,535	
Financial Debenture Payable	37,147	27,100	12,700		27,100	12,700	
Total shareholders' equity	241,724	275,866	300,048		287,254	313,732	
Equity attributable to parent company	237,734	271,931	295,390		283,110	308,906	
Operating Metrics							
Cost income ratio	51.18%	52.65%	48.08%		43.52%	45.54%	
ROAE	10.44%	11.19%	13.31%		14.81%	15.87%	
ROAA	0.70%	0.71%	0.87%		0.99%	1.05%	
Assets Quality (Standalone)							
NPL	1,510	2,519	2,943		2,629	3,362	
NPL ratio	0.08%	0.11%	0.11%		0.11%	0.13%	
NPL provisions	32,459	36,609	42,528		38,314	43,601	
Coverage ratio	2150%	1453%	1445%		1457%	1297%	
Capital Adequacy Metrics (Standalone)							
BIS ratio	15.4%	15.8%	15.2%				
Tier 1 ratio	12.9%	13.7%	13.3%				
CET1 ratio	11.0%	12.0%	11.7%				
LDR (Standalone)							
Total LDR	62.4%	64.1%	69.8%		68.1%	70.1%	
TWD LDR	75.4%	79.8%	79.8%		81.1%	78.8%	
FX LDR	25.8%	22.5%	34.4%		27.5%	36.4%	

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Cathay Century
(NT\$MN)

Income Statement Data (Consolidated)	FY22	FY23	FY24	FY24/ FY23 % Chg	1Q24	1Q25	1Q25/ 1Q24 % Chg
Premium income	30,266	34,273	38,559	13%	9,047	10,055	11%
Net written premium	22,084	24,022	26,417	10%	6,209	6,837	10%
Net earned premium	21,703	23,448	25,343	8%	5,908	6,633	12%
Reinsurance commission earned	900	1,117	1,230	10%	329	345	5%
Fee income	49	50	54	9%	14	13	-10%
Investment	595	948	1,407	48%	558	663	19%
Interest income	636	674	859	28%	183	229	26%
Other investment income, net	(41)	275	548	100%	375	434	16%
Other operating income	157	51	67	30%	20	24	20%
Net claims payment	(29,677)	(23,240)	(12,534)	-46%	(2,919)	(2,740)	-6%
Changes in liability reserves	(9,709)	8,891	(1,354)	115%	(286)	(939)	228%
Commissions and other operating costs	(3,916)	(4,376)	(4,689)	7%	(1,107)	(1,155)	4%
Operating expenses	(4,636)	(5,374)	(6,353)	18%	(1,508)	(1,610)	7%
Operating income	(24,533)	1,514	3,172	109%	1,009	1,235	22%
Net non-operating income	8	12	23	92%	(1)	(1)	25%
Income taxes	4,904	(281)	(558)	99%	(140)	(183)	31%
Net income	(19,622)	1,246	2,637	112%	868	1,051	21%
Balance Sheet Data							
Total assets	60,596	55,446	65,503		57,738	69,310	
Total stockholders' equity	12,800	14,982	17,947		16,231	18,106	
Operating Metrics							
Gross Combined ratio	196.6%	88.7%	87.3%		75.2%	115.0%	
Net Combined ratio	216.2%	101.6%	91.2%		90.3%	89.7%	
ROAE	-144.03%	8.97%	16.01%		22.24%	23.33%	
ROAA	-35.52%	2.15%	4.36%		6.13%	6.24%	
Capital Adequacy Metrics							
RBC ratio (Standalone)	369%	351%	365%				

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