

**Cathay Financial Holdings Co., Ltd**  
**2012 First Half Briefing**



**August 2012**

# Disclaimer

---

- This document is provided by Cathay Financial Holding Co., Ltd. (the "Company"). Except for the numbers and information included in the Company's financial statements, the information contained in this document has not been audited or reviewed by any accountant or independent expert. The Company makes no express or implied representations or warranties as to the fairness, accuracy, completeness, or correctness of such information or opinions. This document is provided as of the date herein and will not be updated to reflect any changes hereafter. The Company, its affiliates and their representatives do not accept any responsibility or liability for any damage caused by their negligence or any other reasons, nor do they accept responsibility or liability for any loss or damages arising from the use of this document or the information contained herein or anything related to this document.
- This document may contain forward-looking statements, including but not limited to all statements that address activities, events or developments that the Company expects or anticipates to take place in the future based on the projections of the Company toward the future, and various factors and uncertainty beyond the Company's control. Therefore, the actual results may differ materially from those contained in the forward-looking statements.
- This document is not and cannot be construed as an offer to purchase or sell securities or other financial products or solicitation of an offer.
- This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.

# Agenda

---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**

# 1H12 Business overview

## Cathay United Bank

- Total loans grew by 10.8% YoY; NPL ratio of 0.33% and coverage ratio of 309.6%
- Fee income grew steadily; wealth management fee income increased by 11.2%
- Shanghai branch reported 1H pre-tax profits of US\$4.45 million, exceeding that of 2011

## Cathay Life

- Traditional regular-pay products grew by 28% YoY; ranked No.1 in terms of FYPE
- Overseas investment increased to 42.1%; hedging cost down to 0.8%; investment performance kept improving
- Robust capital adequacy; RBC above 250%

## Cathay Century

- Market share increased to 12.2%; premium income grew by 8.9% YoY
- Newly opened Sichuan Branch and has gained approval to establish Hubei Branch
- Completed set-up of the branches in the major cities of northern and southern Vietnam

## Cathay SITE

- Ranked No.1 in terms of AUM, which amounted to NT\$ 378 BN
- Fully utilized the quota of US\$100 million to invest in China

## Cathay Securities

- Brokerage business grew steadily with 0.94% market share
- The number of warrants issued grew by 11% YoY
- The number of IPO transactions increased significantly YoY

# 2H12 Outlook

## Cathay United Bank

- Maintain steady loan growth momentum; increase LDR and NIM
- Expand wealth management business, boosting growth in fee income
- Aim to set up Minhang Sub-branch and Qingdao Branch

## Cathay Life

- Focus on VNB growth; increase sales of high margin products
- Continue to increase capital efficiency
- Focus on business penetration through existing network in China and Vietnam; increase agent productivity

## Cathay Century

- Enhance the development of each product line and improve the quality of underwriting to increase profitability
- Expand marketing channels and enlarge the sales force
- Capture the opening-up of CALI in China; increase the set-up of new branches

## Cathay SITE

- Continue to increase total AUM; expand services for institutional and retail clients
- Increase mutual fund sales in overseas markets

## Cathay Securities

- Strengthen brokerage and sub-brokerage business to grow profits and market share
- Keep improving the platform of e-commerce; target to be the leader of m-commerce
- Conduct high quality underwriting cases; launch innovative financial products to enhance profitability and visibility

# Agenda

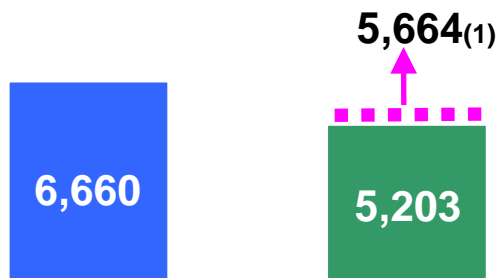
---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**

# Cathay FHC — Net income & EPS

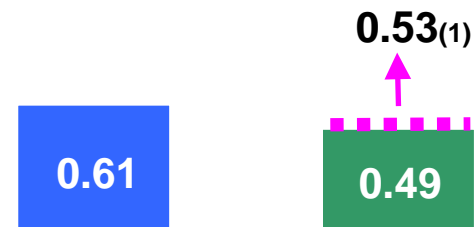
## Net income (NT\$MN)

1H11 1H12

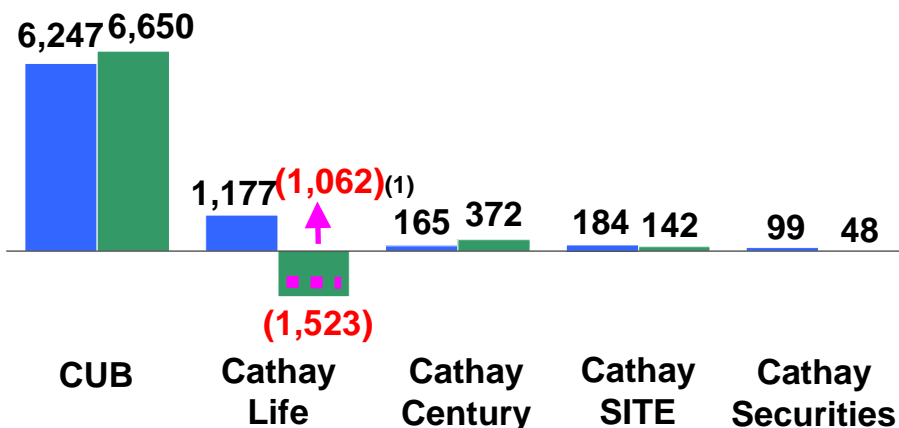


## EPS (NT\$)

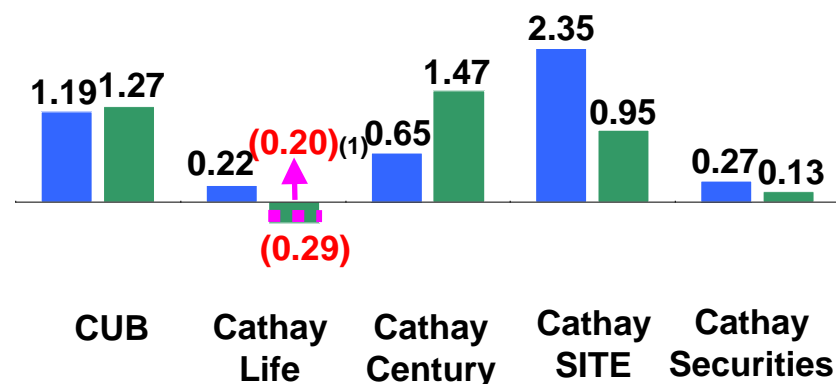
1H11 1H12



## Net income of primary subsidiaries



## EPS of primary subsidiaries



Note(1): 1H12 after-tax income & EPS, excluding FX fluctuation reserve.

Note(2): Capital of Cathay SITE in 2Q11 was 0.4 bn; 2Q12 was 1.5 bn

# Agenda

---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**



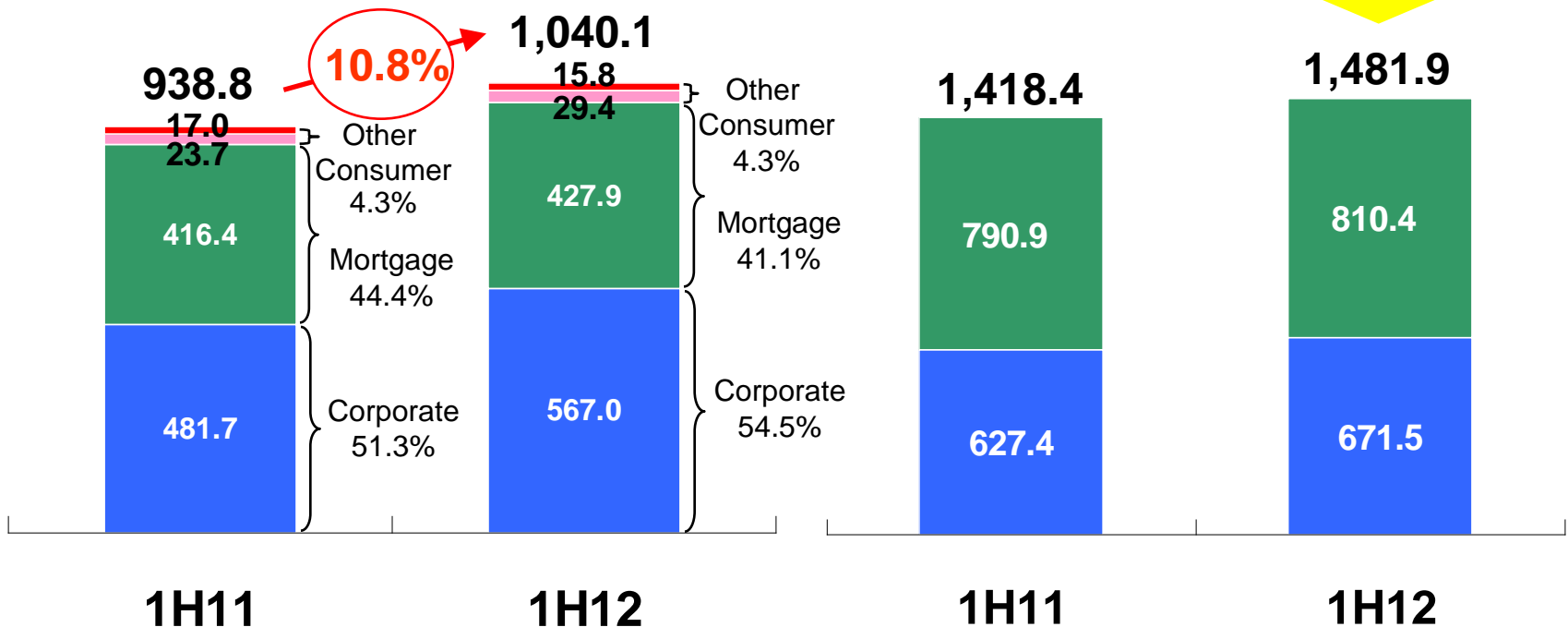
# Cathay United Bank — Loan & deposit breakdown

## Loan breakdown (NT\$BN)

- Credit Card related
- Consumer
- Mortgage
- Corporate

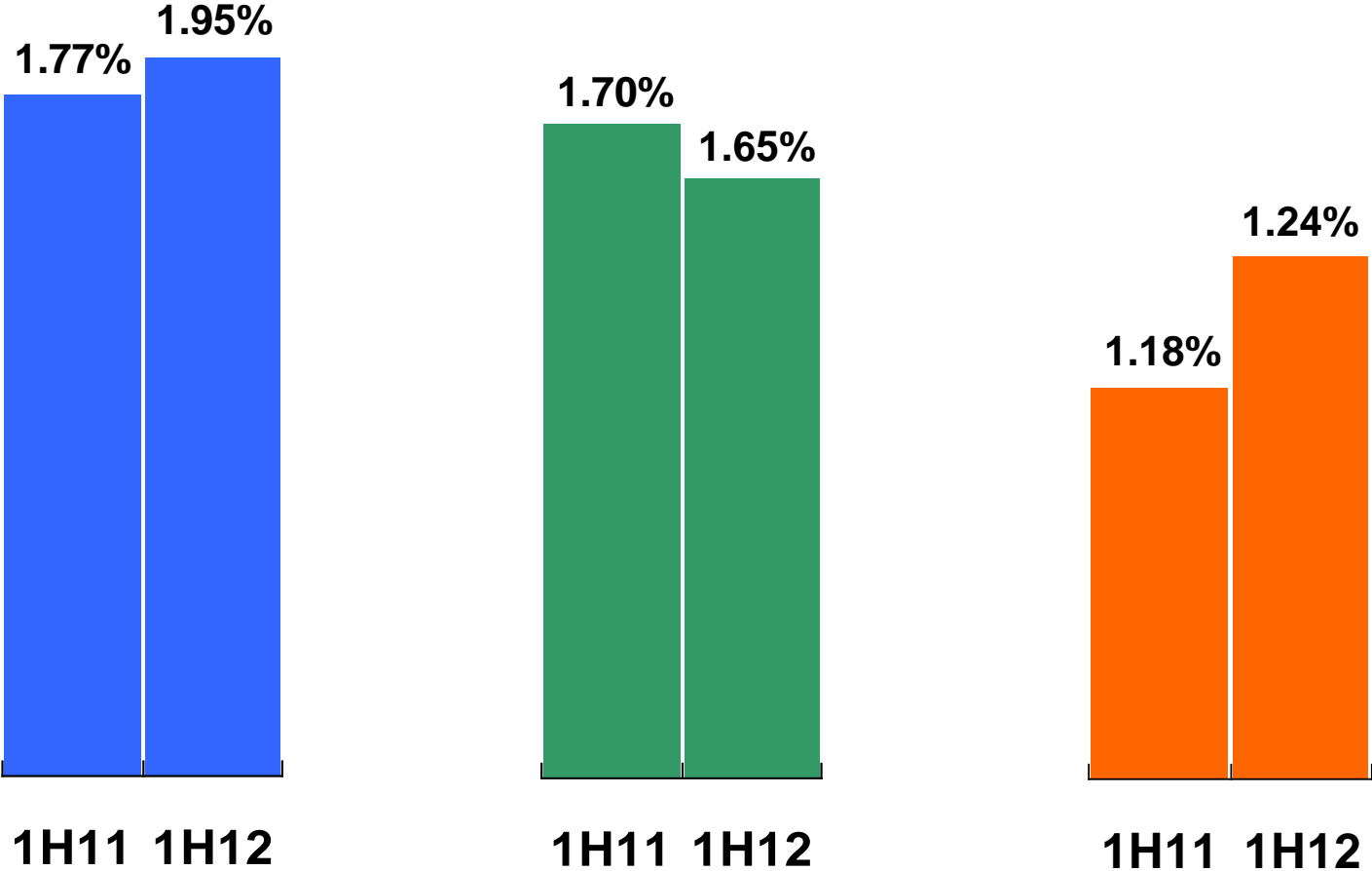
## Deposit breakdown (NT\$BN)

- Demand Deposit
- Time Deposit



# Cathay United Bank – Interest yields

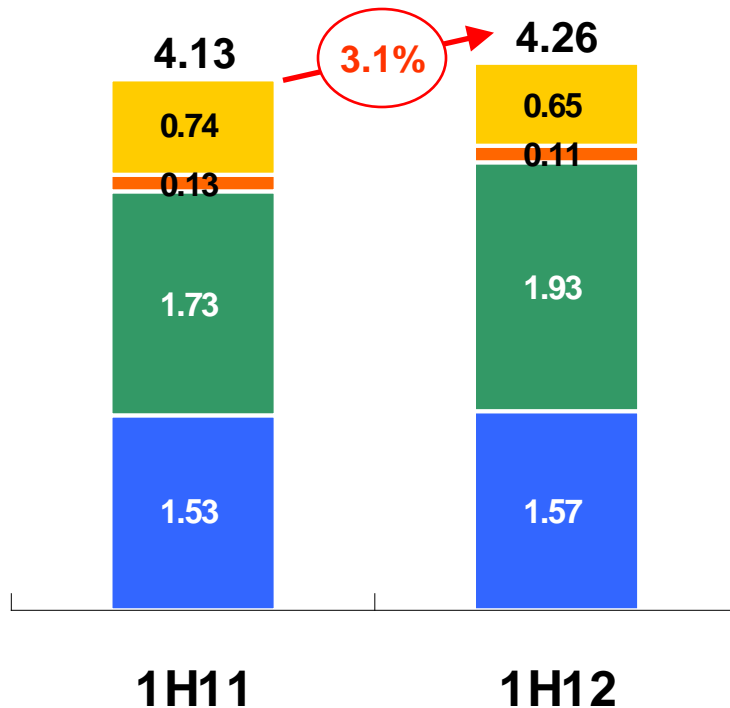
■ Avg. rate of interest-earning assets    ■ Interest spread    ■ Net interest margin



# Cathay United Bank – Fee income

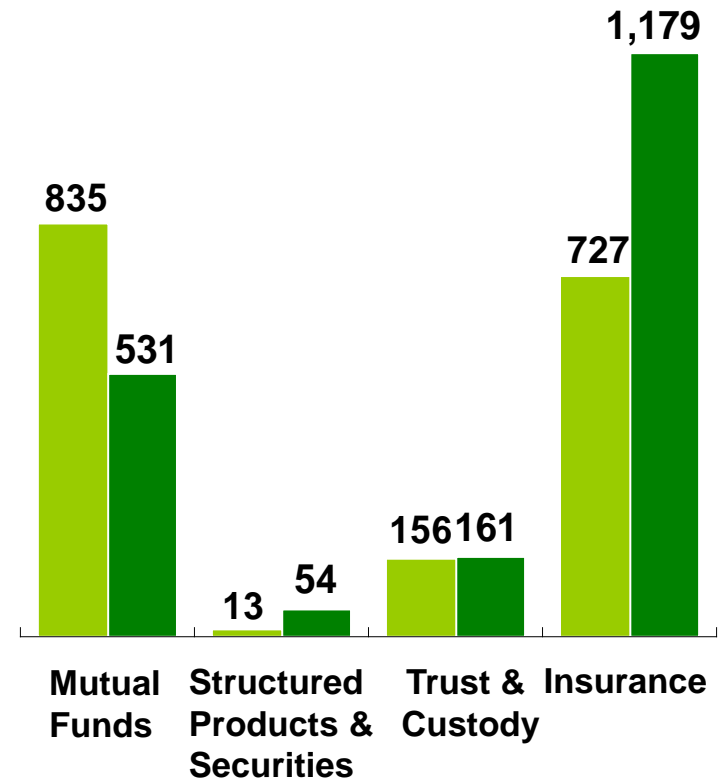
## Fee income breakdown (NT\$BN)

- Others
- FX
- Wealth management
- Cards related



## Wealth management fee breakdown (NT\$MN)

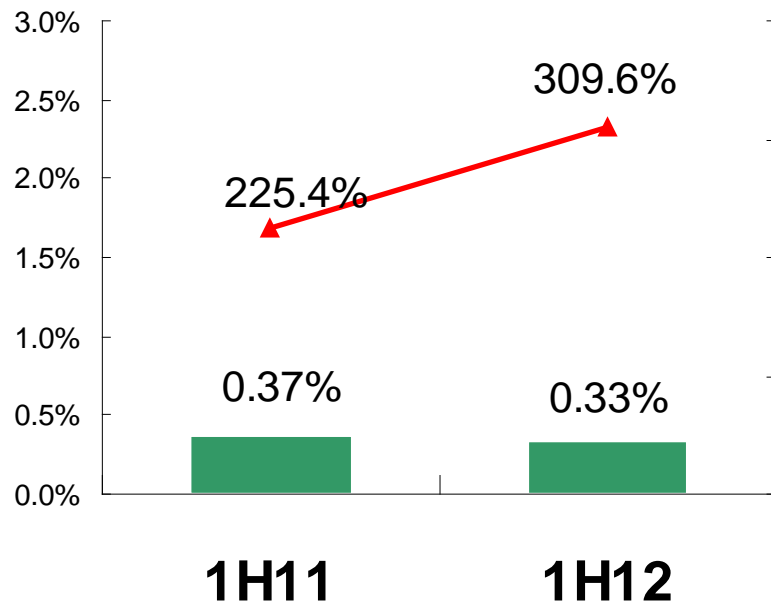
- 1H11
- 1H12



# Cathay United Bank – Credit quality

## NPL & Coverage ratio

- NPL ratio(LHS)
- Coverage ratio(RHS)



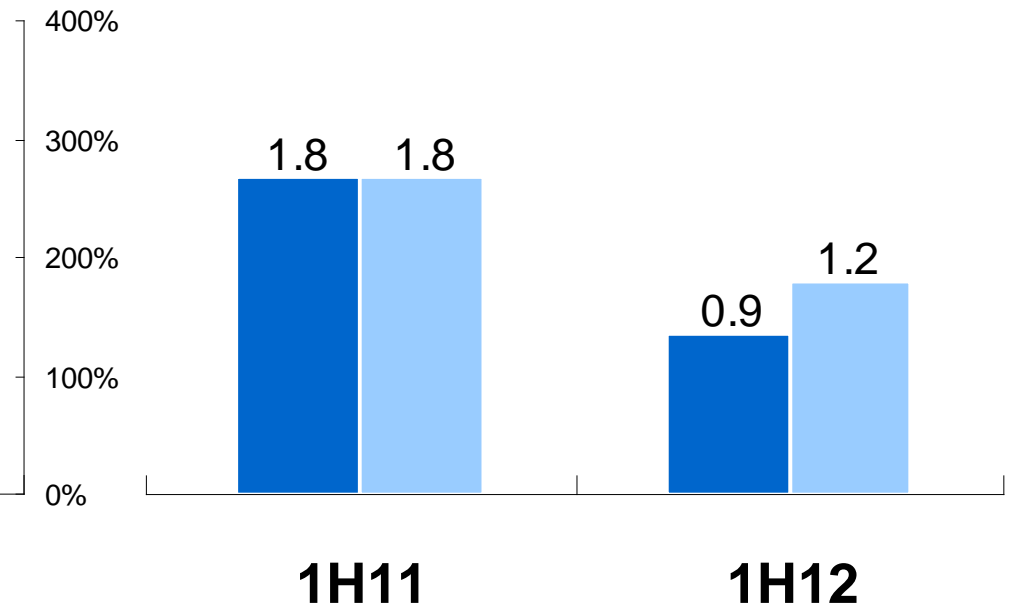
Mortgage  
NPL

0.09%

0.07%

## Gross provision (NT\$BN)

- Gross provision
- Recovery

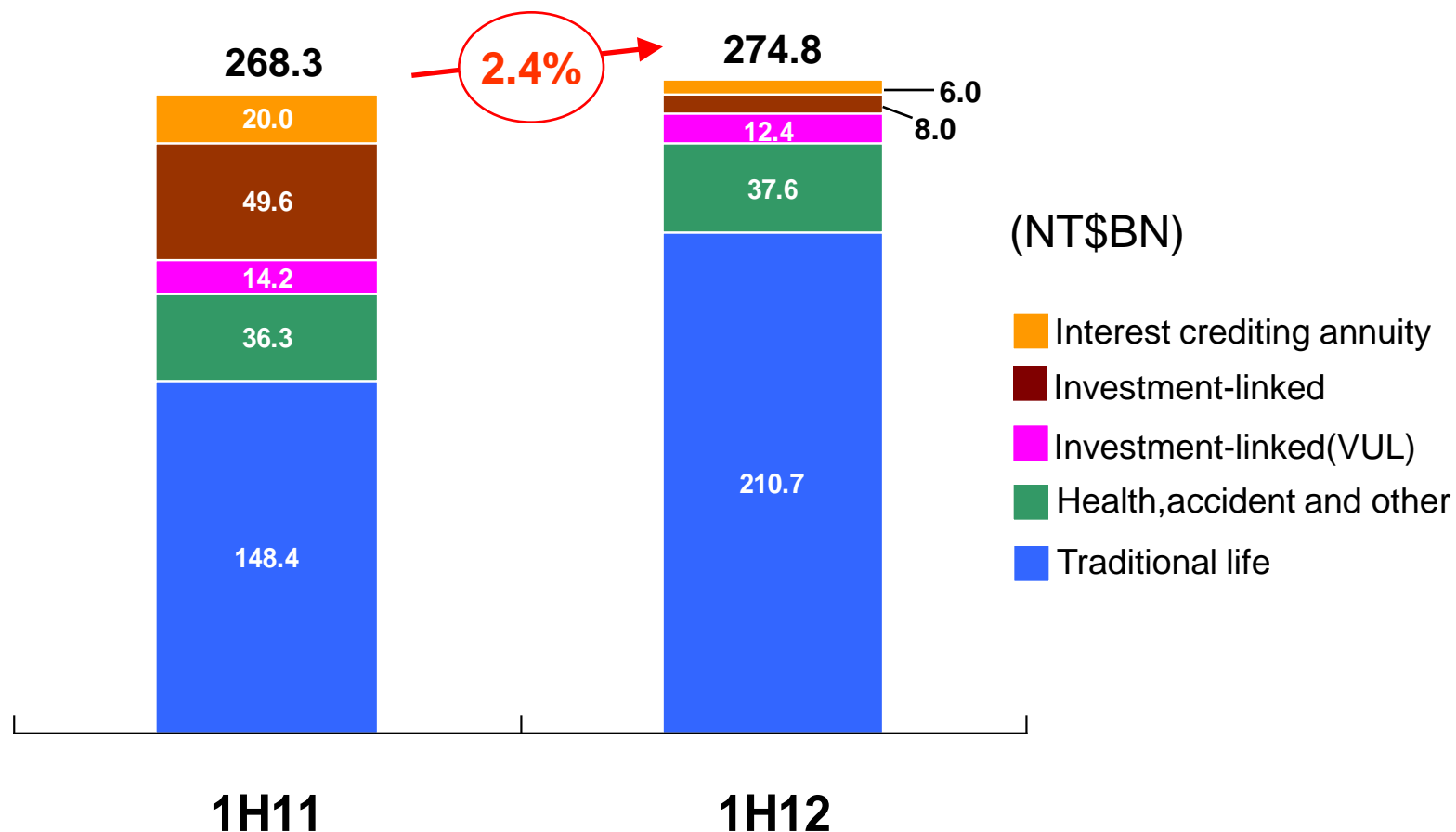


# Agenda

---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**

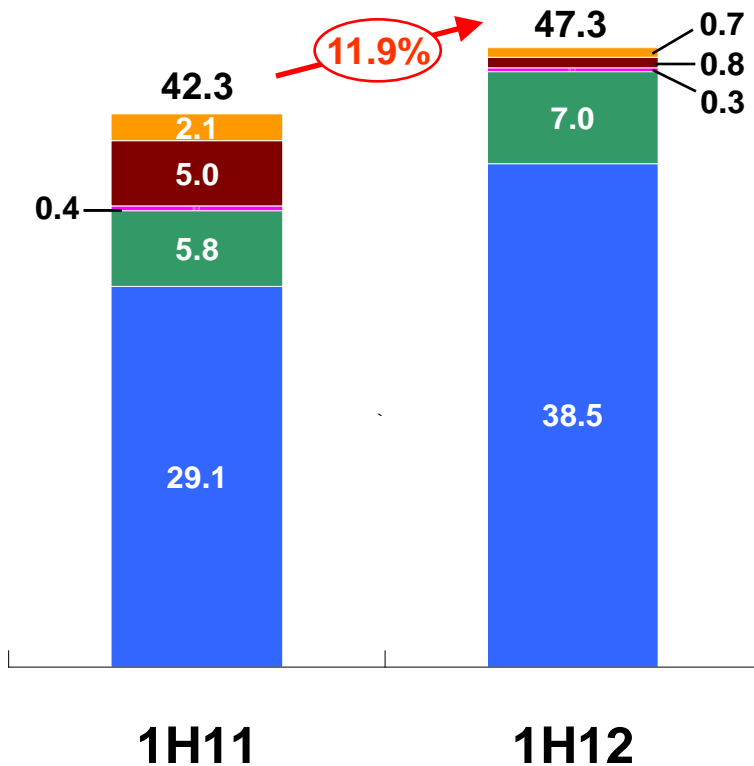
# Cathay Life – Total premium



# Cathay Life — FYPE & Distribution channel

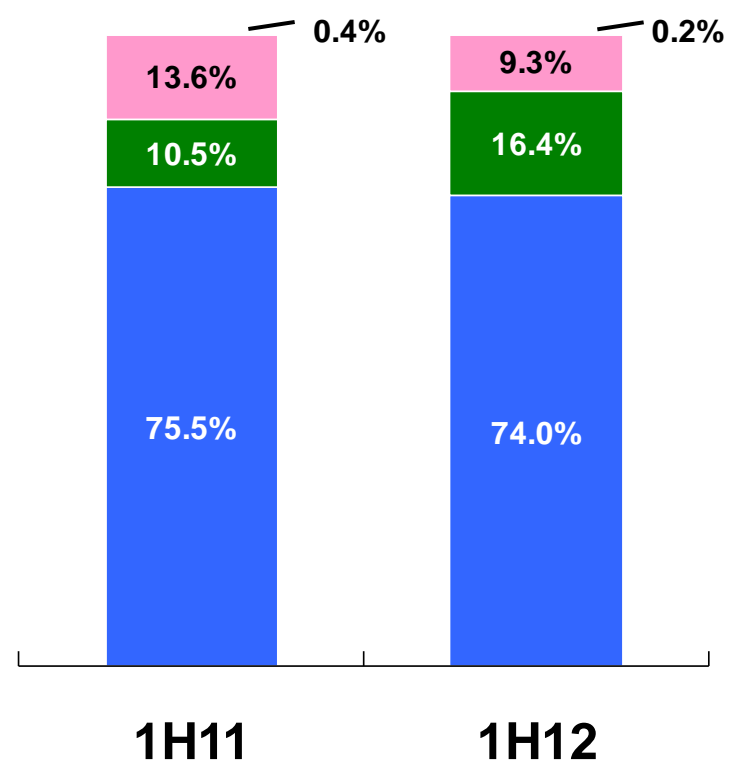
## First year premium equivalent (FYPE)

- Interest crediting annuity (NT\$BN)
- Investment-linked
- Investment-linked(VUL)
- Health, accident and other
- Traditional life



## Distribution channel breakdown FYPE

- Others
- Bancassurance-external
- Bancassurance-CUB
- Tied agents

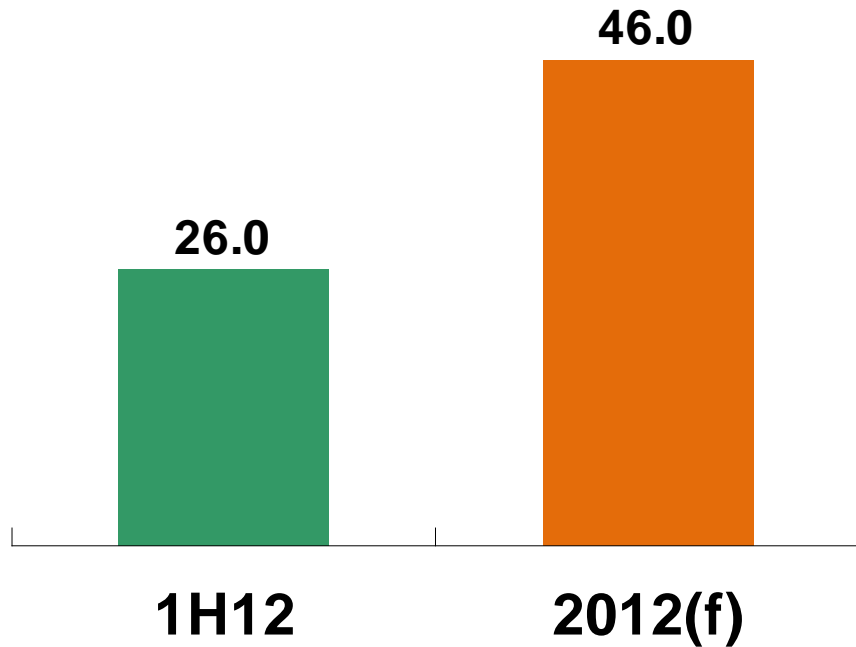


Note: Total may not sum due to rounding

# Cathay Life — VNB

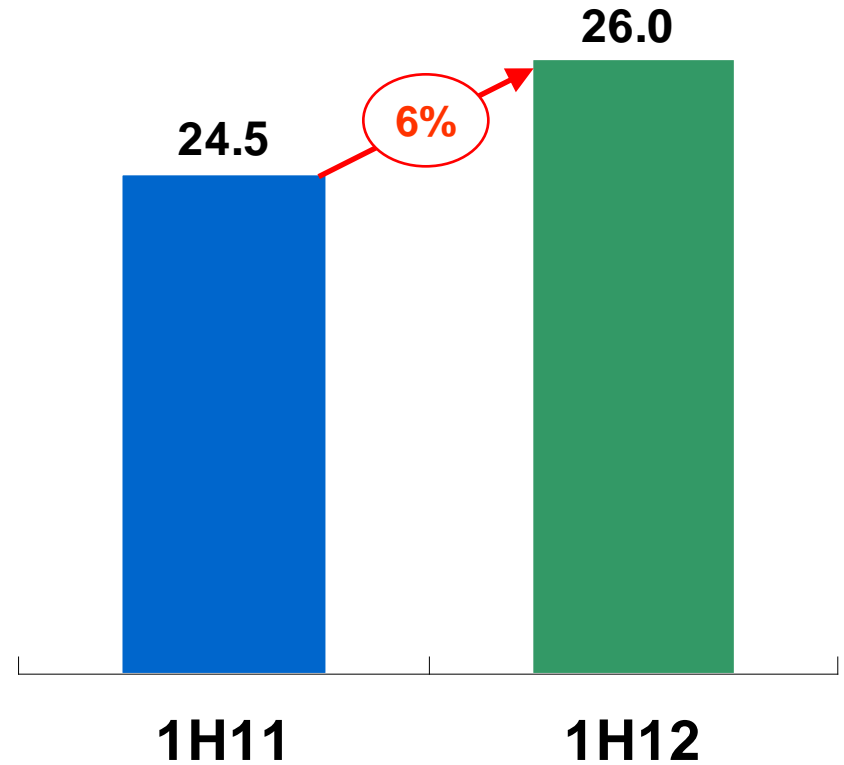
## VNB performed on track

(NT\$BN)



## VNB YoY growth

(NT\$BN)



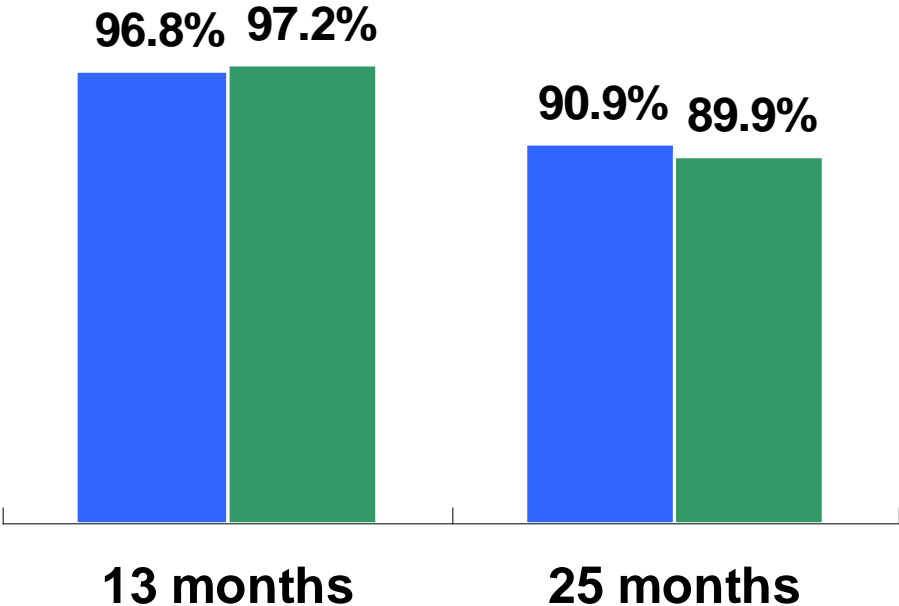
Note: 1H12 VNB and 2012 VNB target are based on the EV actuarial assumptions made by Cathay Life at the end of 2011



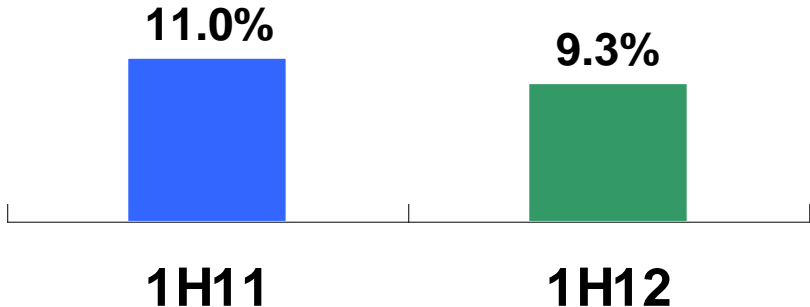
# Cathay Life – Operational indicators

## Persistency ratio

■ 1H11      ■ 1H12



## Expense ratio



# Cathay Life – Investment portfolio

	1Q12		2Q12		Weight Change	Amount Change
	Amt. (NT\$BN)	%	Amt. (NT\$BN)	%		
Cash & Cash equivalents	338.0	11.0%	289.3	9.2%	-1.8%	-48.7
Equity- Domestic	271.5	8.8%	286.5	9.1%	0.3%	15.0
Equity- International	133.4	4.3%	131.3	4.2%	-0.2%	-2.1
Bond- Domestic	504.9	16.4%	517.9	16.5%	0.1%	13.1
Bond- International <sup>(1)</sup>	1,115.7	36.2%	1,190.8	37.9%	1.7%	75.1
Mortgage & Secured loans	304.9	9.9%	316.5	10.1%	0.2%	11.6
Policy loans	184.6	6.0%	183.9	5.9%	-0.1%	-0.7
Real estate	159.7	5.2%	164.2	5.2%	0.0%	4.4
Others	65.9	2.1%	59.3	1.9%	-0.3%	-6.6
<b>Total investments<sup>(2)(3)</sup></b>	<b>3,078.6</b>	<b>100.0%</b>	<b>3,139.7</b>	<b>100.0%</b>		<b>61.1</b>

Note (1) : Includes foreign currency deposit and related adjustments

Note (2) : Excludes separate account assets

Note (3) : Total investments only includes funds available to invest

Note (4) : Total may not sum due to rounding

# Cathay Life – Hedging improved significantly

- The implementation of FX reserve helps to stabilize the traditional hedging cost
- Improve the effectiveness of proxy hedge model
- Hold certain naked position to reduce hedging cost

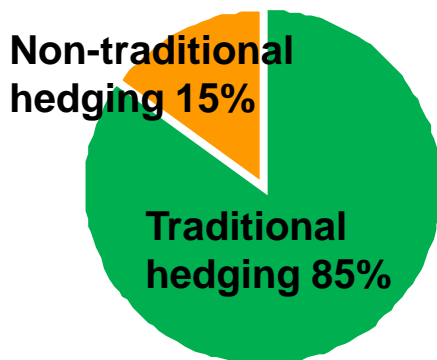
Hedging cost stabilized at 1-1.5%

	2010	2011	1H12
FX hedging cost <sup>(1)</sup>	-1.78%	-2.69%	-0.71%
FX hedging cost <sup>(2)</sup>	--	--	-0.80%
Traditional hedging cost <sup>(3)</sup>	-1.08%	-0.83%	-0.56%

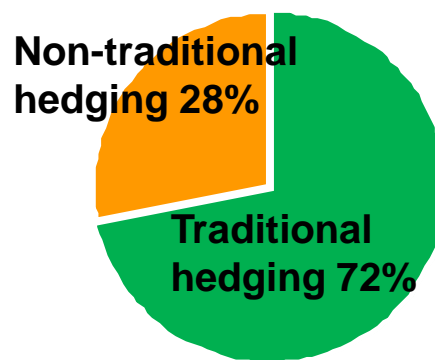
Note: (1)Without implementation of FX fluctuation reserve (2)With implementation of FX fluctuation reserve  
 (3)Traditional hedging cost / Overseas investment

## Currency hedging breakdown

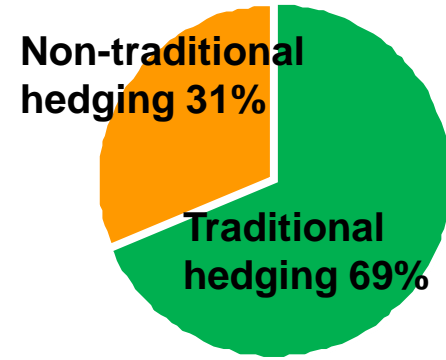
2010/12/31



2011/12/31



2012/06/30



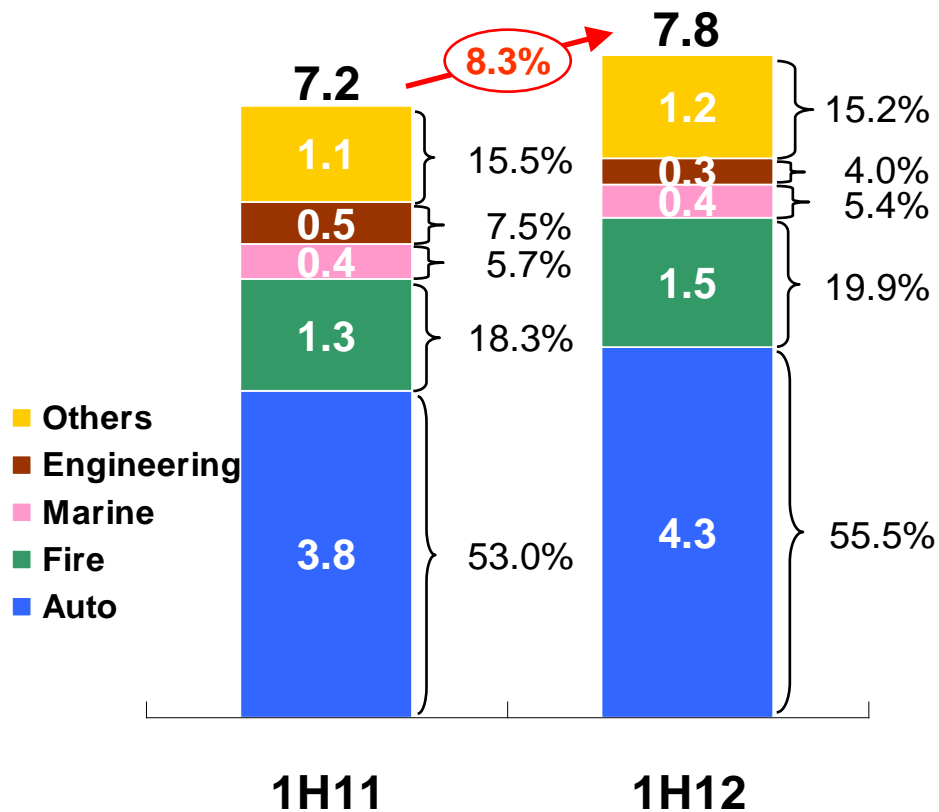
# Agenda

---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**

# Cathay Century

## Product breakdown (NT\$BN)

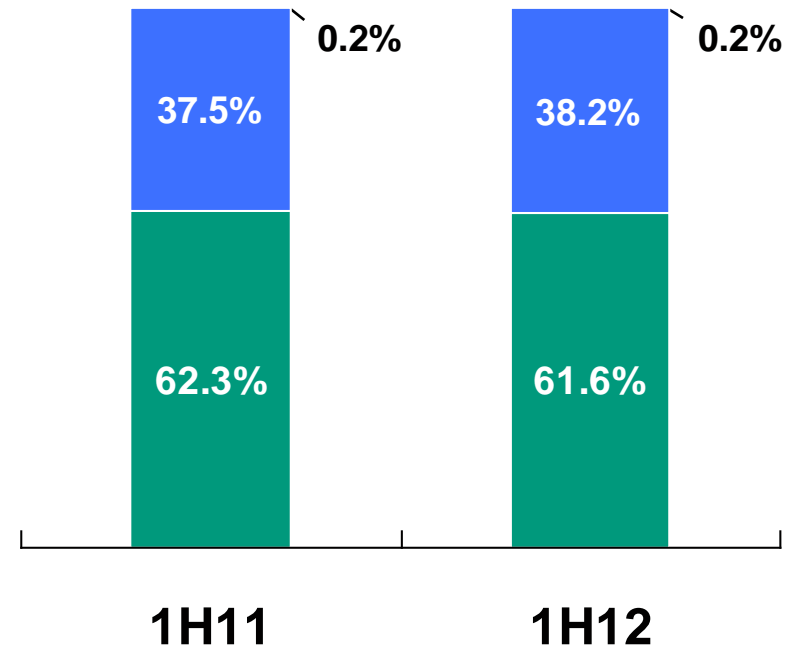


Mkt share 11.8%

12.2%

## Distribution channel

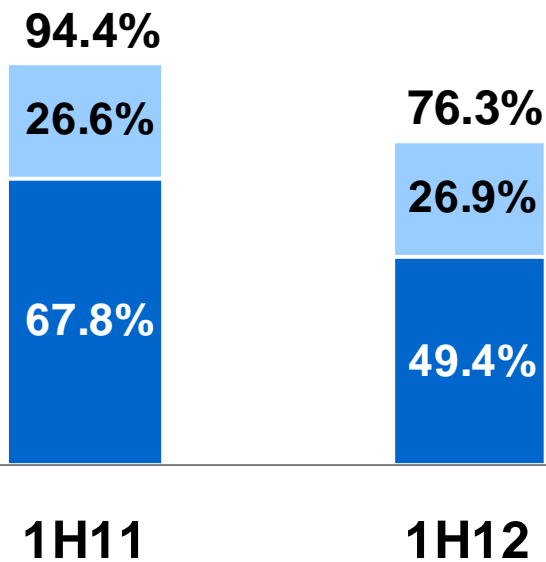
- Others
- Cathay P&C agents
- Cathay group channel



# Cathay Century

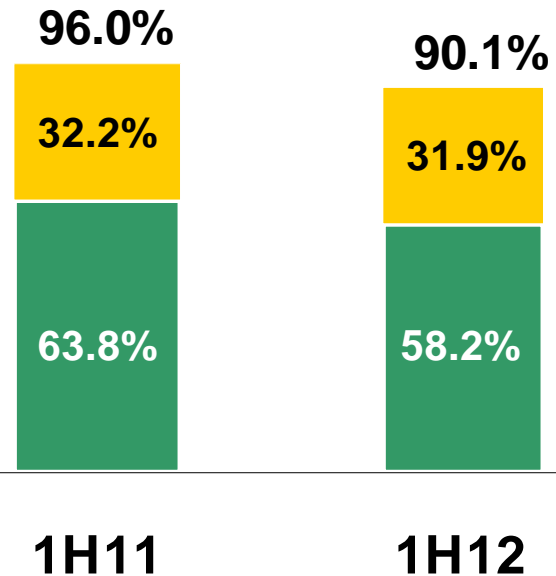
## Gross combined ratio

- Gross expense ratio
- Gross loss ratio



## Retained combined ratio

- Retained expense ratio
- Retained loss ratio



Retained rate 71.2%

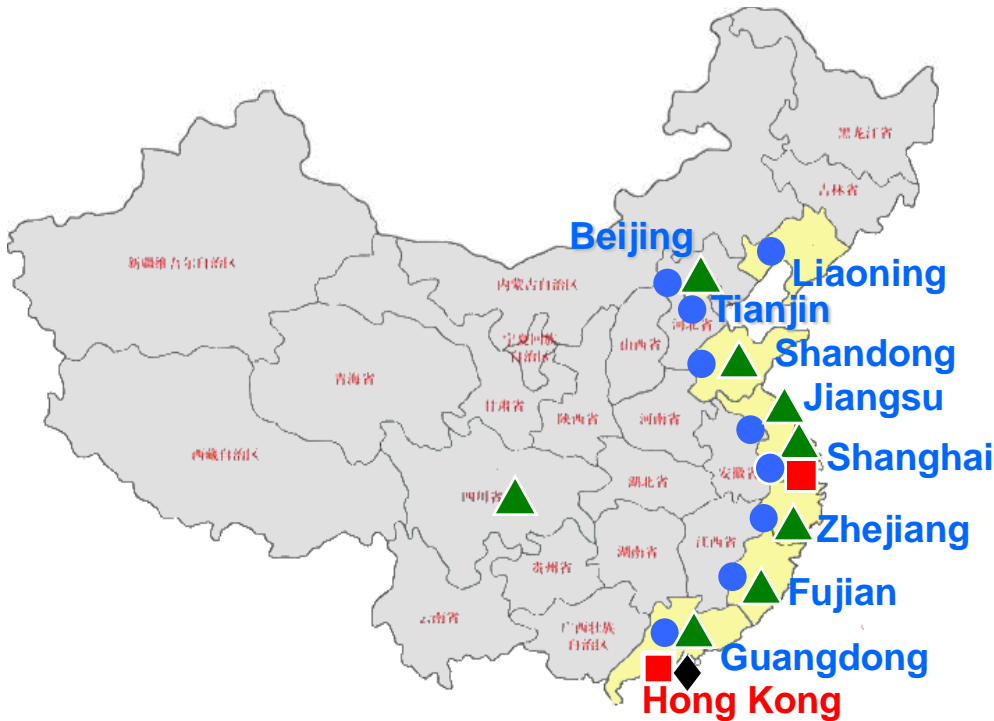
72.8%

# Agenda

---

- **1H12 Business overview and 2H12 outlook**
- **1H12 Financial results**
  - Cathay Financial Holdings
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Overseas expansion**

# Cathay FHC in China



- Footprint
- Cathay Life (China)
  - Cathay United Bank
  - ▲ Cathay Century (China)
  - ◆ Cathay Conning Asset Management

## ■ Cathay Life (China)

- Total premium income: around RMB 340 MN
- Policyholders: approximately 3 MN
- Tied agents: 1,702, up by 30% YoY

## ■ Cathay United Bank

- 1H12 pre-tax profit of Shanghai Branch amounted to USD4.45 MN
- gained approval from CBRC to prepare for RMB business and planned to set up Minhang Sub-branch and Qingdao Branch

## ■ Cathay Century (China)

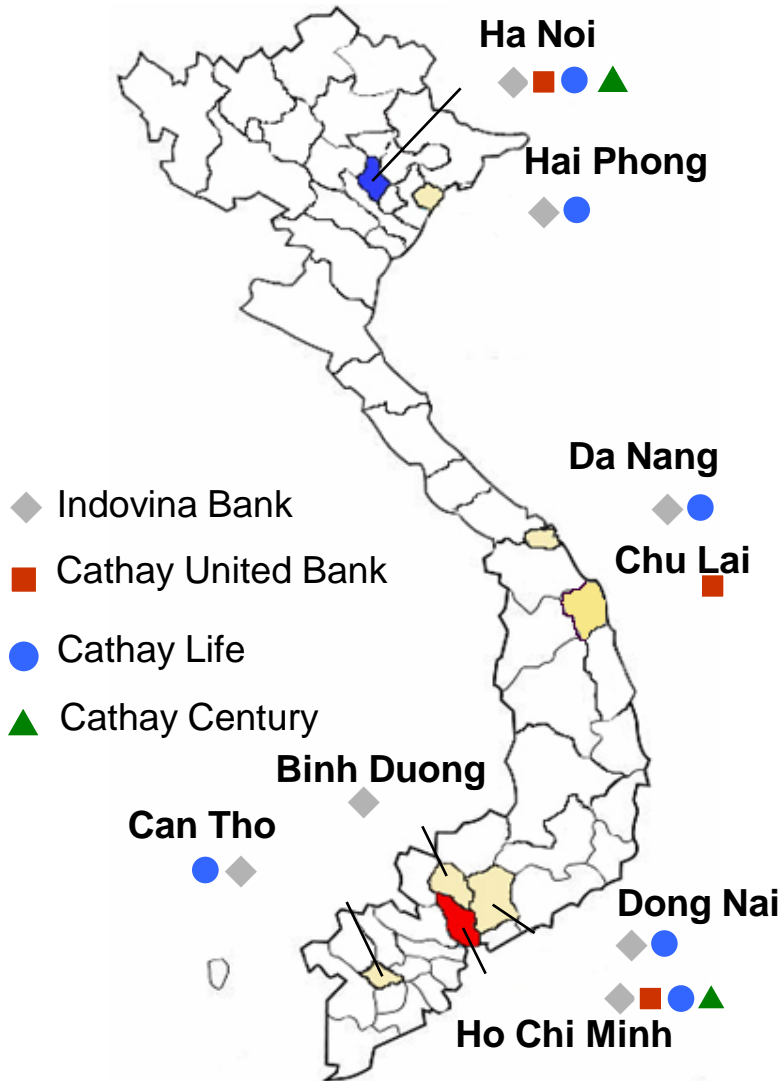
- Strong premium income growth in 1H12, up by 56% YoY

## ■ Cathay Conning Asset Management

- CEO and management have got on board
- Scheduled to begin operations in September



# Cathay FHC in South East Asia



## ■ Cathay United Bank and Indovina Bank

- Own 37 business units in Vietnam; both performed well on business and financial sides

**Cathay United Bank plans to acquire 70% shares of SBC in Cambodia which could add 16 footprints in South East Asia and further increase the scale of overseas operation**

## ■ Cathay Life

- Has set up 6 business units in Vietnam up to date
- Total premium income: NTD87.7 MN

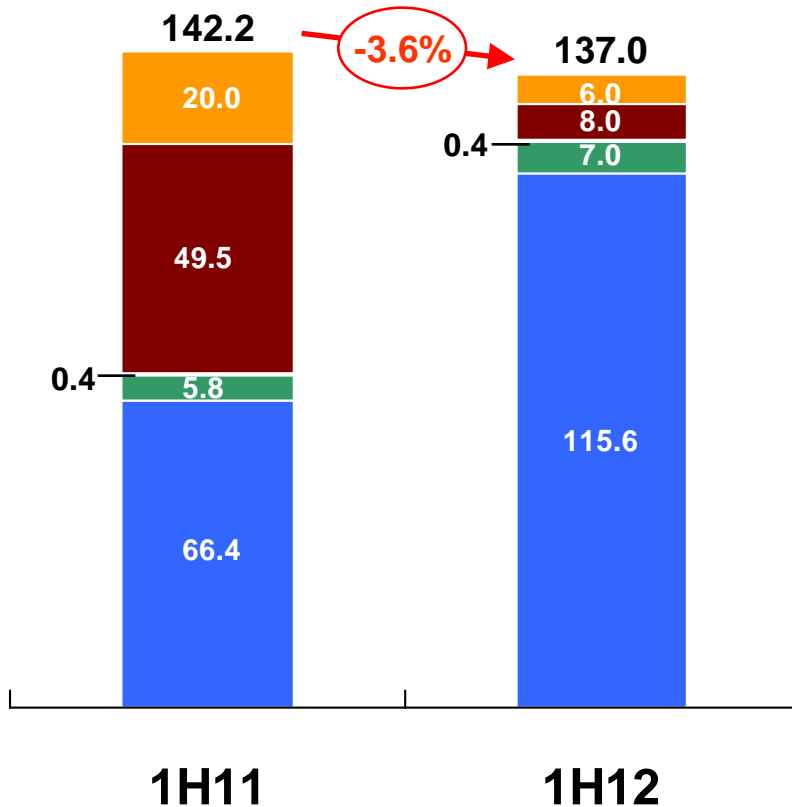
## ■ Cathay Century

- Total premium income: approximately NTD32.3 MN, up by 243% YoY

# Appendix — Cathay Life FYP& Distribution channel

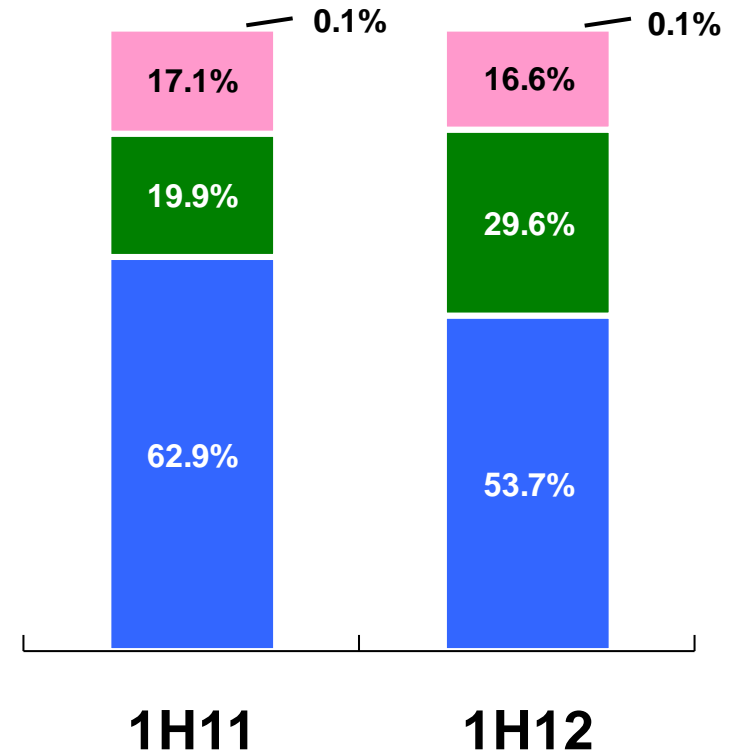
## First year premium (FYP)

- Interest crediting annuity (NT\$BN)
- Investment-linked
- Investment-linked(VUL)
- Health, accident and other
- Traditional life



## Distribution channel breakdown FYP

- Others
- Bancassurance-external
- Bancassurance-CUB
- Tied agents



Note: Total may not sum due to rounding

**Cathay Financial Holdings**
**Summary Financial Data**
**(NT\$BN)**

	FY2010	FY2011	FY11/ FY10 % Chg	1H11	1H12	1H12/ 1H11 % Chg	2Q11	2Q12	2Q12/ 2Q11 % Chg
<b><u>Statement of Income Data</u></b>									
Income from subsidiaries									
Cathay Life	(6.520)	(0.180)	-97.2%	0.540	(1.520)	-	2.039	0.190	-90.7%
Cathay United Bank	11.190	10.970	-2.0%	6.080	6.650	9.4%	2.886	3.230	11.9%
Cathay Century	0.310	0.600	93.5%	0.170	0.370	117.6%	(0.051)	0.100	-
Other	0.326	0.202	-38.0%	0.157	0.255	62.4%	0.030	0.047	56.7%
Total income from subsidiaries, net	5.306	11.592	118.5%	6.947	5.755	-17.2%	4.904	3.567	-27.3%
Interest and other income	0.928	0.963	3.7%	0.453	0.481	6.0%	0.231	0.240	3.7%
Administrative and general expenses	(0.329)	(0.345)	5.0%	(0.159)	(0.161)	1.4%	(0.096)	(0.091)	-6.0%
Operating and other costs	(1.155)	(1.166)	1.0%	(0.571)	(0.630)	10.4%	(0.287)	(0.318)	10.8%
Income taxes (expense) benefit	(0.176)	0.085	-	(0.011)	(0.241)	2058.7%	0.005	(0.165)	-
Net income	4.575	11.129	143.2%	6.660	5.203	-21.9%	4.757	3.233	-32.0%
EPS (NT\$)	0.44	1.08		0.61	0.49				

**Balance Sheet Data**

Long-term investments in stock	218.8	223.3		210.0	223.8				
Total assets	265.9	266.2		262.8	271.0				
Total consolidated assets	4,689.2	5,005.4		4,843.1	5,196.5				
Total consolidated shareholders' equity	222.5	217.7		212.5	220.5				

**Operating Metrics**

ROAE(standalone)	2.1%	5.2%		6.2%	4.8%				
ROAA (standalone)	1.7%	4.2%		5.0%	3.9%				
ROAA(consolidated)	0.1%	0.2%		0.3%	0.2%				

**Notes:**

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) Total may not sum due to rounding.

(3) Cumulative after-tax net income excluding FX fluctuation reserve of Cathay Financial Holding and Cathay Life would be NT\$5.66 bn and NT\$(1.06) bn respectively.

(4) Cumulative EPS excluding FX fluctuation reserve of Cathay Financial Holding and Cathay Life would be NT\$0.53 and NT\$(0.20) respectively.



Cathay Life Summary Financial Data (NT\$BN)			FY11/ FY10		1H12/ 1H11/		2Q12/ 2Q11/		
	FY2010	FY2011	% Chg	1H11	1H12	% Chg	2Q11	2Q12	% Chg
<b>Summary Statement of Income Data</b>									
Premium income <sup>(1)</sup>	460.279	408.031	-11.4%	203.542	256.886	26.2%	101.351	116.026	14.5%
Reinsurance premium ceded	(23.487)	(22.398)	-4.6%	(10.206)	(13.823)	35.4%	(6.606)	(7.258)	9.9%
Changes in unearned premium reserve	(1.129)	2.072	-	2.058	0.142	-93.1%	0.838	(0.008)	-
Retained earned premium	435.664	387.705	-11.0%	195.393	243.206	24.5%	95.582	108.760	13.8%
Reinsurance commission earned	9.254	11.737	26.8%	5.353	7.480	39.7%	3.481	3.796	9.1%
Handling fee earned	2.213	2.872	29.8%	1.488	1.054	-29.1%	0.520	0.523	0.6%
Investment income									
Interest income	77.340	86.315	11.6%	42.288	45.153	6.8%	21.388	22.540	5.4%
Gain on disposal of investment	33.625	44.038	31.0%	50.421	12.704	-74.8%	25.711	3.463	-86.5%
Other investment income, net	(22.050)	(38.968)	76.7%	(48.071)	(1.201)	-97.5%	(23.209)	3.670	-
Total investment income, net <sup>(2)</sup>	88.916	91.385	2.8%	44.638	56.656	26.9%	23.890	29.672	24.2%
Separate account product revenues	53.991	87.181	61.5%	64.128	27.590	-57.0%	23.151	5.958	-74.3%
Changes in FX reserves				0.000	(0.555)	-	0.000	(0.403)	-
Retained claims payment	(271.098)	(251.366)	-7.3%	(130.294)	(102.801)	-21.1%	(69.062)	(50.799)	-26.4%
Changes in liability reserves	(231.581)	(197.618)	-14.7%	(94.006)	(182.238)	93.9%	(41.265)	(79.037)	91.5%
Commissions and operating expense									
Brokerage expenses	(29.887)	(32.573)	9.0%	(16.849)	(16.240)	-3.6%	(7.790)	(7.620)	-2.2%
Marketing, administrative and general expenses	(12.296)	(13.700)	11.4%	(6.310)	(7.623)	20.8%	(3.401)	(4.185)	23.0%
Total commissions and operating expenses	(42.183)	(46.273)	9.7%	(23.158)	(23.863)	3.0%	(11.191)	(11.805)	5.5%
Other operating expenses	(56.033)	(89.711)	60.1%	(65.325)	(29.094)	-55.5%	(23.736)	(6.703)	-71.8%
Operating income	(10.858)	(4.089)	-62.3%	(1.781)	(2.565)	44.0%	1.369	(0.038)	-
Non-operating income	2.070	1.767	-14.6%	0.864	0.934	8.1%	0.458	0.483	5.3%
Non-operating expense	(0.822)	(0.834)	1.4%	(0.407)	(0.454)	11.5%	(0.204)	(0.228)	11.5%
Income taxes	3.095	3.611	16.7%	2.502	0.563	-77.5%	1.053	(0.034)	-
Cumulative effect of changes in accounting principles	0.000	0.000	-	0.000	0.000	-	0.000	0.000	-
Net income	(6.516)	0.456	-	1.177	(1.523)	-	2.676	0.183	-93.1%
After-tax net income excluding FX fluctuation reserve				-	(1.062)	-	-	0.518	-
<b>Balance Sheet Data</b>									
Total assets	3,048.1	3,277.4		3,169.5	3,458.7				
Total stockholders' equity	113.8	112.4		104.6	114.3				
<b>Operating Metrics</b>									
First Year Premium(FYP)	330.1	255.5		142.2	137.0				
First Year Premium Equivalent(FYPE)	78.8	80.5		42.3	47.3				
Expense ratio	7.7%	11.1%		11.0%	9.3%				
13-mos persistency ratio	96.2%	97.5%		97.1%	97.2%				
25-mos persistency ratio	85.8%	90.0%		90.9%	89.9%				
ROAE	-5.7%	0.4%		2.2%	-2.7%				
ROAA	-0.2%	0.0%		0.1%	-0.1%				

Notes:

(1) Excludes investment-linked products premium income.

(2) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(3) Total may not sum due to rounding

**Cathay United Bank**
**Summary Financial Data**

(NT\$BN)

	FY2010	FY2011	FY11/ FY10		1H12/ 1H11/		2Q12/ 2Q11/		% Chg	
			% Chg	1H11	1H12	% Chg	2Q11	2Q12		
<b>Summary Statement of Income Data</b>										
Interest income	22.130	27.408	23.8%	12.824	15.668	22.2%	6.592	7.853	19.1%	
Interest expense	(7.397)	(9.750)	31.8%	(4.274)	(5.665)	32.6%	(2.283)	(2.822)	23.6%	
Net interest income	14.733	17.658	19.9%	8.550	10.003	17.0%	4.308	5.032	16.8%	
Net operating income except interest income										
Net handling fee	6.445	6.711	4.1%	3.478	3.520	1.2%	1.834	1.717	-6.4%	
Gains on financial assets and liabilities at fair value through P&L	0.567	1.250	120.6%	0.670	0.570	-14.9%	0.357	0.223	-37.6%	
Realized gains on available-for-sale financial assets	2.334	1.749	-25.1%	1.205	0.443	-63.2%	0.373	0.299	-19.7%	
Realized gains on held-to-maturity financial assets	0.000	(0.002)	-	0.000	0.000	-	0.000	0.000	-	
Invst inc - equity method	0.283	0.339	19.7%	0.194	0.125	-35.2%	0.063	0.044	-29.9%	
Realized gain - equity method	0.000	0.000	-	0.000	0.000	-	0.000	0.000	-	
Gain on foreign exchg - net	0.653	0.754	15.5%	0.323	0.515	59.6%	0.140	0.150	7.3%	
Impairment gain/loss	(0.075)	(0.112)	48.9%	(0.043)	0.000	-	(0.043)	0.000	-	
Gains on reversal of foreclosed properties impairment	0.000	0.000	-	0.000	0.000	-	0.000	0.000	-	
Gains/losses on disposal of foreclosed properties	1.040	0.007	(0.993)	0.007	0.001	-86.1%	0.000	0.001	-	
Investments in debt securities with no active market, net	(0.120)	0.015	-	0.002	0.004	104.3%	0.001	0.005	234.4%	
other income, net	1.271	1.173	-7.7%	0.579	0.800	38.2%	0.239	0.276	15.6%	
Net operating income	27.131	29.542	8.9%	14.963	15.982	6.8%	7.272	7.747	6.5%	
Provisions for possible losses	0.000	(0.526)	-	0.000	0.000	-	0.000	0.000	-	
Operating expenses	(14.772)	(16.322)	10.5%	(7.818)	(8.478)	8.4%	(3.800)	(4.123)	8.5%	
Income from continuing operations before income taxes	12.358	12.692	2.7%	7.146	7.504	5.0%	3.472	3.624	4.4%	
Income tax benefit (expense)	(1.052)	(1.554)	47.7%	(0.899)	(0.854)	-5.0%	(0.430)	(0.398)	-7.4%	
Cumulative effect of changes in accounting principles	0.000	0.000	-	0.000	0.000	-	0.000	0.000	-	
Net income	11.306	11.138	-1.5%	6.247	6.650	6.5%	3.042	3.226	6.0%	
<b>Balance Sheet Data</b>										
Total assets	1,575.8	1,708.3		1,629.2	1,715.3					
Total shareholders' equity	95.2	98.2		93.8	96.6					
<b>Operating Metrics</b>										
Cost income ratio	54.5%	55.3%		52.3%	53.1%					
ROAE	12.0%	11.5%		13.2%	13.7%					
ROAA	0.7%	0.7%		0.8%	0.8%					
<b>Assets Quality</b>										
NPL ratio (international standard)	0.3%	0.3%		0.4%	0.3%					
Coverage ratio (international standard)	277.2%	331.6%		225.4%	309.6%					

**Notes:**

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) Total may not sum due to rounding

**Cathay Century**  
**Summary Financial Data**  
**(NT\$MM)**

<b>Summary Statement of Income Data</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY11/ FY10</b>		<b>1H12/ 1H11/</b>		<b>2Q12/ 2Q11/</b>		<b>% Chg</b>
			<b>% Chg</b>	<b>1H11</b>	<b>1H12</b>	<b>% Chg</b>	<b>2Q11</b>	<b>2Q12</b>	
Premiums income	12,629.3	14,182.5	12.3%	7,198.5	7,758.3	7.8%	3,667.2	4,289.7	17.0%
Reinsurance premiums ceded	(3,459.9)	(3,732.2)	7.9%	(2,073.8)	(2,114.1)	1.9%	(1,033.9)	(1,289.4)	24.7%
Changes in unearned premium reserve	(151.1)	(797.3)	427.6%	(595.6)	(502.4)	-15.6%	(342.9)	(367.8)	7.3%
Premiums income, net	9,018.3	9,653.0	7.0%	4,529.1	5,141.8	13.5%	2,290.4	2,632.5	14.9%
Investment									
Interest income	296.3	296.7	0.2%	152.5	161.6	5.9%	84.0	84.0	0.0%
Other investment income, net	34.4	(46.3)	-	72.8	(15.2)	-	12.8	(53.4)	-
Total investment income	330.6	250.5	-24.2%	225.3	146.4	-35.0%	96.8	30.6	-68.4%
Other operating income	345.9	351.6	1.6%	164.6	192.0	16.6%	87.1	97.4	11.8%
Insurance claims payment, net	(4,676.6)	(5,732.7)	22.6%	(2,735.6)	(2,952.2)	7.9%	(1,387.5)	(1,522.9)	9.8%
Provisions for reserves									
Total provisions for reserves, net	(1,107.0)	190.2	-	(161.3)	(70.0)	-56.6%	(120.8)	(73.5)	-39.1%
Commissions, operating and other expenses	(3,585.9)	(3,991.5)	11.3%	(1,842.5)	(2,005.9)	8.9%	(956.2)	(1,036.9)	8.4%
Operating income	325.3	721.0	121.6%	179.6	452.0	151.7%	(71.1)	134.2	-
Non-operating income	16.3	14.5	-11.1%	1.6	4.9	196.1%	0.0	0.3	591.3%
Non-operating expense	(0.2)	(3.3)	1983.4%	(0.5)	(9.7)	1884.1%	(0.1)	(5.1)	9161.8%
Income taxes	(40.4)	(130.5)	223.3%	(15.6)	(75.2)	380.6%	15.4	(30.0)	-
Cumulative effect of changes in accounting principles	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Net income	301.1	601.8	99.8%	165.1	372.0	125.3%	(55.8)	99.4	-
<b>Summary Balance Sheet Data</b>									
Total assets	22,755.4	25,565.1		25,145.6	26,681.5				
Total stockholders' equity	3,471.7	3,806.6		3,509.1	4,117.3				
<b>Operating Metrics</b>									
Written Combined ratio	91.4%	86.0%		94.4%	76.3%				
Net Combined ratio	103.3%	97.7%		96.0%	90.1%				
ROAE	7.8%	16.5%		9.5%	18.8%				
ROAA	1.4%	2.5%		1.4%	2.9%				

**Notes:**

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) All financial numbers are provided according to the new P&C insurance accounting principle of FSC promulgated on 01/01/2008.

(3) Total may not sum due to rounding



**Shares Outstanding**  
(Millions of shares)

	<u>As of</u> <u>6/30/2012</u>
Total shares issued	10,357.5
Treasury shares	
CFH	200.0
Cross holdings of subsidiaries	
Cathay Life	0.0
Cathay United Bank	0.0
Cathay Century	0.0
Total cross-holdings of subsidiaries	0.0
Total treasury shares	0.0
Total shares outstanding	10,157.5

Notes: All data and information on this page is provided for informational purposes only, and may be subject to adjustment. For more details, please refer to our official financial reports.



## Capital Adequacy Metrics

	<u>Capital Adequacy Metrics (As of 6/30/2012)</u>	<u>Legal Requirement</u>
Cathay Financial Holdings Capital Adequacy Ratio	126.25%	100%
Cathay Life RBC Ratio	250%      -      300%	200%
Cathay Century RBC Ratio	>      300%	200%
Cathay United Bank BIS Ratio / Tier 1 Ratio	10.96% / 8.26%	8.00% / 6.00%
Cathay Securities BIS Ratio	431%	150%

**Notes:**

All data and information on this page is provided for informational purposes only, and may subject to adjustment. For more details, please refer to our official financial reports.