

2016 Fourth Quarter Briefing

March 2017



Cathay
Financial Holdings

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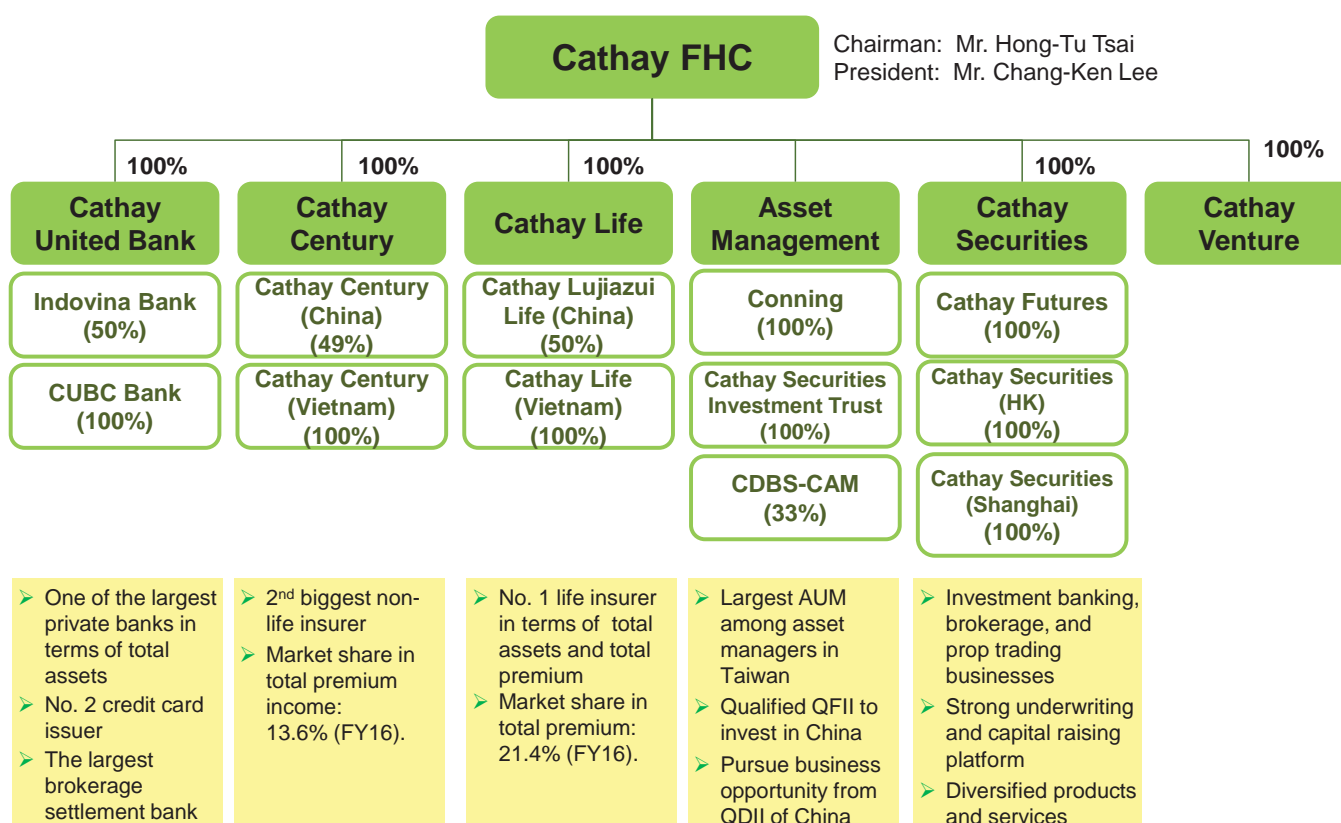
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Agenda

- **Introduction of Cathay FHC**
- **2016 Business Overview and 2017 Outlook**
- **Overseas Expansion**
- **Business Performance Summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay's CSR Efforts**
- **M&A Key Highlights**
- **Appendix**

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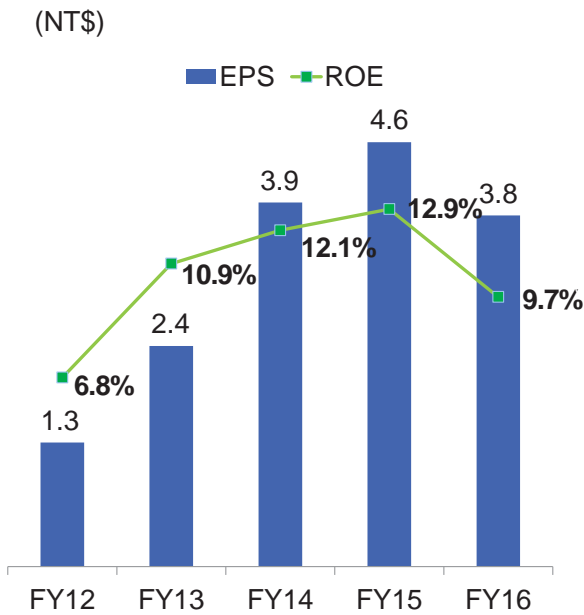
Cathay FHC: largest FHC, comprehensive products



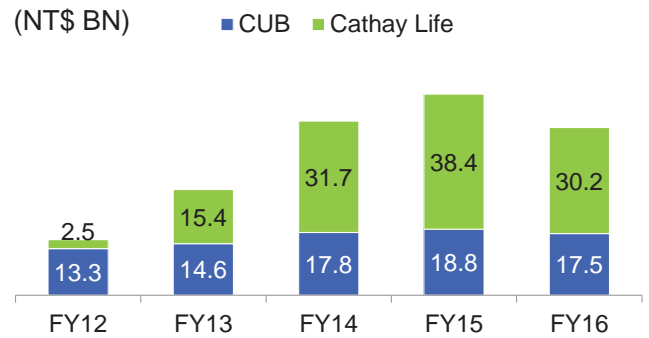
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Cathay's earnings accelerates as life turnarounds

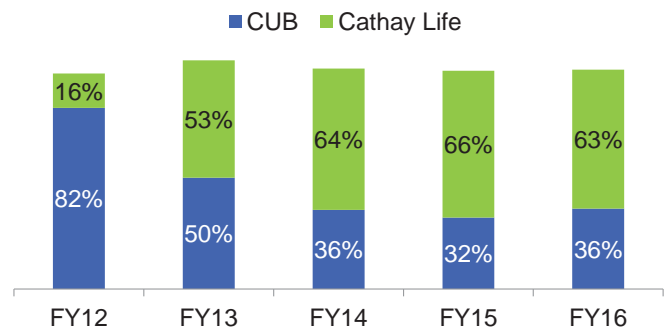
EPS & ROE



Profit contribution



	FY12	FY13	FY14	FY15	FY16
FHC	16.2	29.0	49.6	57.9	48.0
Life	2.5	15.4	31.7	38.4	30.2
CUB	13.3	14.6	17.8	18.8	17.5



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

(2) Since Cathay FHC has more subsidiaries other than Cathay Life and CUB, besides, due to affiliate transactions, the Cathay FHC net income might not equal to the sum of Cathay Life and CUB's.

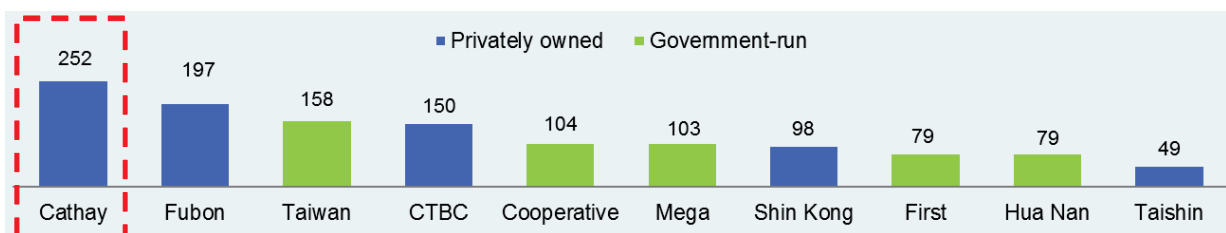
(3) EPS has been adjusted for stock dividend (stock split).

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Market leader in Taiwan's FIG sector

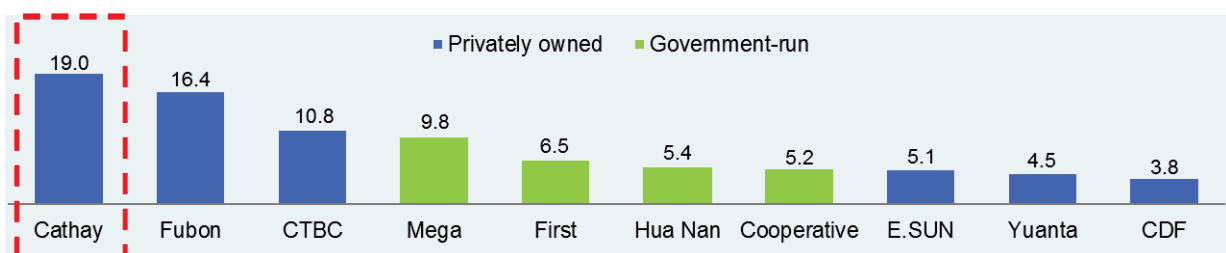
□ Largest listed financials group by market capitalization and assets.

Ranking of total asset (US\$bn)



Note: Total assets as of Dec. 30, 2016

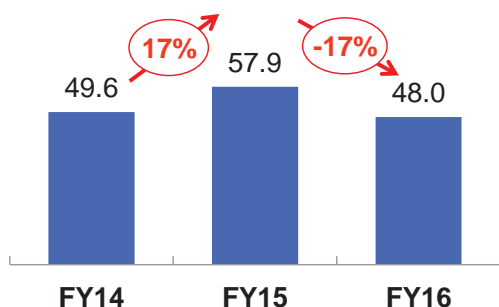
Ranking of market cap (US\$bn)



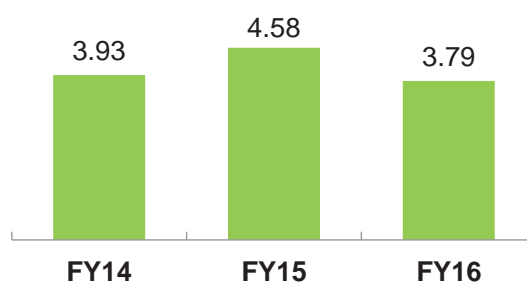
Note: Market capitalization as of Dec. 30, 2016

Cathay FHC – Net income & EPS

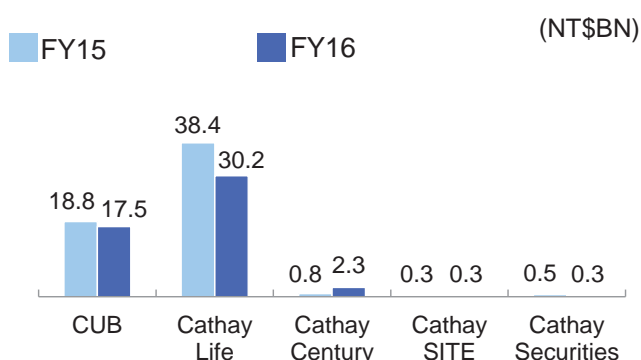
Net income (NT\$BN)



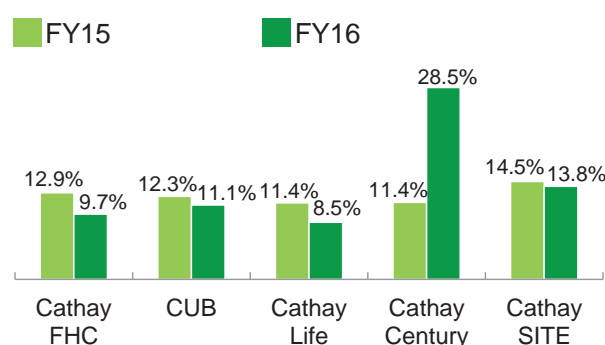
Adjusted EPS (NT\$)



Net income of primary subsidiaries



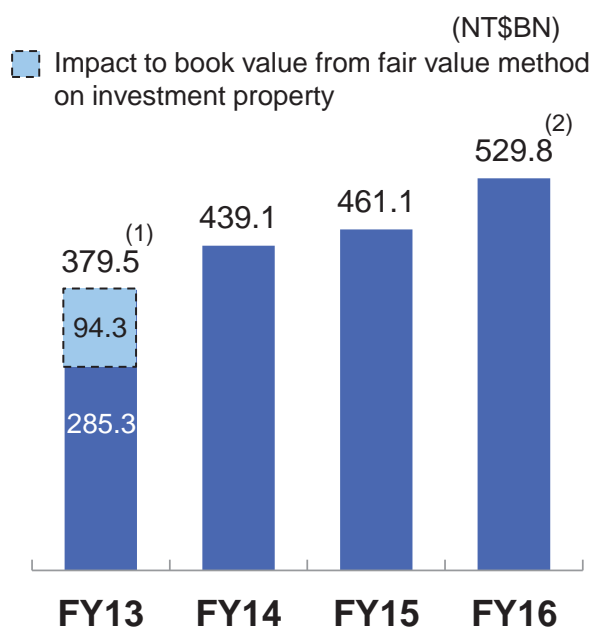
ROE



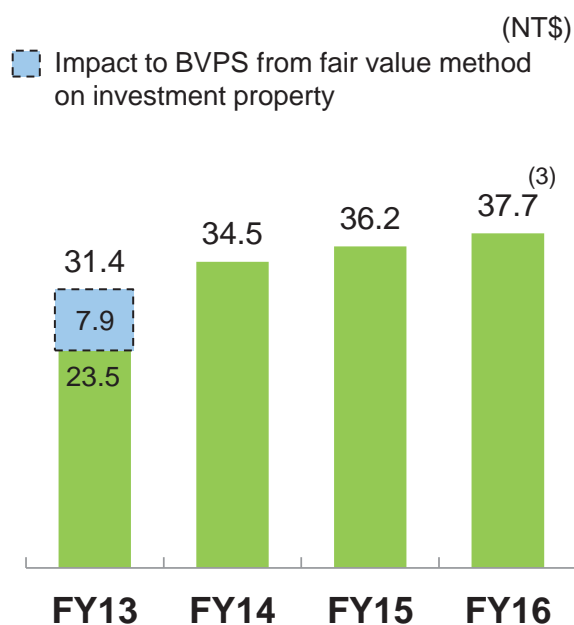
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Cathay FHC – Book value & BVPS

Book value



BVPS



Note: (1) FY13 figures reflected the impact from applying fair value method on investment property.

(2) FY16 book value includes preferred shares NT\$50.0BN.

(3) FY16 BVPS represented the BVPS attributable to common shareholders. If FY16 BVPS was calculated by "book value / outstanding common shares", it would be NT\$41.7.

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2016 Business overview

Cathay United Bank

- Delivered 27% loan growth with benign credit quality
- Fee income grew by 11% YoY, credit card and wealth management fee grew by 16% and 12% respectively
- Offshore earnings accounted for 44% of pretax earnings

Cathay Life

- Continued value-driven strategy; FYPE grew by 32% YoY, VNB grew by 31% YoY
- Overseas investment reached 62%; pre-hedging recurring yield achieved 3.4%
- RBC ratio is 305%, remained solid capital adequacy

Cathay Century

- Premium income grew by 9% YoY
- Market share reached 14%, maintained No.2 market position
- Offshore business continued to grow

Cathay SITE

- Ranked No.1 in terms of AUM, which amounted to NT\$471BN
- Received "Taiwan Fund Award" by Taiwan Futures Exchange, Lipper and Smart in 2016

Cathay Securities

- Each business line grew steadily. Sub-brokerage business ranked No.1 in the industry, brokerage market share reached historical high
- Enhanced core techniques to extend offshore business

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2017 Outlook

Cathay United Bank

- Maintain mild growth in loan with benign asset quality
- Fee income other than wealth management fee income should grow steadily
- Continue to grow offshore earnings and business coverage

Cathay Life

- Focus on the sales of regular-paid products, foreign currency denominated policies and investment linked policies to improve value of new business
- Continue to increase overseas investment and maintain stable hedging cost

Cathay Century

- Develop best operation and sales organization and utilize digital application to enhance service quality and client satisfaction
- Increase the efficiency of capital and net profits
- Continue to expand overseas and develop quality channel for better local branding

Cathay SITE

- Offer complete product lines to meet clients' needs
- Integrate global asset management business to broaden international exposure
- Leverage group resources and expand external distribution channels to increase AUM

Cathay Securities

- Utilize digital technology to enhance cross-selling synergy and broaden client base
- Breakthrough existing platform to develop innovative products
- Continue to expand overseas business

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Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Thailand	Myanmar	Indonesia
Bank	6	37	16	1	1	1	1	1	1	1	1
Life	38	16									
P&C	26	2									
Asset Mgt	1			1							
Securities	1			1							

Note: Footprints in Thailand, Myanmar and Indonesia are representative offices. Cathay FHC owns 49% stake of Cathay Century (China)



Banking

- Vietnam: Business performs steadily with solid financial performance
- Cambodia: Owns most footprints among Taiwanese banks
- Philippines: Invests 23% stake in RCBC*
- Indonesia: Completed the transaction of investing 40% stake in Bank Mayapada in 4Q16*

Cathay Life

- Cathay Life (Vietnam) has performed steadily
- Continues to expand agent force
- Increases footprints to extend offshore business

Cathay Century

- Continues to expand local channels to enhance growth momentum

Note: Investments in RCBC and Bank Mayapada are funded by Cathay Life.

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Cathay FHC in China



- Cathay Lujiazui Life
- Cathay United Bank
- ▲ Cathay Century (China)
- ◆ Cathay Securities
- ◆ Conning Asia Pacific Limited
- ◆ CDBS Cathay Asset Management Company

Cathay United Bank

- Shanghai branch earnings continues to grow

Cathay Lujiazui Life

- FY16 solvency ratio reached 225%
- Reported pre-tax profits of 7MN RMB in FY16

Cathay Century (China)

- Alliance with Ant Financial group: Transaction completed in 2H16

Cathay Securities (HK)

- Each business line has performed steadily

JV with China Development Bank Securities (CDBS Cathay Asset Management)

- Continues to launch new products, mainly focus on fixed income funds

Conning Asia Pacific Limited

- Continues to expand asset management business

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Cathay United Bank

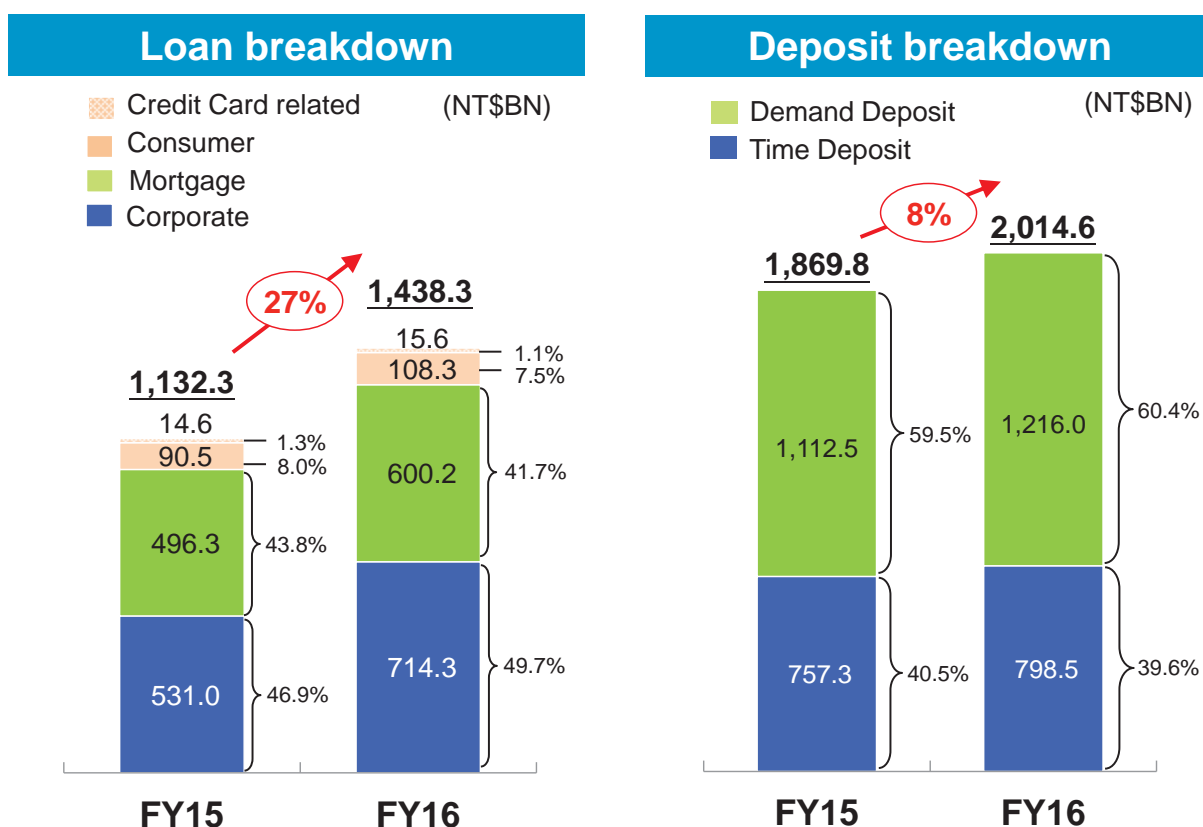
Cathay Life

Cathay Century

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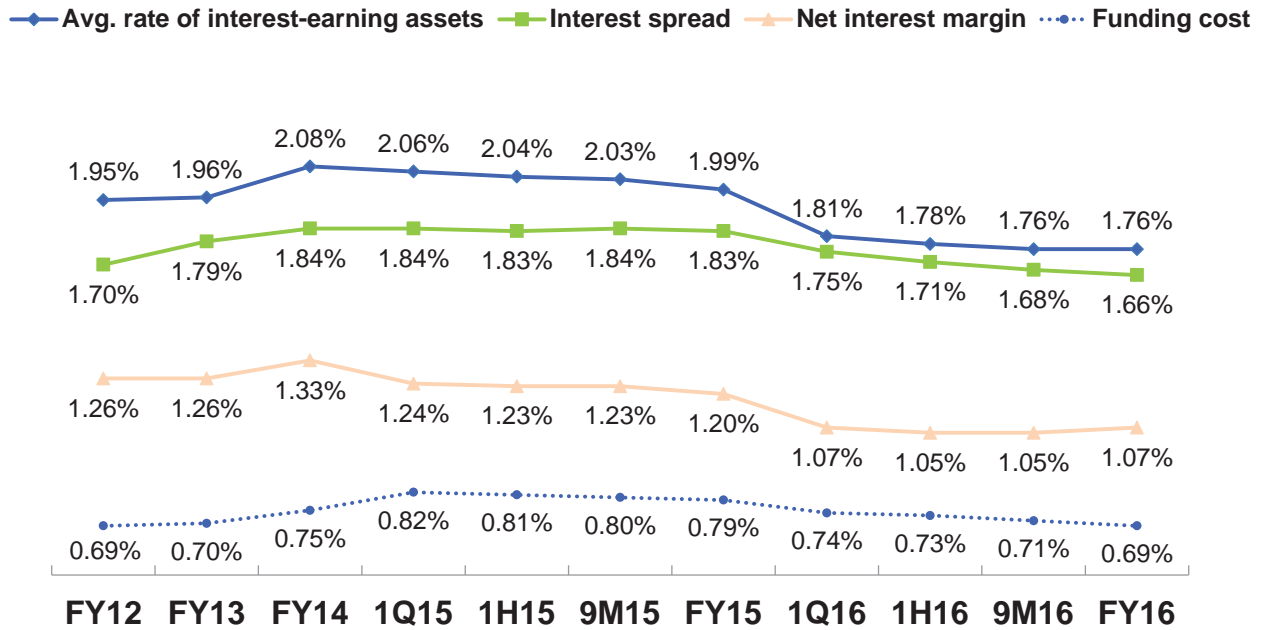
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Cathay United Bank – Loan & deposit breakdown



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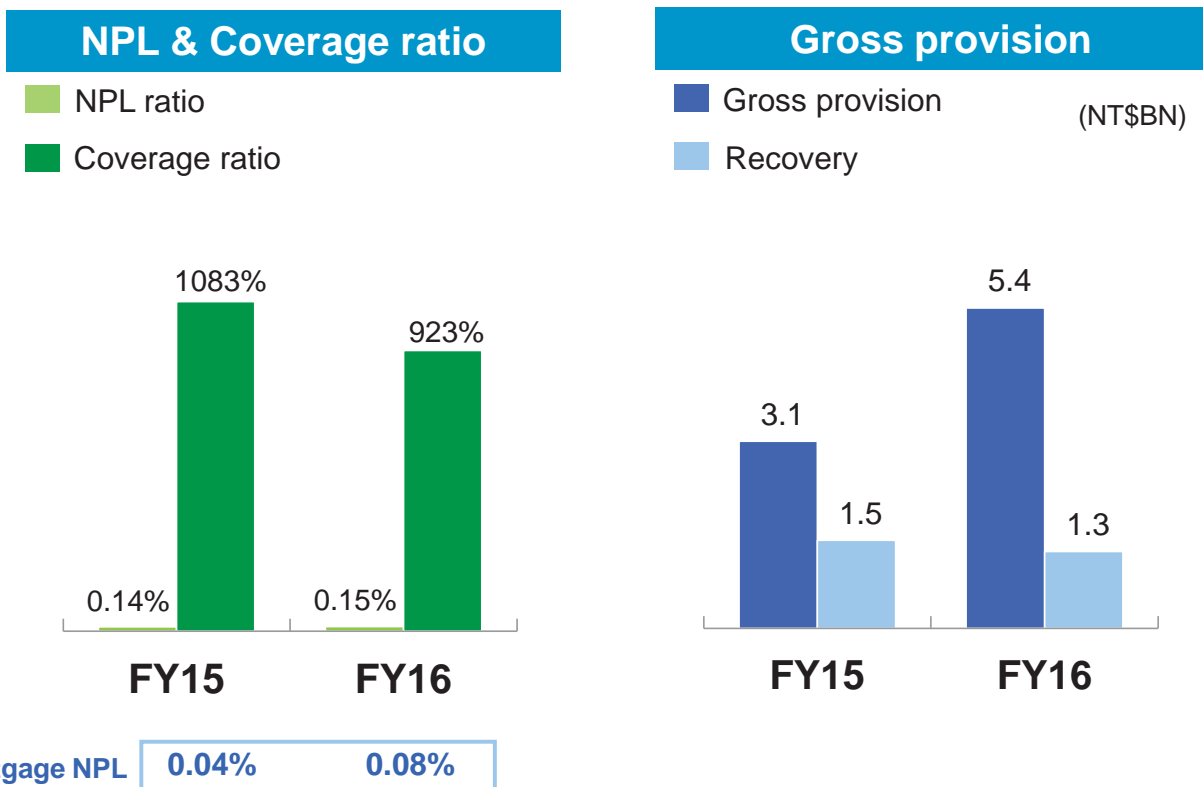
Cathay United Bank – Interest yields



Note: Credit card related loans are included in the calculation of interest spread.

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Cathay United Bank – Credit quality

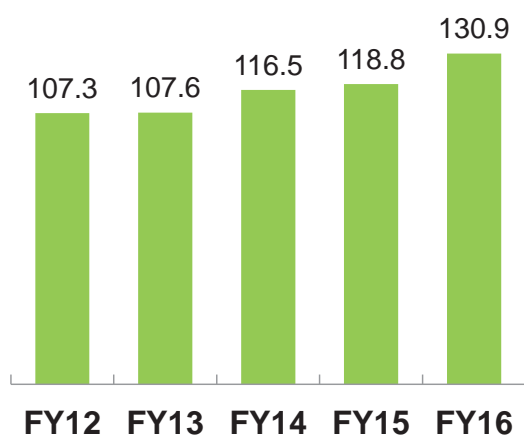


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Cathay United Bank – SME & FX loans

SME loans

(NT\$BN)

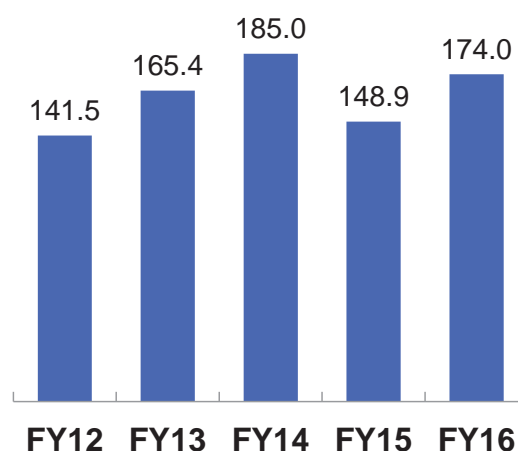


As % of total loans

11.5% 10.5% 10.5% 10.6% 9.2%

Foreign currency loans

(NT\$BN)



15.1% 16.1% 16.6% 13.3% 12.2%

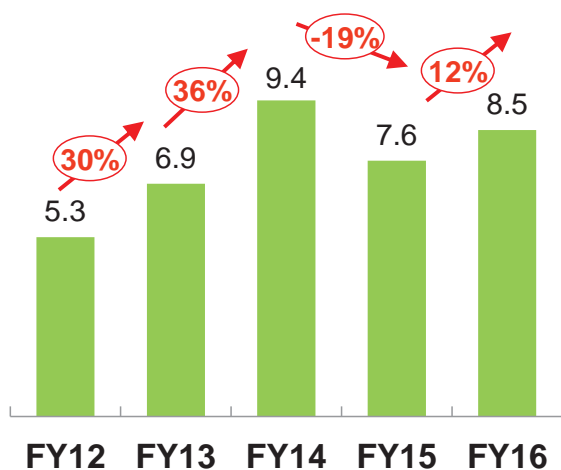
Note: Total loans exclude credit card revolving balance.

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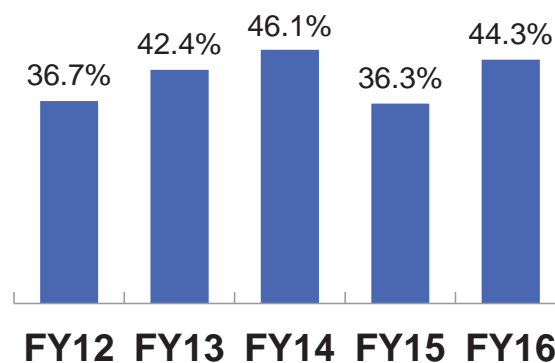
Cathay United Bank – Offshore earnings

Offshore earnings

(NT\$BN)

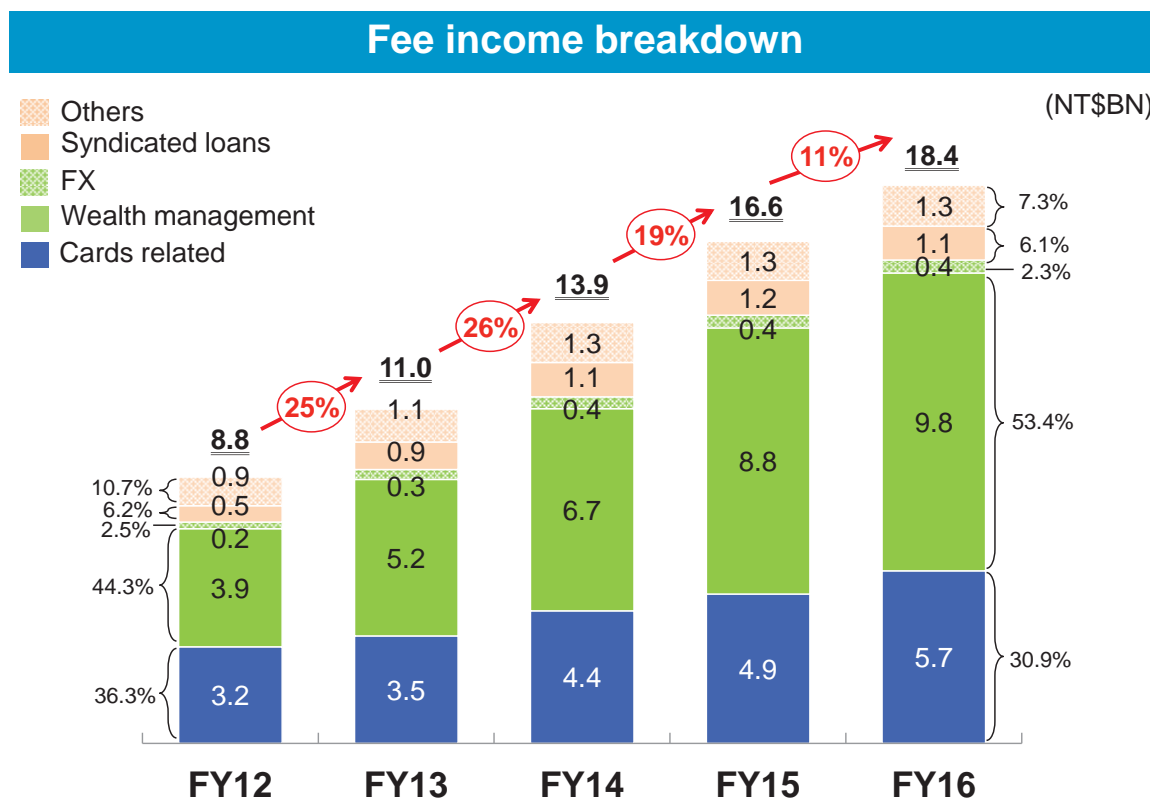


As % of CUB pre-tax profits



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Cathay United Bank – Fee income

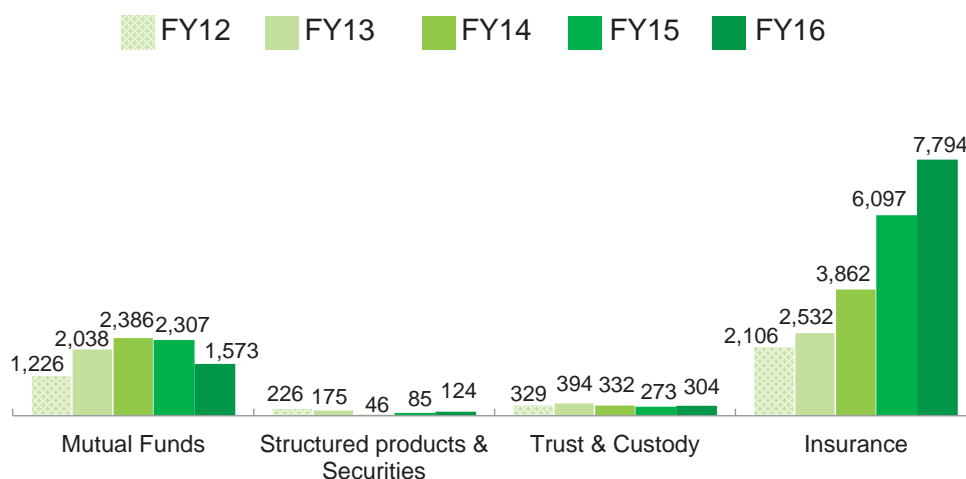


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Cathay United Bank – Wealth management fee

Wealth management fee breakdown

(NT\$MN)	FY12	FY13	FY14	FY15	FY16
Wealth Management Fee Income*	3,894	5,163	6,673	8,779	9,828
YoY growth (%)	17.7%	32.6%	29.2%	31.6%	11.9%

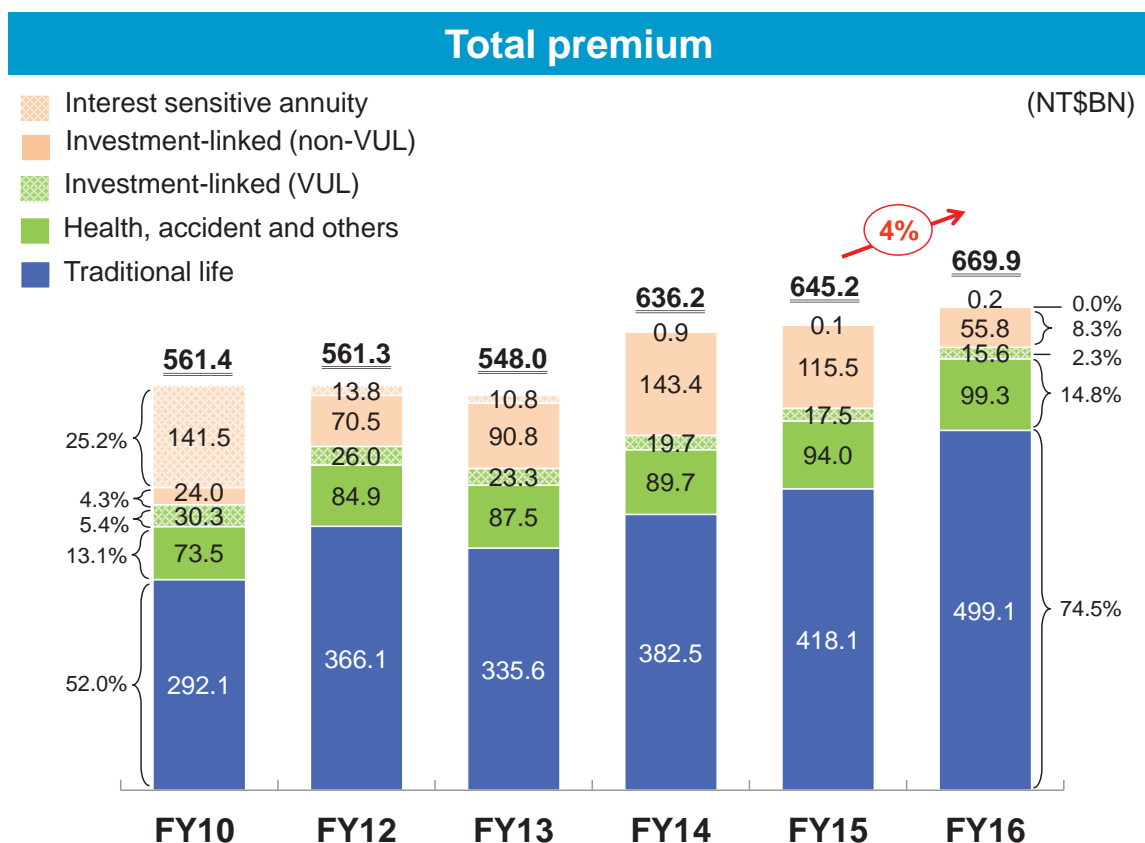


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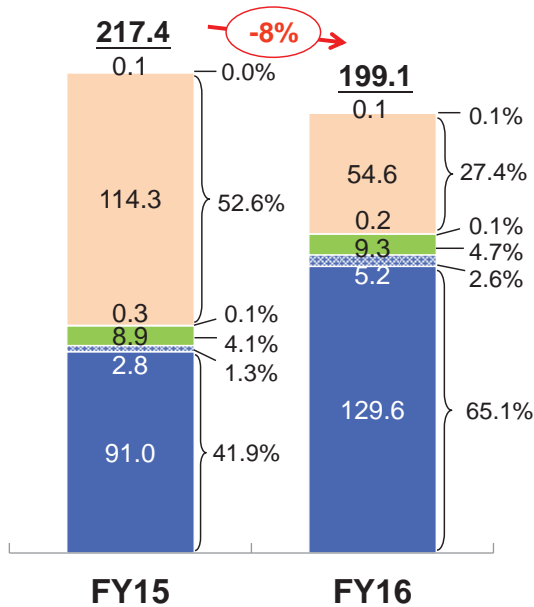
Cathay Life – Total premium



Cathay Life – FYP & FYPE

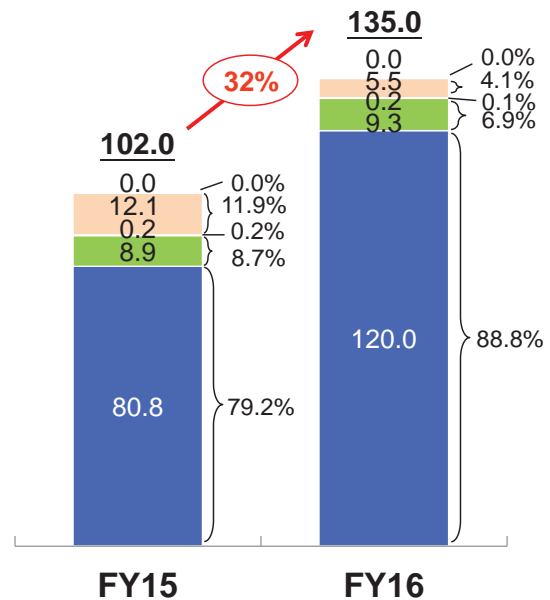
First Year Premium

- Interest sensitive annuity (NT\$BN)
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life – single paid
- Traditional life – regular paid



Annualized First Year Premium

- Interest sensitive annuity (NT\$BN)
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life

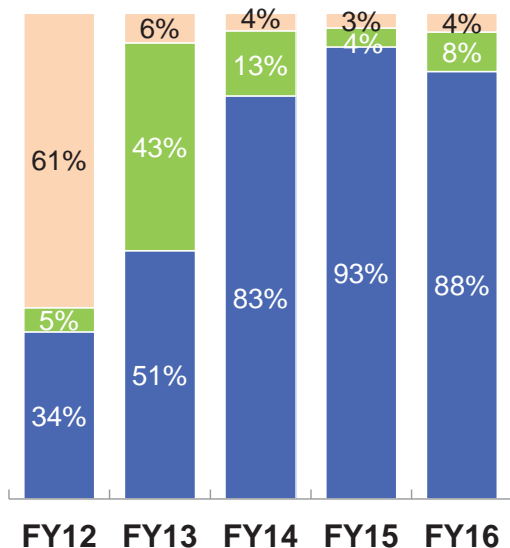


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Cathay Life – Regular paid policies remain as focus

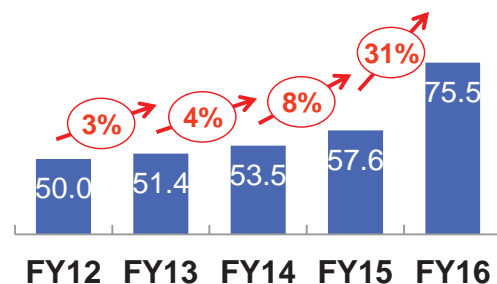
Breakdown of Traditional FYP

- Traditional life – single paid
- Traditional life - 2 year regular paid
- Traditional life - 3 year and above regular paid



Value for New Business

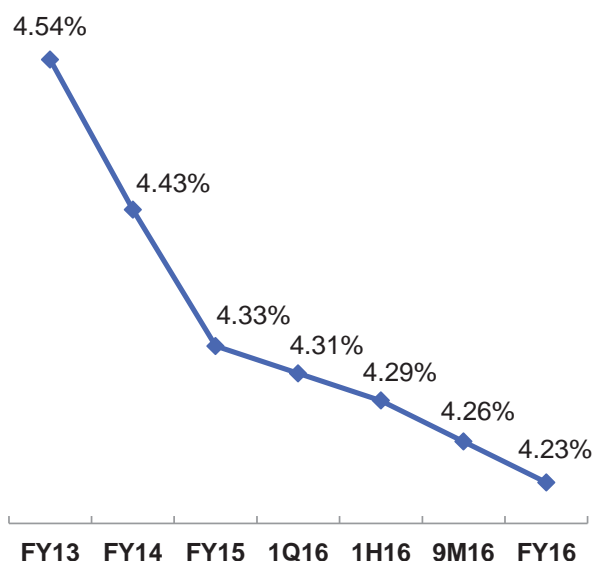
Profit Margin	FY12	FY13	FY14	FY15	FY16
VNB/FYP	19%	26%	23%	27%	38%
VNB/FYPE	54%	70%	75%	57%	56%



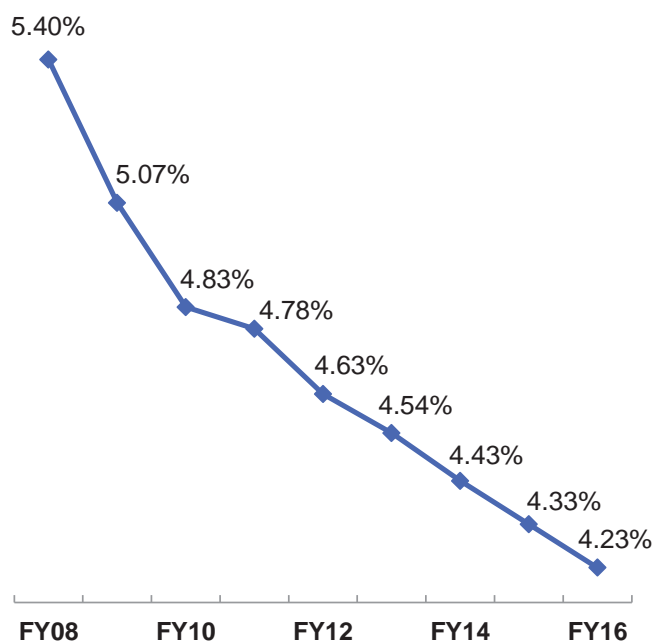
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Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of Liability (annual)



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

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Cathay Life – Investment portfolio

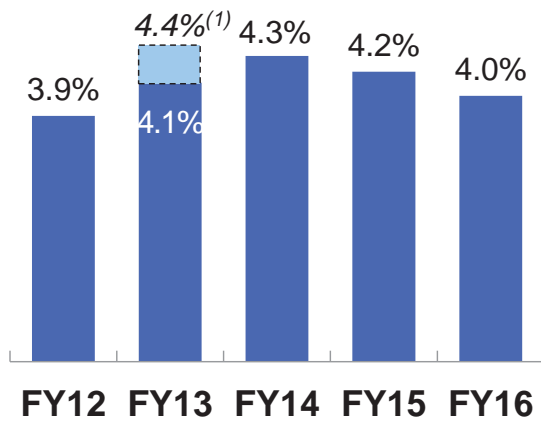
(NT\$BN)	FY13	FY14	FY15		FY16		
Total investments⁽¹⁾	3,785.1	4169.1	4,636.6		5,001.1		
	%	%	%	Amount	%	Amount	Invt' Return
Cash & Cash equivalents	3.7%	3.2%	1.3%	61.1	1.3%	63.1	0.5%
Equity- Domestic	8.9%	8.4%	7.4%	343.0	7.9%	393.9	5.0%
Equity- International ⁽²⁾	4.9%	5.0%	6.2%	289.2	6.4%	319.0	5.0%
Bond- Domestic	14.4%	11.0%	8.0%	373.0	6.5%	327.1	2.3%
Bond- International ⁽¹⁾⁽²⁾	38.9%	43.6%	50.6%	2,344.8	53.8%	2,692.3	5.7%
Mortgage & Secured loans	12.2%	12.7%	10.2%	471.5	8.9%	445.2	1.9%
Policy loans	4.7%	4.0%	3.6%	169.2	3.3%	164.9	6.1%
Real estate	10.6%	10.5%	10.5%	489.0	9.8%	487.9	3.3%
Others	1.7%	1.6%	2.1%	95.8	2.2%	107.8	

Note: (1) Total assets excluded separate account assets; international bond includes foreign currency deposit and related adjustments
 (2) Yields of international equity and international bond are pre-hedge investment yields.

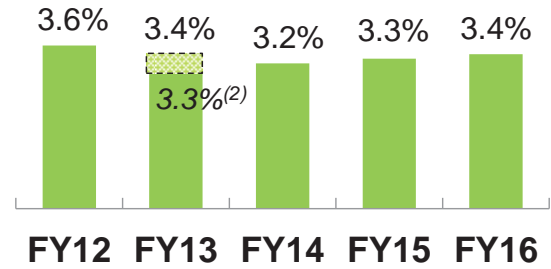
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Cathay Life – Investment performance highlight

After-hedging investment yield

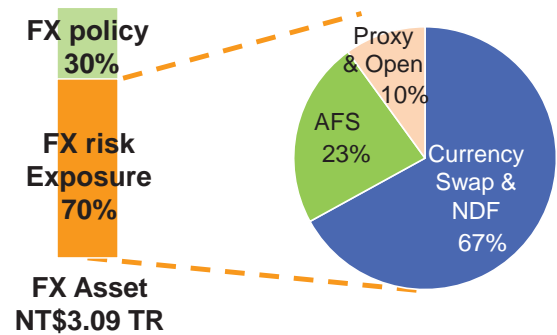


Pre-hedging recurring yield



Currency Hedging Structure

FY16 Hedging cost 0.78%

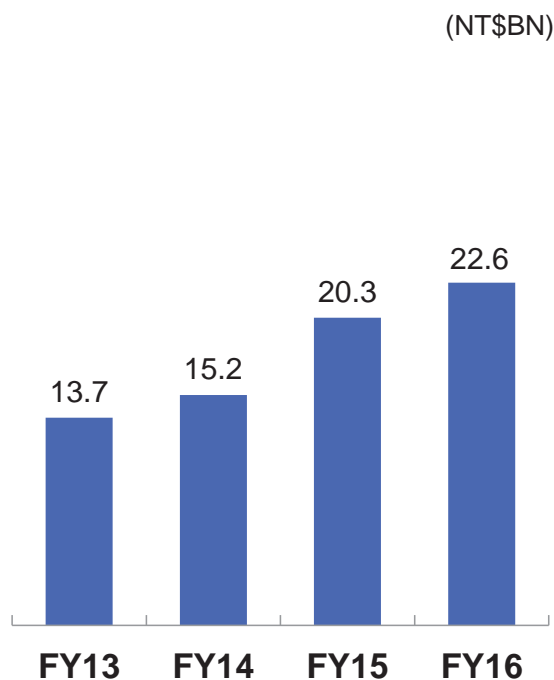


Note: (1) FY13 after-hedging investment yield 4.4% was pro forma adjusted number of fair value method on investment property.
 (2) FY13 pre-hedging recurring yield 3.3% was pro forma adjusted number of fair value method on investment property.
 (3) Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend. Most dividend will be recognized in 2Q & 3Q.

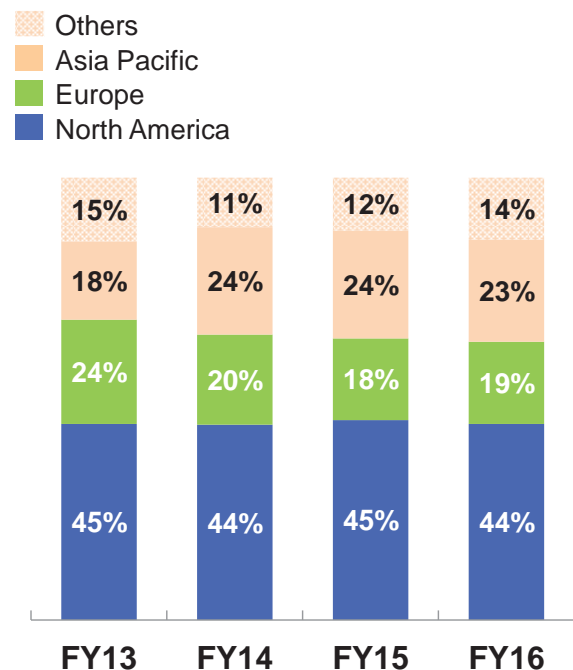
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Cathay Life – Cash dividend income & Overseas fixed income by region

Cash dividend income



Overseas fixed income by region*



Note: Exclude overseas deposit and equity.

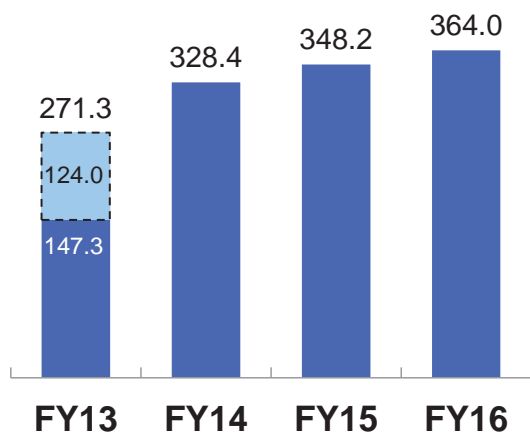
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Cathay Life – Book value & Unrealized G/L of AFS financial assets

Book value

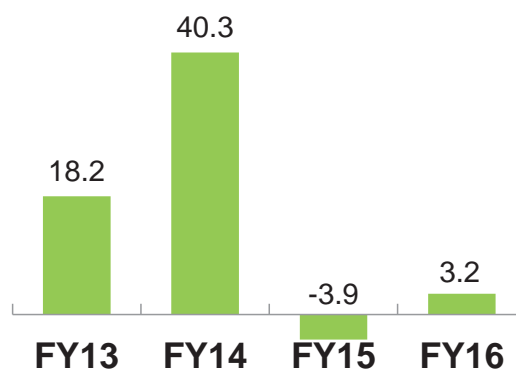
(NT\$BN)

■ Impact to book value from fair value method on investment property



Unrealized G/L of AFS financial assets

(NT\$BN)



Note: FY13 figures reflected the impact from applying fair value method on investment property

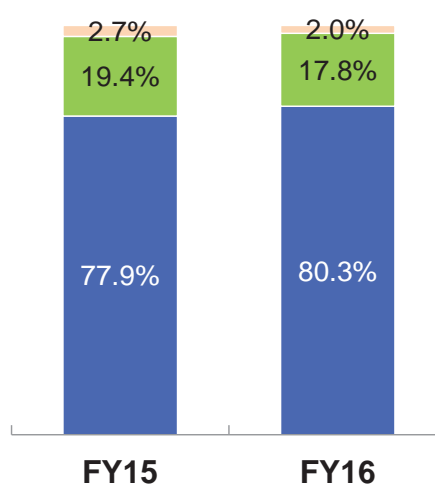
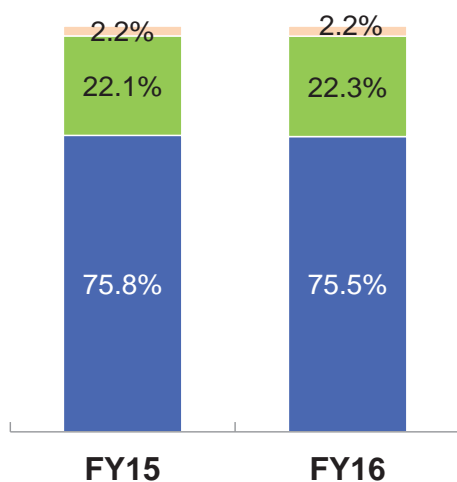
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Cathay Life – Distribution channel

First Year Premium

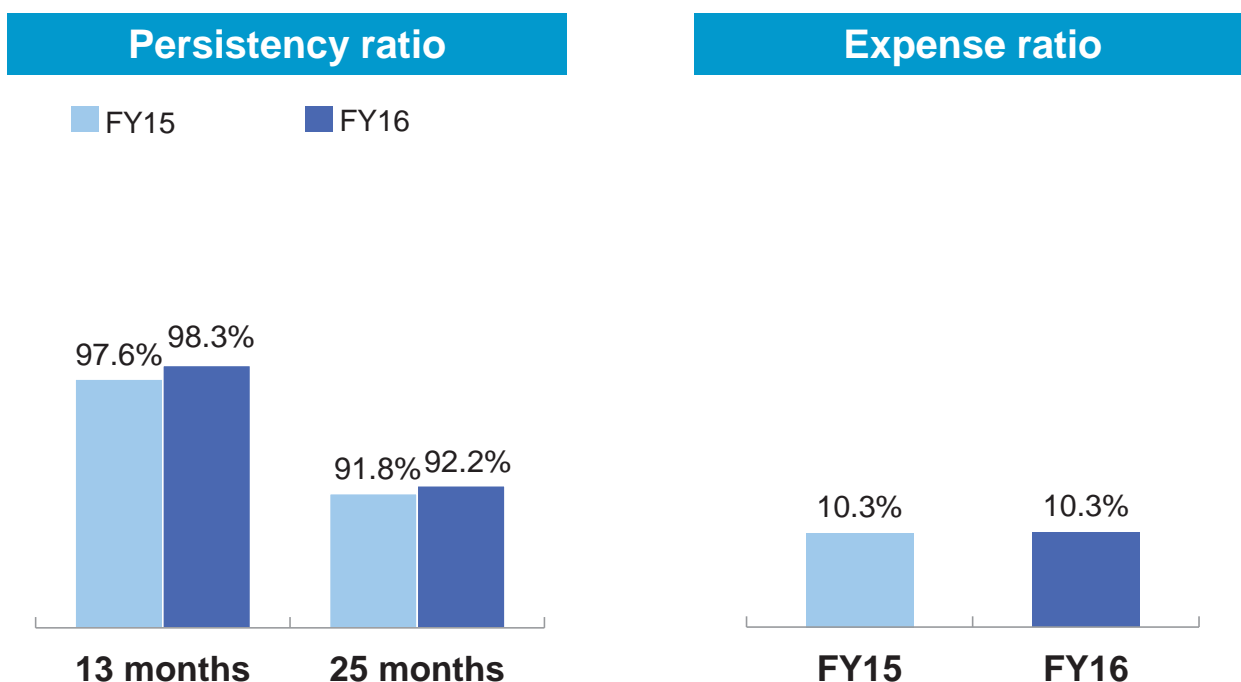
Annualized First Year Premium

■ Others
■ Bancassurance-CUB
■ Tied agents



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Cathay Life – Operational indicators



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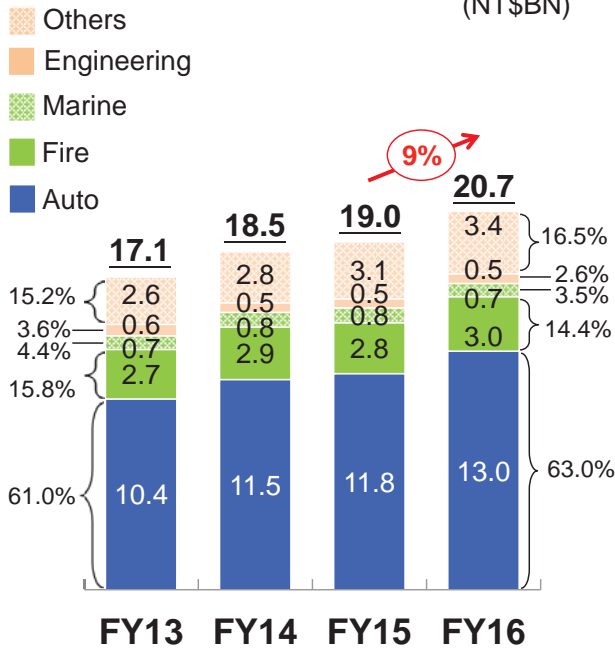
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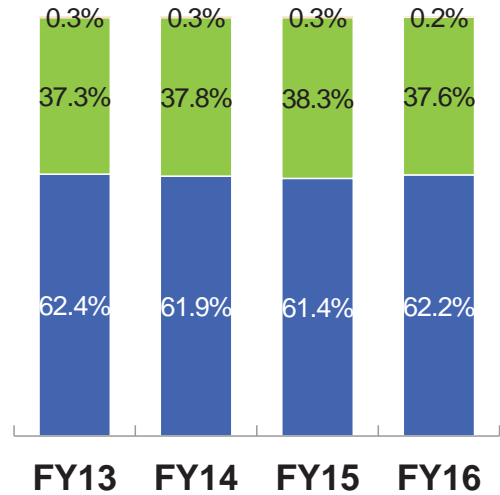
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Cathay Century – Premium income

Premium income (NT\$BN)



Distribution channel (NT\$BN)

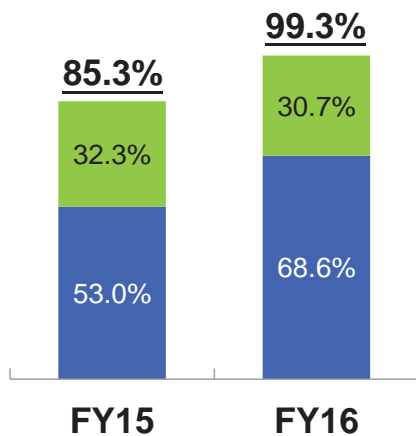


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Cathay Century – Combined ratio

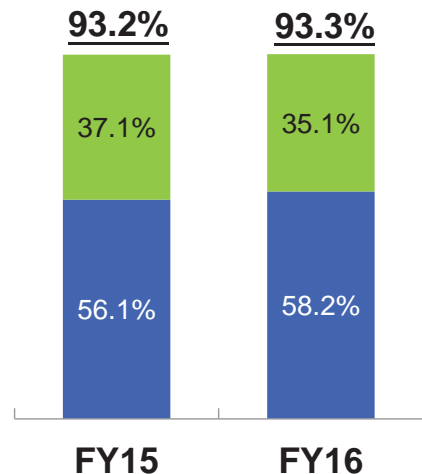
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



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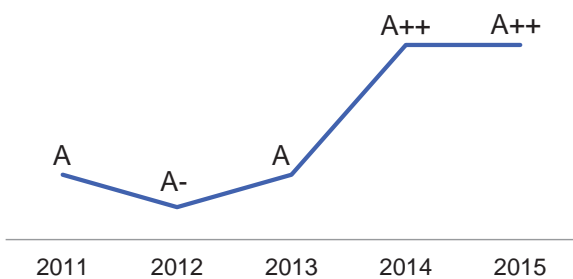
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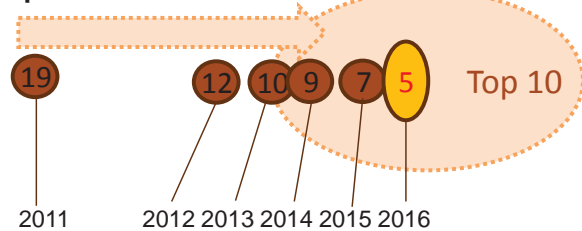
Continuous efforts in CSR

Recognized the highest ranking of IDTR in 2014-2015

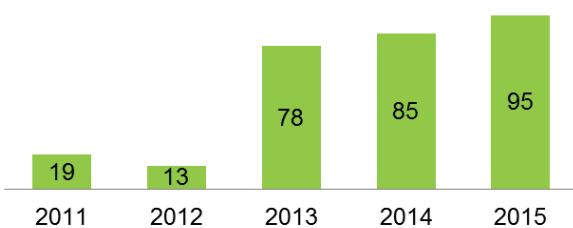


Ranked Top 5 of Taiwan Corporate Citizenship Award

Top 7 among Taiwan companies
Top 2 in Taiwan Financial sector



CDP disclosure score exceeded the worldwide industry average



Recognized by international ESG ratings

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- ✓ Selected in DJSI Emerging Markets since 2015
- ✓ The first Taiwan insurance company included in DJSI

vigeo eiris
RANKING
Emerging 70

- ✓ Selected in the index since 2015
- ✓ The only insurance company included in the index

Note:

1. Information Disclosure and Transparency Ranking (IDTR) is an important evaluation initiated by TWSE.
2. Taiwan Corporate Citizenship Award is ranked by Taiwan Common Wealth Magazine.
3. CDP has the largest database of corporate climate change related information.

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Incorporate in the DJSI emerging markets index

- Cathay FHC has been selected as a DJSI Emerging Markets Component in Sep. 2015
- Cathay FHC is committed to develop ESG in the long term. The company attained the highest rating of A++ from TWSE Information Disclosure and Transparency Ranking, and became one of the top 5% of listed companies in Corporate Governance Evaluation of Taiwan

DJSI in the World

- Dow Jones Sustainability Index (DJSI) launched in 1999, which is based on an analysis of corporate economic, environmental and social performance and select top 10% performers in each industry as its index components. The DJSI now is the most recognized sustainability index in the world.

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CUB is the first EPFI in Taiwan

EPFIs in the World

- 82 Equator Principles Financial Institutions (EPFIs) in 36 countries have officially adopted the EP as of March 2016 .
- 8 of EPFIs are Asian financial institutions.

Region	Europe	North America	Latin America	Africa	Oceania	Asia	Middle East
EPFIs no.	33	14	10	9	5	8	3



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Cathay Life complies with the PSI

- ❑ Cathay Life insurance started to comply with the PSI at Q1 of 2016

PSI in the World

- ❑ Launched at the 2012 UN Conference on Sustainable Development
- ❑ Served as a global framework for the insurance industry to address environmental, social and governance risks and opportunities.
- ❑ A total of 55 insurance companies signed the PSI initiative (2017/2). Eight signatories are from property insurers and reinsurers in the Asia region.



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About the PSI, Our Strategy and Practice

Principles

- I. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
- II. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- III. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
- IV. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Our Strategy and Practice

- ❑ Not only value the financial performance, but devote efforts to CS development . We apply our core competitiveness to contribute and be the driving force to the development of the industry.
- ❑ Improve financial inclusion, reinforce operation management and augment the power of the value chain to the environment and society.
- ❑ Expand influences to employees, clients, business partners and the general publics.
- ❑ Starting from 2017, we will proactively release disclosure report yearly.

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Agenda

- Introduction of Cathay FHC
- 2016 Business Overview and 2017 Outlook
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- **M&A Key Highlights**
- Appendix

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M&A Transaction: Conning in USA

- Cathay Life acquired 100% stake of Conning Holdings Corporation in 2015 for US\$240 million. P/AuM was 0.26% upon announcement
- Cathay FHC expected to expand its global presence in asset management and realize “Banking + Insurance + Asset Management” strategy

Conning Asset Management

- Founded in 1912, Conning is a leading global investment management firm focusing on insurers and pension funds. It ranks as top 10 globally in insurance mandate with \$95 billion AuM (FY2016)
- Conning operates through its offices in North America, Europe and Asia

<u>Assets by Client Type (US\$BN)</u>	<u>Assets</u>	<u>Assets by Region (US\$BN)</u>	<u>Assets</u>
Property-Casualty	37.4	North America	65.6
Life	38.2	United Kingdom	5.5
Managed CLO Funds	10.5	Bermuda	1.1
Pension Plans	3.0	Continental Europe	1.9
Healthcare	1.8	APAC	20.5
Banks	1.6	Other	0.5
Others	2.5		
Total AUM	95.1	Total AUM	95.1

Note: Totals may not sum due to rounding.

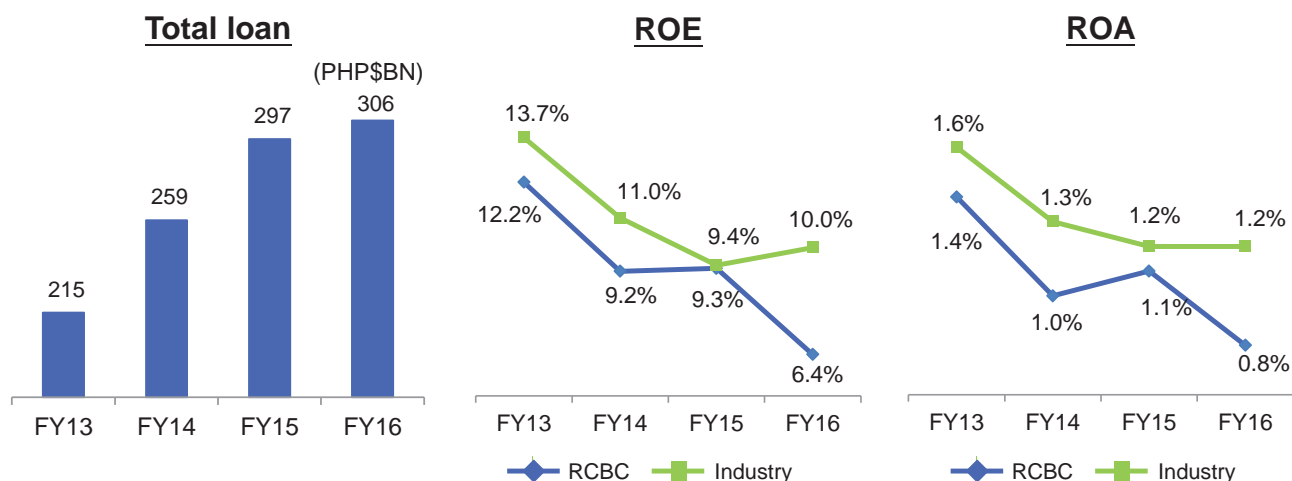
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M&A Transaction: RCBC in Philippines

- Cathay Life invested in 20% shares of Rizal Commercial Banking Corporation (“RCBC”) with 3 board seats of the company in 2015. Total investment was PHP17.92 billion (c. US\$400 million). Post-money P/B was c.1.57x upon announcement
- Cathay Life may increase its investment in RCBC via placement or open market purchase, up to 30%

RCBC’s Performance

- RCBC is one of the large private-owned banks in terms of total assets, with 477 branches and over 6,000 employees

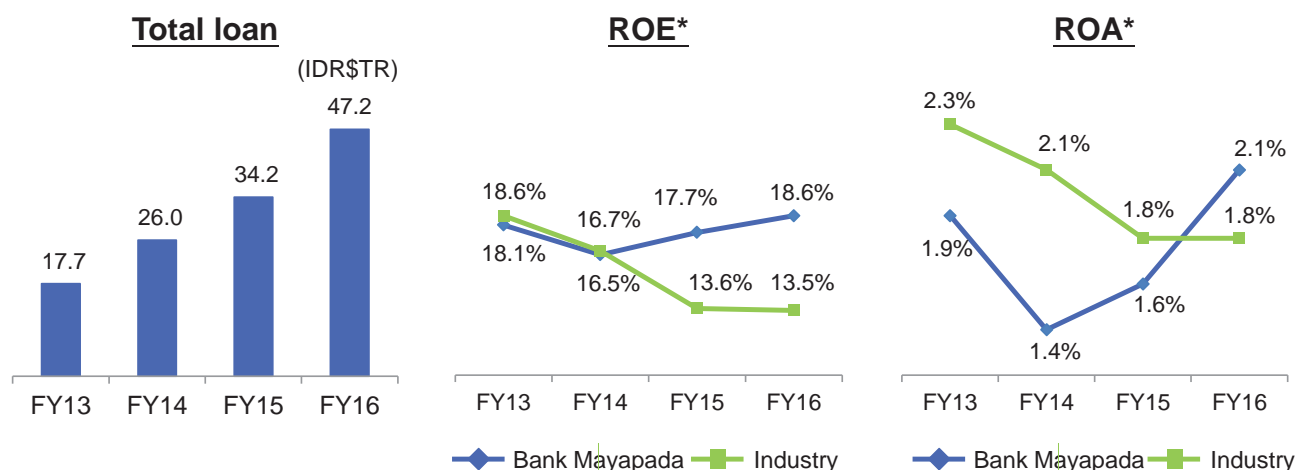


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M&A Transaction: Bank Mayapada in Indonesia

- Cathay Life has completed the acquisition of 40% stake in PT Bank Mayapada International, Tbk (“Bank Mayapada”)
 - Stage 1 : acquire 24.9% stake (USD 164 mn) – completed in 1H15
 - Stage 2 : acquire 15.1% stake – completed in Oct 2016
- Total investment will be ~IDR3.52tn (USD 295 million), representing a ~3.15x P/B multiple upon announcement

Bank Mayapada’s Performance



Note: ROE: Profit After Tax/Average Total Equity, ROA: Profit After Tax/Average Total Assets; ROE and ROA in the unaudited report are 25.5%(=Profit After Tax /Average Core Capital (Tier1) and 2.4% (=Profit Before Tax/Average Total Assets) respectively.

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Embedded Value & Appraisal Value

(NT\$BN)

Valuation date	2014/12/31	2015/12/31
In-force business investment yield	4.01% ~ Year 2034 5.05% for NTD policies 4.40% ~ Year 2034 6.07% for USD policies 2.75% ~ Year 2034 3.02% for Interest crediting annuity (Equivalent investment yield: 4.46% rolling over to 2015: 4.49%)	3.95% ~ Year 2035 5.02% for NTD policies 4.67% ~ Year 2035 5.81% for USD policies 2.77% ~ Year 2035 3.00% for Interest crediting annuity (Equivalent investment yield: 4.40%)
Future one year's new business investment yield	2.54%~ Year 2034 5.03% for NTD policies 4.47% ~ Year 2034 6.07% for USD policies 2.19% ~ Year 2034 2.62% for Interest crediting annuity	2.96%~ Year 2035 4.90% for NTD policies 4.37% ~ Year 2035 5.81% for USD policies 1.98% ~ Year 2035 2.28% for Interest crediting annuity
Risk discount rate	10%	10%
Adjusted net worth	403	393
Value of in-force business	434	490
Cost of capital (CoC)	-128	-148
Value of in-force business (After CoC)	306	342
Embedded Value (EV)	709	735
EV / per share	133.6 (56.4)	138.5 (58.5)
Appraisal Value (AV)	1,191	1,249
Value of future one year's new business (After CoC)	55.5	59.0
AV / per share	224.4 (94.8)	235.3 (99.4)

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 and Cathay FHC are 5.3bn and 12.6bn, respectively.
(4) May not sum to total due to rounding.

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Summary

(NT\$BN)

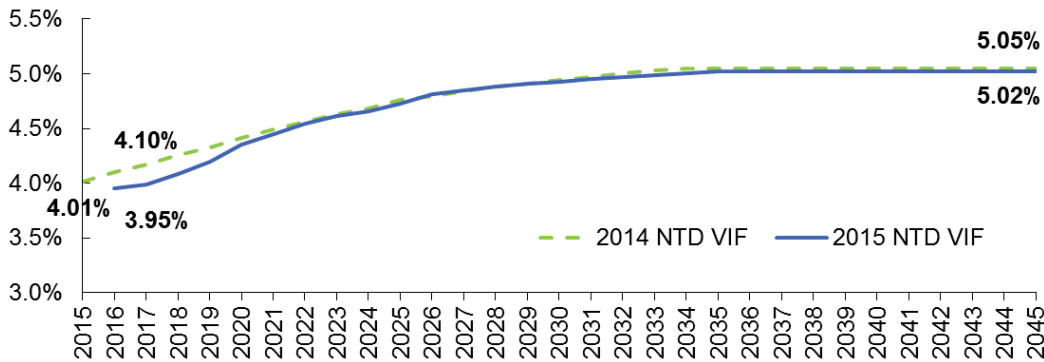
Valuation date		2014	2015	Growth rate	1Q16
Embedded value	Equity	325	346	6%	--
	Adjusted net worth	403	393	-2%	--
	Value of in-force business	434	490	13%	--
	Cost of capital (CoC)	-128	-148	16%	--
	Value in-force business (after CoC)	306	342	12%	--
	Embedded value	709	735	4%	--
Value of one year's new business	First year premium (FYP)	233.4	217.4	-7%	52.1
	First year premium equivalent (FYPE)	71.1	102.0	43%	39.8
	Value of one year's new business (V1NB)	53.5	57.6	8%	20.5
	Profit margin (V1NB/FYP)	23%	27%	--	39%
	Profit margin (V1NB/FYPE)	75%	57%	--	51%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	53%	53%	--	50%
Appraisal value (20 years NB)	Multiple	8.7	8.7	--	--
	Appraisal value	1,191	1,249	5%	--
Basic Value per share	EV / per share of Cathay FHC	56.4	58.5	4%	--
	AV / per share of Cathay FHC	94.8	99.4	5%	--

Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares 12.6bn.
(2) Totals may not sum due to rounding.

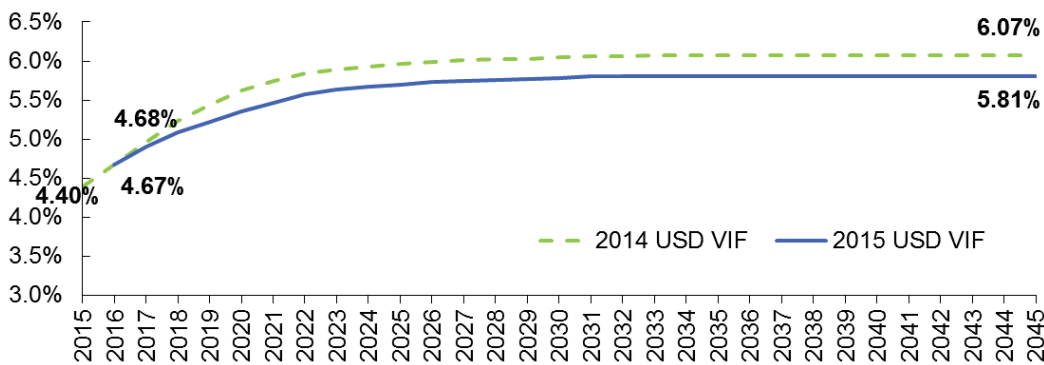
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Economic Assumptions: In-force business investment yield

- Investment return assumptions for the value of in force business of NTD-denominated policies as of the end of 2014 & 2015.



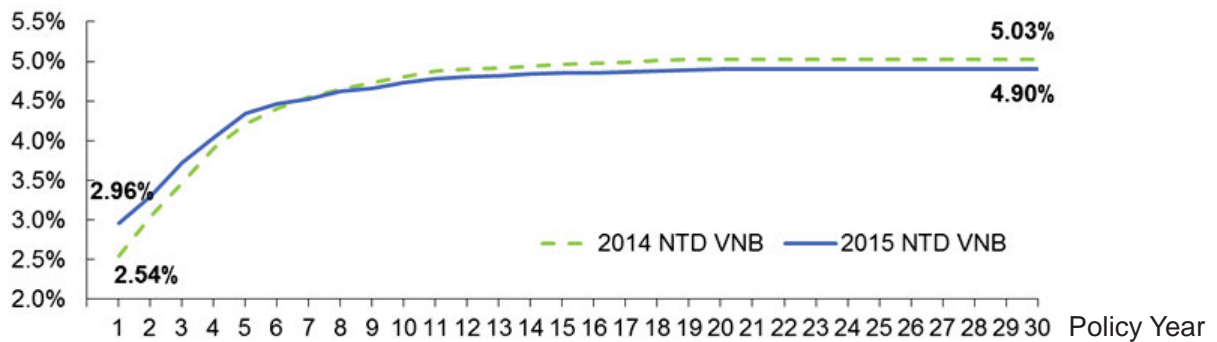
- Investment return assumptions for the value of in force business of USD-denominated policies as of the end of 2014 & 2015.



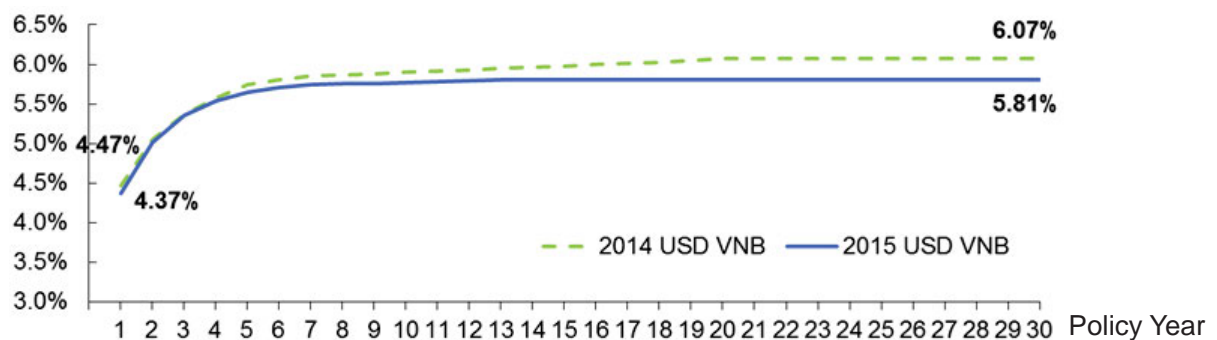
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Economic Assumptions: Future one year's new business investment yield

- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2014 & 2015.



- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2014 & 2015.

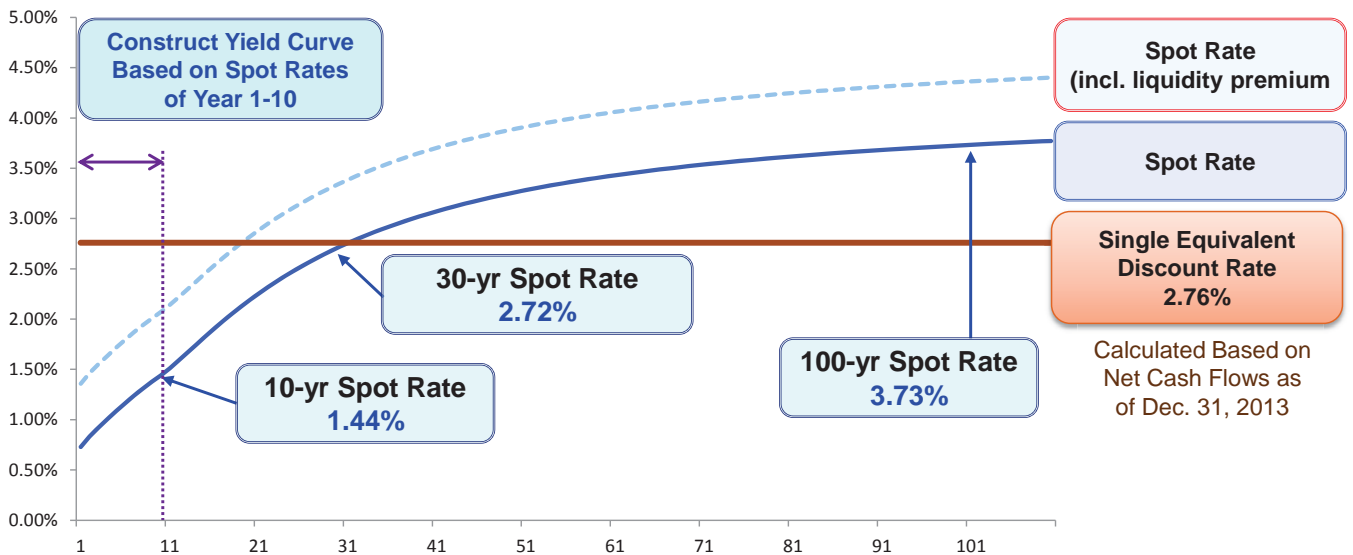


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Fair Value of Insurance Contracts: Risk-free Rate (NTD)

NTD Risk-free Rate

Calculate 3-yr daily MA yield curve based on the zero coupon yield curve announced by OTC (Svensson) and use the extrapolation method provided by [EU Solvency II QIS 5](#) to construct the complete yield curve.

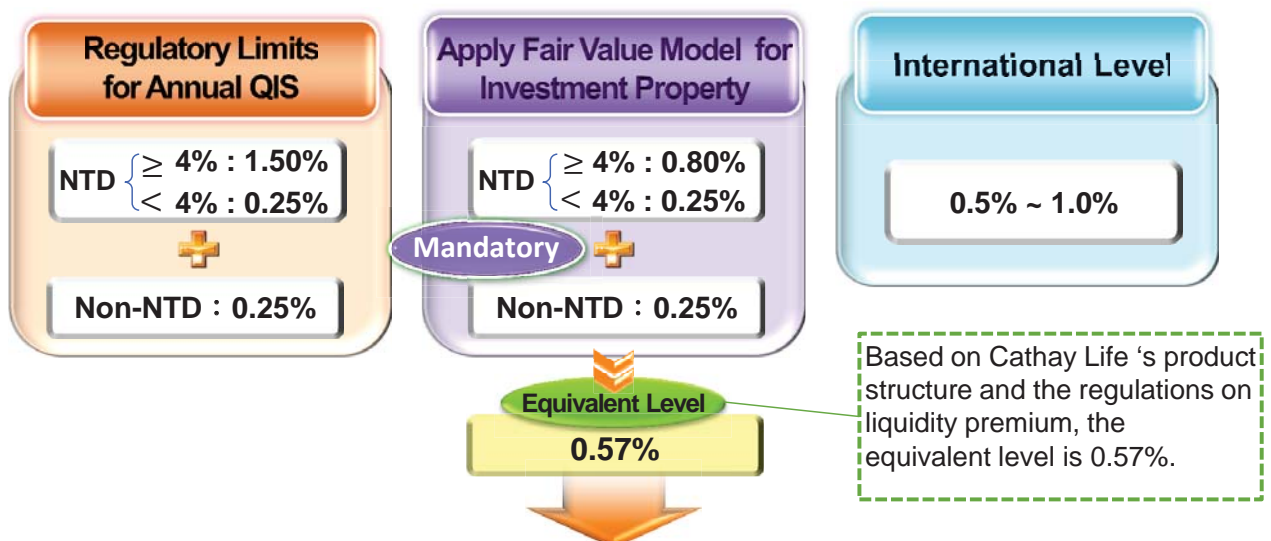


Note: The "Spot Rate" mentioned above refers to 3-yr daily MA yield curve.

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Fair Value of Insurance Contracts: Liquidity Premium

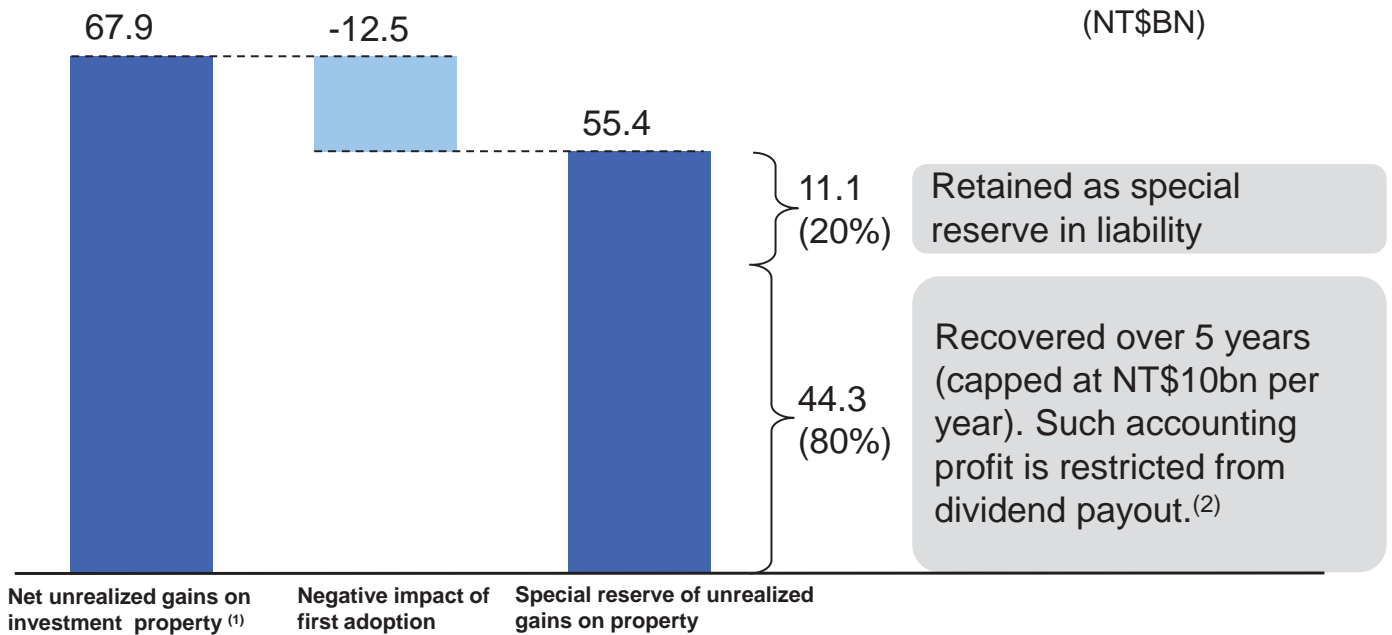
If insurers apply fair value model for investment property, their insurance liabilities should also be assessed under fair value basis. Taiwan adopts a relatively strict standard of liquidity premium compared to the international level of 0.5%~1%.



According to the regulations on liquidity premium mentioned above, Cathay Life's reserve is enough and allowed to recognize after tax full amount of investment property appraisal gain under fair value method into shareholder's equity.

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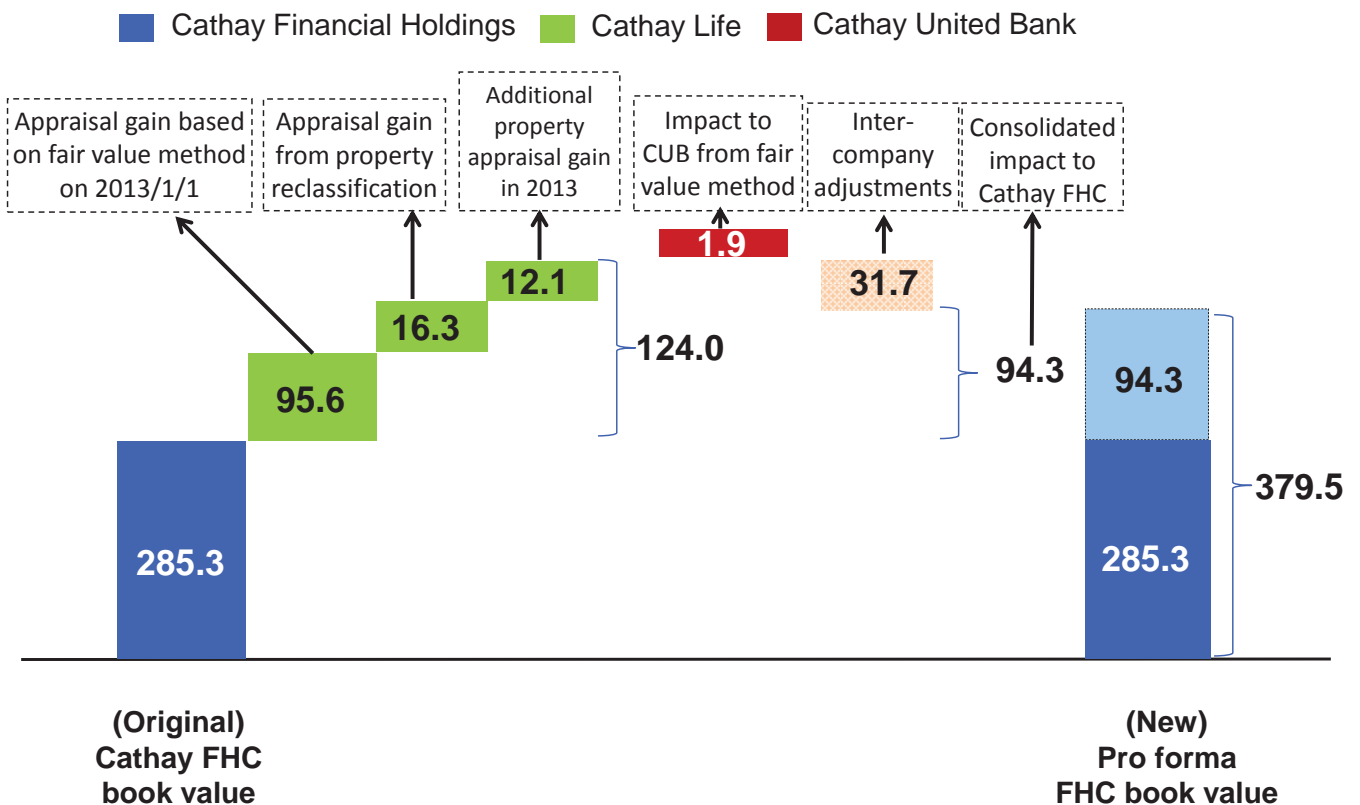
Special reserve of unrealized gains on property



Note: (1) Net unrealized gains on investment property is calculated by discounting rental income at industry average WACC(3.29%), net of related taxes. The amount is therefore well below the property market value.

(2) The recovery of such special reserve is subject to regulatory approval each year. Hence, the actual recovery depends on the fair valuation results each year.

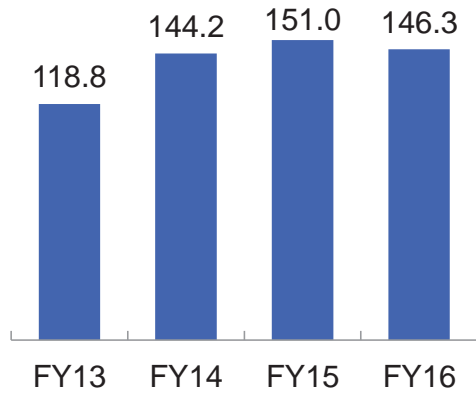
Illustration of 2013 pro forma BV of Cathay FHC



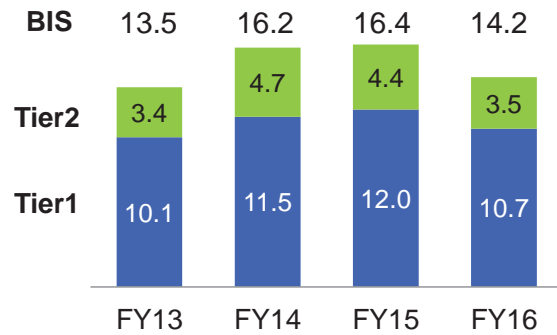
Note: Totals may not sum due to rounding.

Capital adequacy

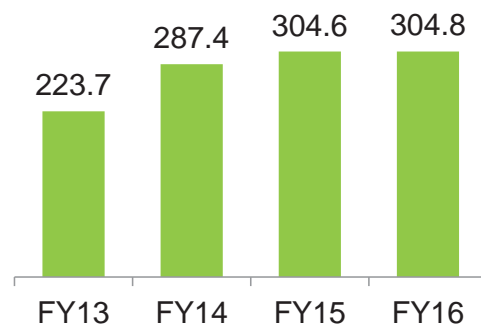
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



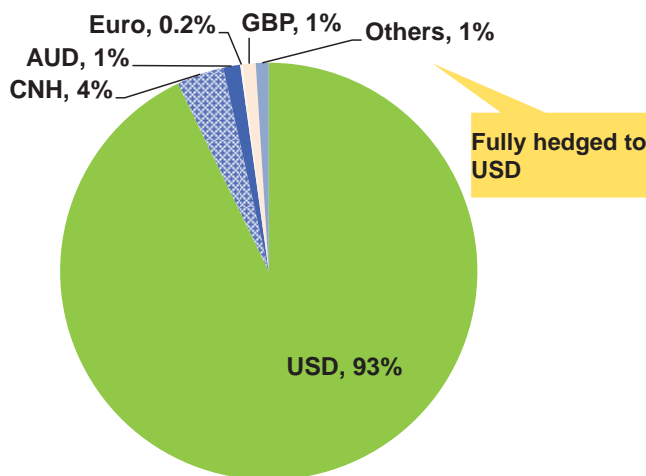
Cathay Life RBC(%)



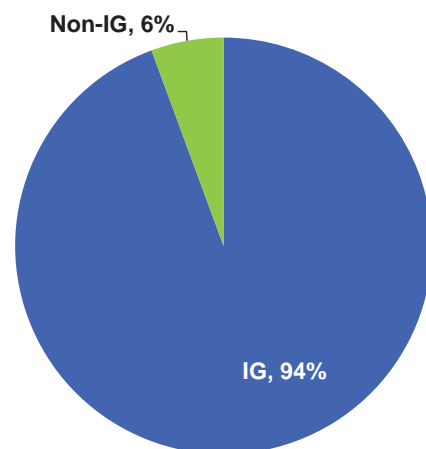
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Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (FY16)



Overseas bond by rating (FY16)



Note: Totals may not sum due to rounding.

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Cathay Financial Holdings
(NT\$MMN)

<u>Income Statement Data (Consolidated)</u>	FY14	FY15	FY16	FY16/	4Q15	4Q16	4Q16/
				FY15			% Chg
Operating Income							
Net interest income	125,123	139,998	153,478	10%	37,290	39,389	6%
Net commission and fee	369	(4,480)	(7,913)	-77%	(1,571)	(1,835)	-17%
Net earned premium	488,327	535,858	622,916	16%	146,769	167,719	14%
Change in liability reserve	(290,800)	(306,598)	(408,614)	-33%	(67,539)	(103,580)	-53%
Net claims payment	(285,869)	(309,104)	(308,697)	0%	(95,929)	(85,587)	11%
Investment income	75,751	63,734	37,782	-41%	1,653	5,098	208%
Contribution from associates-equity method	168	1,108	1,202	9%	470	251	-47%
Other net non-interest income	3,449	14,151	40,512	186%	4,004	5,650	41%
Bad debt expense	(2,982)	(2,467)	(5,232)	-112%	(1,913)	(1,449)	24%
Operating expense	(57,477)	(65,067)	(75,250)	-16%	(19,385)	(22,435)	-16%
Income before taxes	56,058	67,132	50,185	-25%	3,848	3,221	-16%
Income taxes	(6,427)	(9,250)	(2,145)	77%	(851)	5,568	755%
Net income	49,631	57,882	48,039	-17%	2,998	8,790	193%
EPS (NT\$)	3.93	4.58	3.79		0.25	0.71	
<u>Dividend Payout</u>							
Cash dividend per share	2.00	2.00					
Stock dividend per share	0.00	0.00					
Weighted average outstanding shares (Millions of common shares)	12,563	12,563	12,563				
<u>Balance Sheet Data</u>							
Total assets	6,944,837	7,568,975	8,135,137				
Total shareholders' equity	439,120	461,062	529,824				
<u>Operating Metrics</u>							
ROAE (Consolidated)	12.10%	12.86%	9.70%				
ROAA (Consolidated)	0.76%	0.80%	0.61%				
Double leverage ratio(inc. preferred stock)	113%	111%	105%				
<u>Capital Adequacy Metrics</u>							
Capital Adequacy Ratio	144%	151%	146%				

Notes:

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.

(3) Total may not sum due to rounding.

Cathay Life

(NT\$MN)

Income Statement Data (Consolidated)	FY14	FY15	FY16	FY16/	4Q15	4Q16	4Q16/
				FY15			% Chg
Net written premium	472,630	519,014	605,910	17%	142,019	163,611	15%
Net earned premium	471,849	518,250	605,231	17%	141,560	163,048	15%
Reinsurance commission earned	4,740	200	363	81%	(21)	4	121%
Fee income	5,943	5,762	5,542	-4%	1,353	1,446	7%
Recurring investment income	124,152	140,977	161,051	14%	33,940	37,108	9%
Gain on disposal of investment							
Realized gain (loss)-Equity	23,357	30,072	14,346	-52%	3,375	6,367	89%
Realized gain (loss)-Debt	12,828	14,804	29,382	98%	1,995	2,699	35%
Gain on investment property	16,579	11,074	5,000	-55%	(237)	(255)	-8%
FX and others, net	(7,166)	(13,101)	(17,469)	-33%	(4,466)	(5,733)	-28%
Investment income, net	169,750	183,827	192,310	5%	34,608	40,187	16%
Other operating income	9	914	5,032	450%	800	1,392	74%
Separate account revenues	115,040	17,303	39,589	129%	12,141	6,862	-43%
Net claims payment	(275,195)	(298,102)	(297,201)	0%	(92,114)	(82,345)	11%
Changes in liability reserves	(290,109)	(305,864)	(408,398)	-34%	(67,619)	(103,455)	-53%
Acquisition and commission expense	(32,405)	(33,238)	(38,901)	-17%	(8,842)	(10,548)	-19%
Other operating costs	(4,544)	(5,541)	(6,381)	-15%	(1,642)	(1,812)	-10%
Financial cost	(106)	(296)	(413)	-40%	18	(48)	-363%
Separate account expense	(115,040)	(17,303)	(39,589)	-129%	(12,141)	(6,862)	43%
Operating expense	(16,869)	(23,021)	(30,768)	-34%	(7,400)	(9,468)	-28%
Net non-operating income	1,482	1,265	1,956	55%	412	562	36%
Income taxes	(2,810)	(5,710)	1,861	133%	(68)	5,906	8764%
Net income	31,734	38,447	30,235	-21%	1,045	4,870	366%
Balance Sheet Data							
Total assets	4,704,976	5,179,877	5,556,950				
General account	4,242,710	4,699,309	5,058,936				
Separate account	462,267	480,568	498,014				
Reserves for life insurance liabilities	3,770,679	4,228,117	4,567,324				
Total liabilities	4,376,595	4,831,642	5,192,967				
Total shareholders' equity	328,382	348,235	363,984				
Operating Metrics							
First Year Premium(FYP)	233,379	217,378	199,082				
First Year Premium Equivalent(FYPE)	71,147	102,002	135,035				
Expense ratio	9.9%	10.3%	10.3%				
13-M persistency ratio	97.9%	97.6%	98.3%				
25-M persistency ratio	94.9%	91.8%	92.2%				
ROAE	10.54%	11.36%	8.49%				
ROAA	0.71%	0.78%	0.56%				
Capital Adequacy Metrics							
RBC ratio (Standalone)	287%	305%	305%				

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.

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Cathay United Bank

(NT\$MN)				FY16/ FY15 % Chg	4Q15	4Q16	4Q16/ 4Q15 % Chg
Income Statement Data (Consolidated)							
Operating Income							
Net interest income	25,779	26,729	25,910	-3%	6,433	6,937	8%
Fee income	11,806	14,344	15,745	10%	3,122	3,783	21%
Investment income	7,326	5,599	8,278	48%	1,034	1,717	66%
Other income	1,064	1,380	1,222	-12%	294	139	-53%
Net operating income	45,975	48,052	51,154	6%	10,884	12,576	16%
Operating expenses	(22,804)	(24,851)	(26,959)	-8%	(6,677)	(7,363)	-10%
Pre-provision profit	23,170	23,201	24,195	4%	4,207	5,213	24%
Net provisions for possible losses	(2,471)	(1,922)	(4,455)	-132%	(1,748)	(1,295)	26%
Income before taxes	20,700	21,279	19,740	-7%	2,459	3,918	59%
Income tax	(2,885)	(2,513)	(2,229)	11%	(291)	(514)	-77%
Net income	17,814	18,767	17,511	-7%	2,168	3,404	57%

Balance Sheet Data

Total assets	2,243,958	2,383,377	2,566,669
Loans, net	1,119,281	1,127,807	1,437,531
Financial assets	649,497	791,192	849,989
Total liability	2,096,340	2,226,608	2,406,701
Deposits	1,739,023	1,881,657	2,032,600
Financial Debenture Payable	67,614	51,900	51,900
Total shareholders' equity	147,617	156,769	159,968

Operating Metrics

Cost income ratio	49.60%	51.72%	52.70%
ROAE	12.71%	12.33%	11.06%
ROAA	0.84%	0.81%	0.71%

Assets Quality

NPL	3,277	1,599	2,133
NPL ratio	0.29%	0.14%	0.15%
NPL provisions	17,675	17,323	19,686
Coverage ratio	539%	1083%	923%

Capital Adequacy Metrics

BIS ratio (Standalone)	16.2%	16.4%	14.2%
Tier I Ratio (Standalone)	11.5%	12.0%	10.7%

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
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Cathay Century

(NT\$MM)				FY16/ FY15 % Chg	4Q15	4Q16	4Q16/ 4Q15 % Chg
Income Statement Data (Consolidated)							
Premium income	21,279	22,449	22,774	1%	6,334	5,522	-13%
Net written premium	16,080	17,254	17,390	1%	4,853	4,209	-13%
Net earned premium	15,626	17,169	17,213	0%	4,535	4,032	-11%
Reinsurance commission earned	683	517	526	2%	136	115	-16%
Fee income	45	48	44	-7%	14	10	-25%
Investment	918	972	2,082	114%	204	8	-96%
Interest income	609	564	568	1%	151	127	-16%
Other investment income, net	308	408	1,514	271%	54	(118)	-320%
Other operating income	7	15	0	-100%	1	0	-100%
Net claims payment	(8,747)	(9,292)	(9,559)	-3%	(2,790)	(2,196)	21%
Changes in liability reserves	(691)	(734)	(209)	71%	79	(119)	-250%
Commissions and other operating costs	(1,218)	(1,402)	(1,289)	8%	(386)	(251)	35%
Operating expenses	(5,823)	(6,197)	(5,974)	4%	(1,668)	(1,383)	17%
Operating income	801	1,095	2,834	159%	125	216	73%
Net non-operating income	29	(4)	(1)	81%	9	6	-33%
Income taxes	(174)	(287)	(492)	-71%	(58)	(54)	7%
Net income	657	804	2,342	191%	77	168	120%
Balance Sheet Data							
Total assets	35,863	42,106	38,250				
Total stockholders' equity	6,829	7,219	9,216				
Operating Metrics							
Gross Combined ratio	90.7%	85.3%	99.3%				
Net Combined ratio	99.3%	93.2%	93.3%				
ROAE	10.71%	11.44%	28.50%				
ROAA	1.94%	2.06%	5.83%				
Capital Adequacy Metrics							
RBC ratio (Standalone)	324%	359%	385%				

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.

(3) Total may not sum due to rounding.

