



國泰金控

Cathay Financial Holdings

2024 First Quarter Briefing

May 2024



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Agenda

- ❑ **1Q24 Business overview**
- ❑ **Overseas expansion**
- ❑ **Business performance summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- ❑ **Cathay Life embedded value & appraisal value**
- ❑ **Appendix**

1Q24 Business overview

Cathay United Bank

- 1Q24 net income set a record high for the January–March period, with 14% growth YoY.
- Delivered robust loan growth. Net interest income grew steadily YoY. Asset quality maintained benign.
- Net fee income grew 43% YoY, driven by strong growth in WM and credit card fees.

Cathay Life

- Adhered to a value-driven strategy. APE and VNB grew 28% and 32% YoY, respectively, driven by strong sales growth in long-term regular-premium products.
- Recurring yield increased by 8bps YoY; overall investment performance was strong, with after-hedging investment yield reaching 4.39%.
- Book value continued to rise, with E/A of 8.8%.

Cathay Century

- Premiums increased 16% 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. Ranked No. 1 in AUM, amounting to NT\$1.83tn. Earned wide acclaim for various products.
- Received numerous awards, including Best Fund/Institution House, from AsianInvestor, Asia Asset Management, and Benchmark.

Cathay Securities

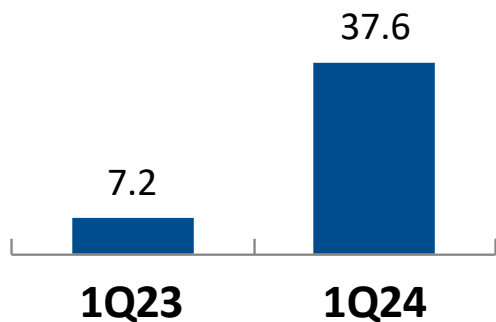
- Optimized customer experience via digital-only business model, focused on digital customers to increase customer base, and expanded domestic brokerage market share.
- Enriched product lines and platform functions in sub-brokerage business.

Cathay FHC – Net income & EPS

- 1Q24 net income reached the second-highest record for the first quarter, with strong core business momentum across all subsidiaries.

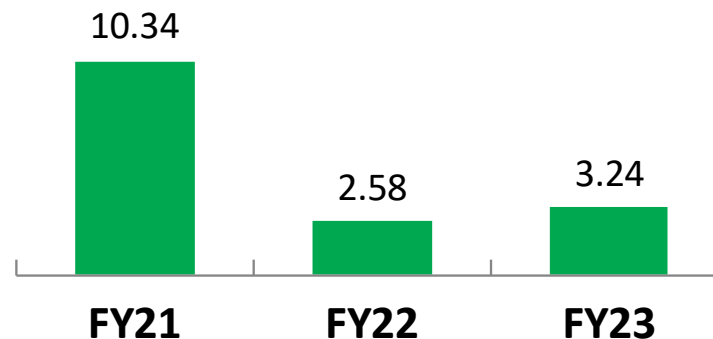
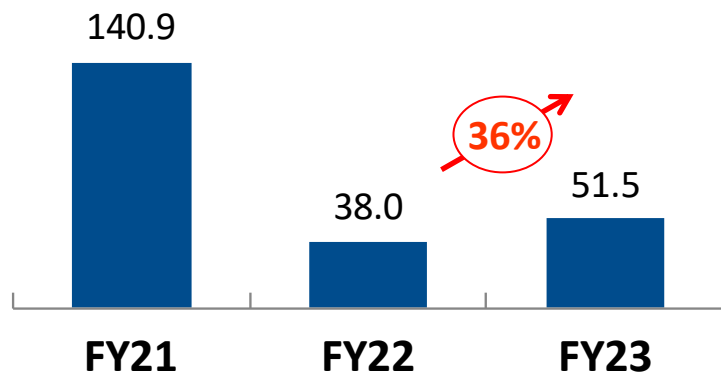
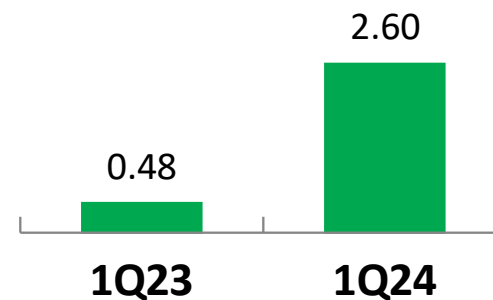
Net income

(NT\$BN)



EPS

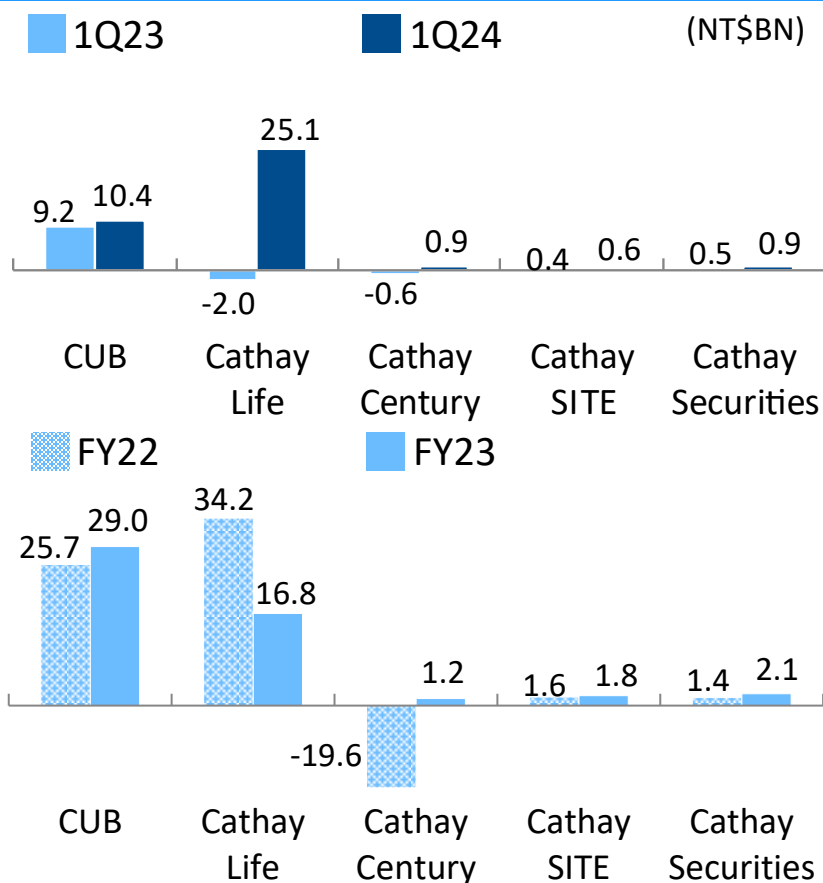
(NT\$)



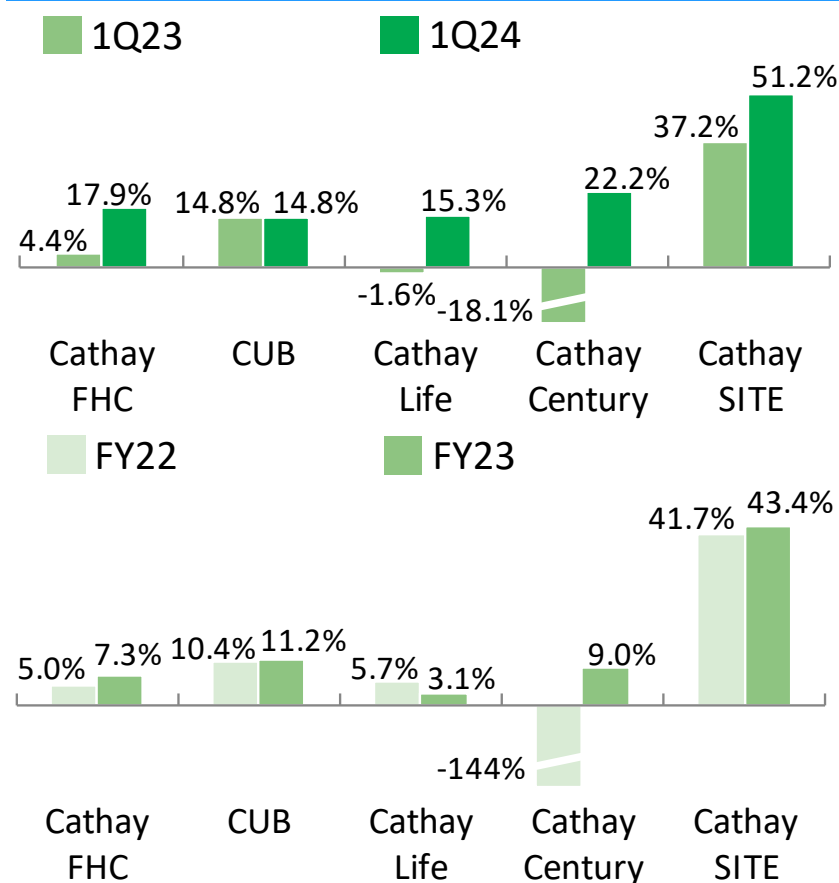
Cathay FHC – Net income & ROE

- CUB, Cathay Century, Cathay SITE and Cathay Securities each delivered record high 1Q earnings.
- Cathay Life's 1Q24 net income has already surpassed 2023 full year's figure; recurring income sustained YoY growth, investment performance was strong, and underwriting profits retained steady.

Net income of primary subsidiaries



ROE

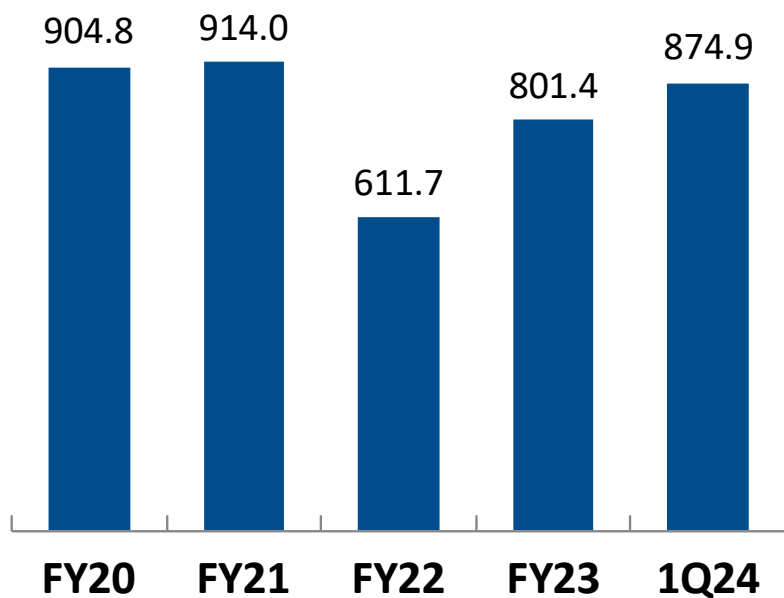


Cathay FHC – Book value & BVPS

- Book value continued to increase YTD, supported by earnings contributions and the rise in equity markets.

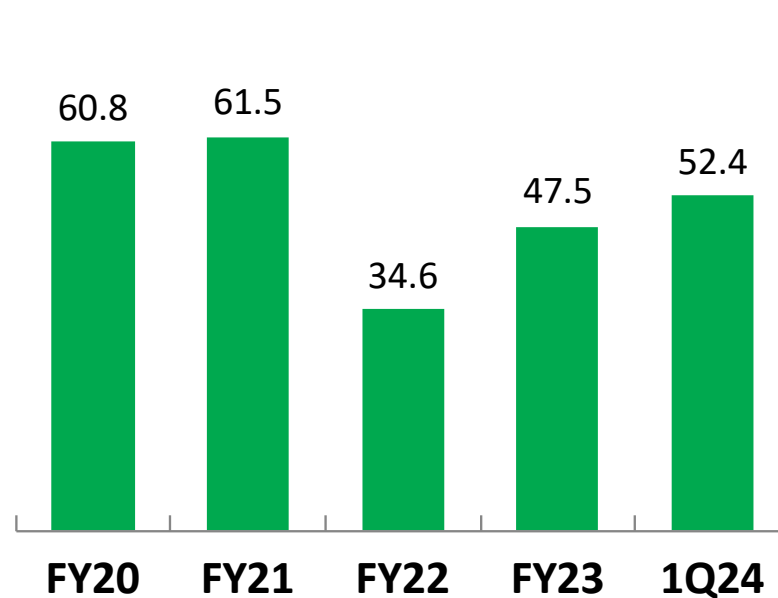
Book Value

(NT\$BN)



BVPS

(NT\$)



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.

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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	148									
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 Century (China), and 33% stake in BSCOM Cathay Asset Management.



■ Banking

- Vietnam: Launched digital retail banking in March, introducing CUB Vietnam App and digital consumer loans.
- Cambodia: Expanded customer base and attracted cash flow and deposits via digital applications and promotions.
- Singapore: Deepened cross-border corporate banking business; cultivated local and cross-border customers.

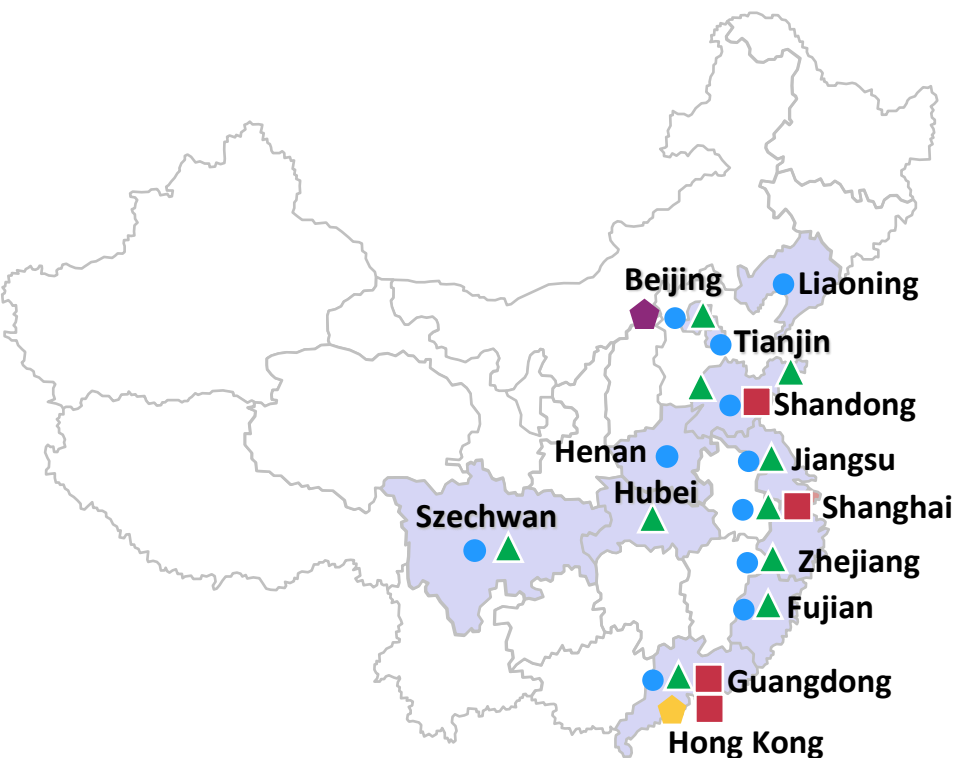
■ Cathay Life (Vietnam)

- Total premium grew 14% YoY to 0.8tn VND in 1Q24.
- Expanded and diversified distribution channels.

■ Cathay Century

- Premium income grew to 162bn VND in 1Q24.
- Continued to promote digital transformation and mobile insurance app.

Cathay FHC in China



● Cathay Lujiazui Life

■ Cathay United Bank

▲ Cathay Century (China)

◆ Cathay Securities

◆ BSCOM Cathay Asset Management Company

■ Cathay United Bank

- China subsidiary continues prudent operations, focusing on industries and customers with growth potential, and expanding cross-border business.

■ Cathay Lujiazui Life

- Total premium grew 22% YoY to 1.7bn RMB in 1Q24.
- Grew business in scale and value through agent workforce and multiple-channel development.

■ Cathay Century (China)

- Formed a strategic alliance with Ant Group. Actively developed e-commerce financial services, with ~90% of premium 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

Cathay Century

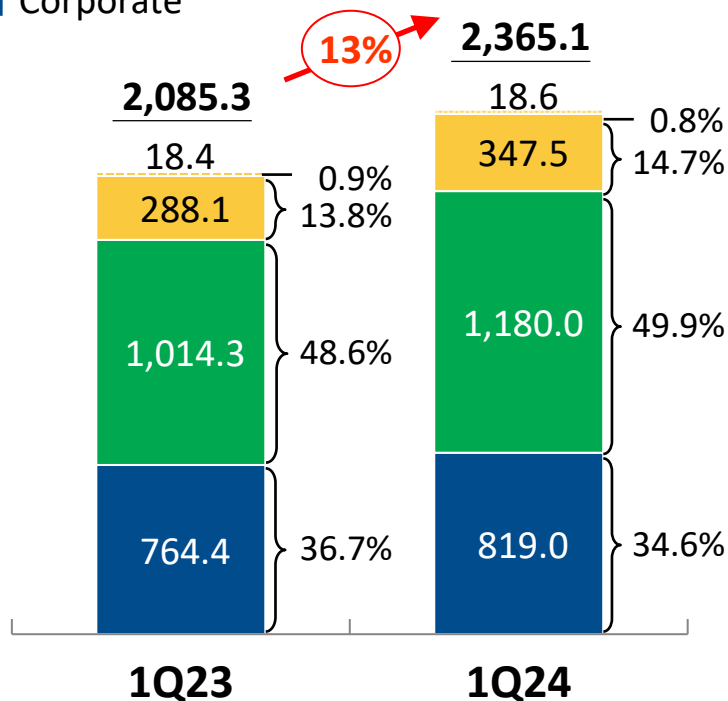
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Cathay United Bank – Loan & deposit breakdown

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

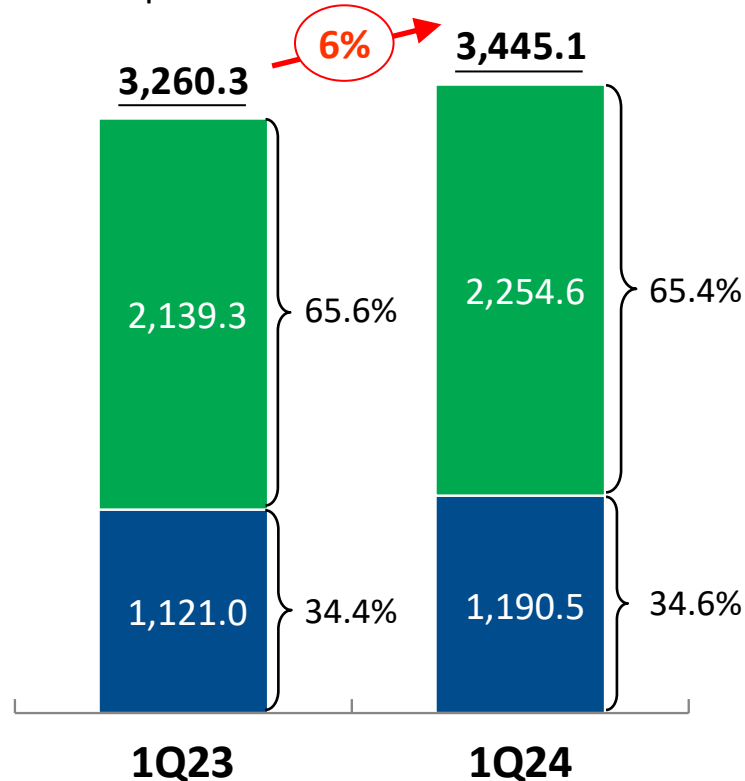
Loan breakdown

- Credit card related (NT\$BN)
- Consumer
- Mortgage
- Corporate



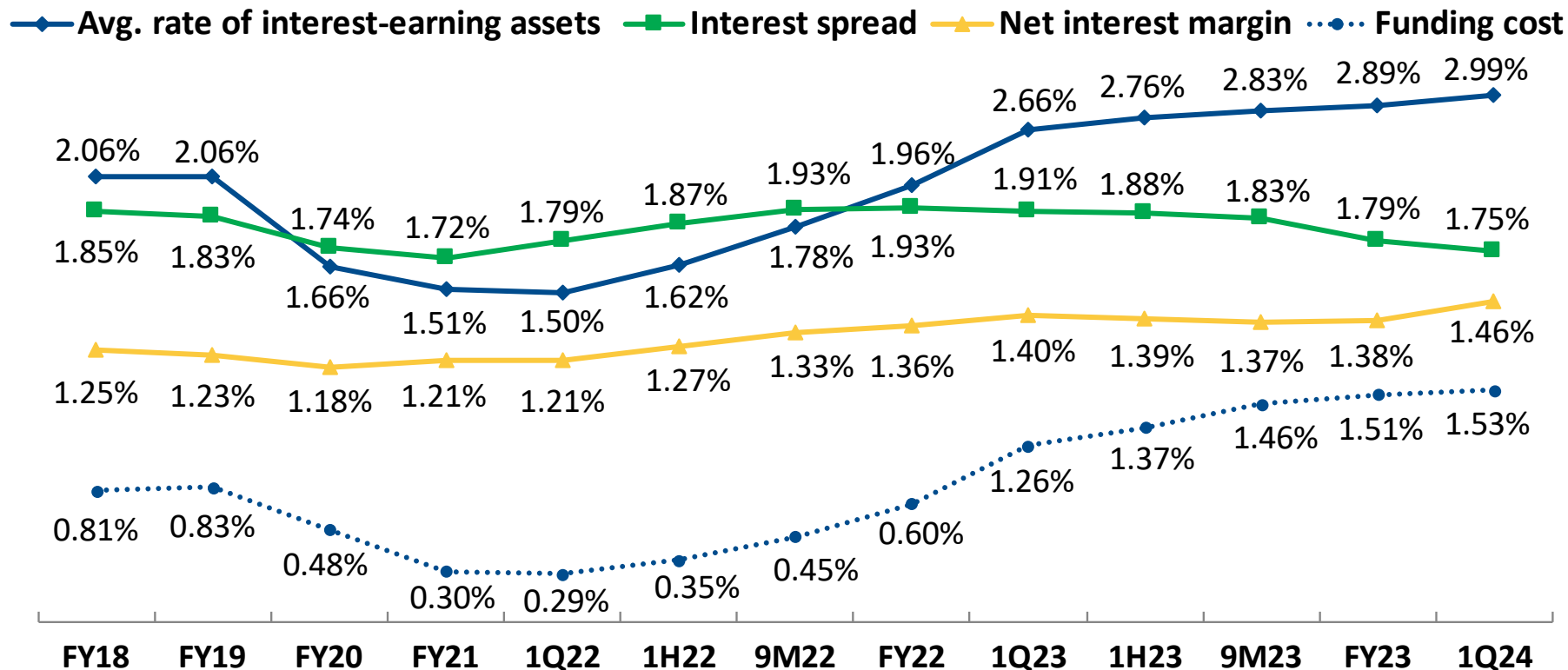
Deposit breakdown

- Demand deposit (NT\$BN)
- Time deposit



Cathay United Bank – Interest yield

- 1Q24 spread and NIM both increased QoQ due to lower funding costs, resulting from a decrease in foreign currency deposits.



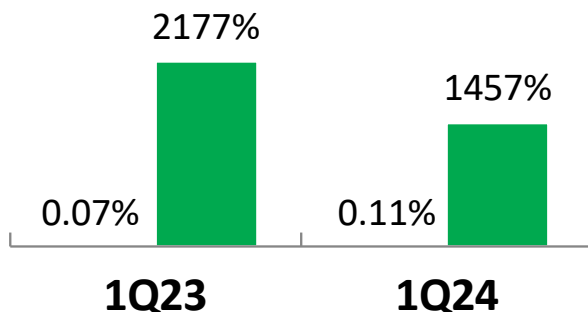
Quarterly	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Spread	1.74%	1.79%	1.94%	2.02%	1.96%	1.91%	1.84%	1.73%	1.70%	1.75%
NIM	1.22%	1.21%	1.33%	1.45%	1.46%	1.40%	1.37%	1.36%	1.40%	1.46%

Cathay United Bank – Credit quality

Asset quality remained benign, with NPL at 0.11% and coverage ratio at 1457%.

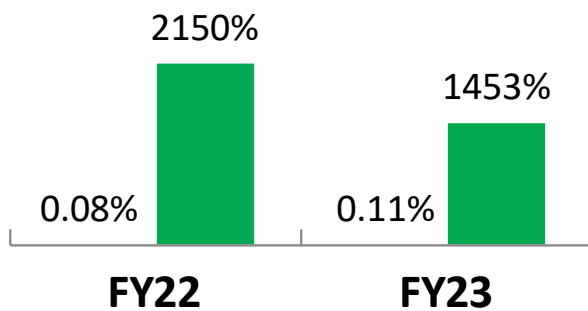
NPL & Coverage ratio

■ NPL ratio
■ Coverage ratio



Mortgage NPL

0.05 % 0.10 %

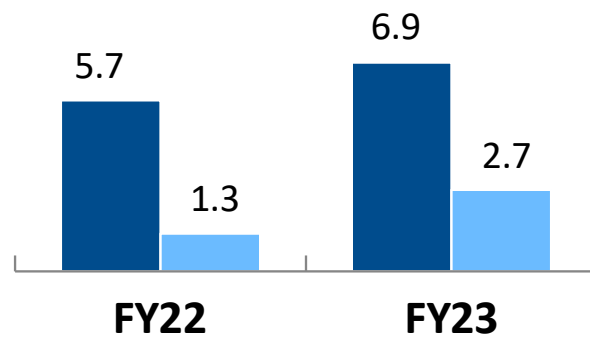
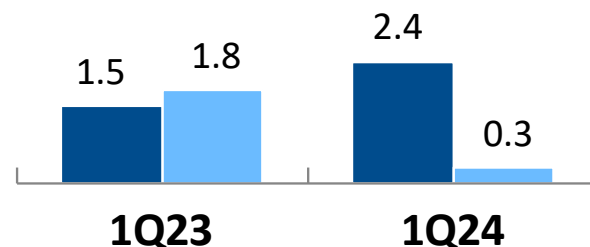


Mortgage NPL

0.06 % 0.10 %

Gross provision

■ Gross provision (NT\$BN)
■ Recovery

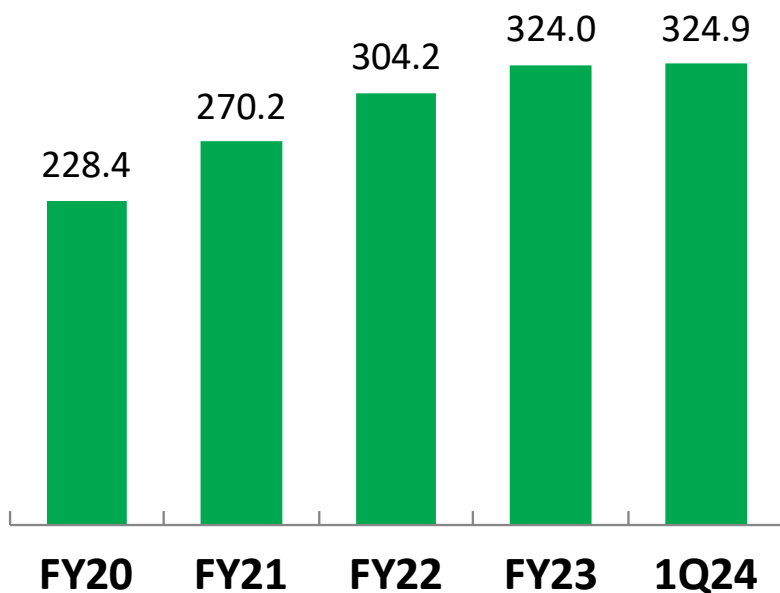


Cathay United Bank – SME & FX loans

- SME loans continued to show steady growth.
- CUB aims to grow foreign currency loans while ensuring asset quality.

SME loans

(NT\$BN)

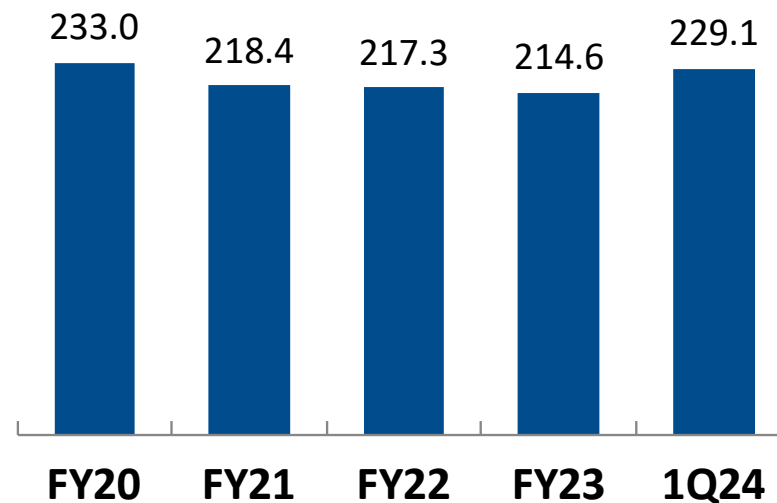


As % of total loans

14.1% 15.3% 15.3% 14.5% 13.8%

Foreign currency loans

(NT\$BN)



14.4% 12.4% 10.9% 9.6% 9.8%

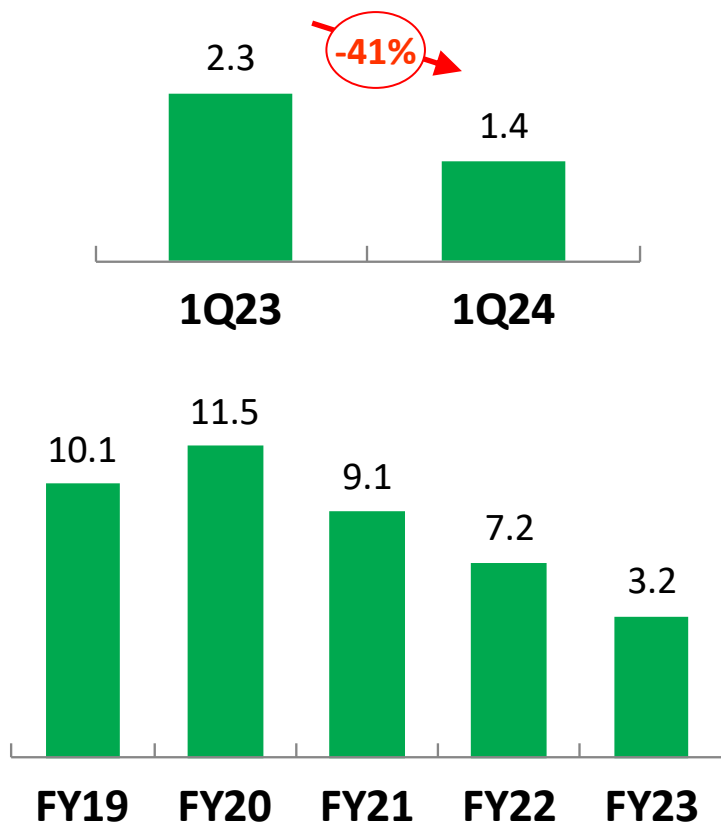


Cathay United Bank – Offshore earnings

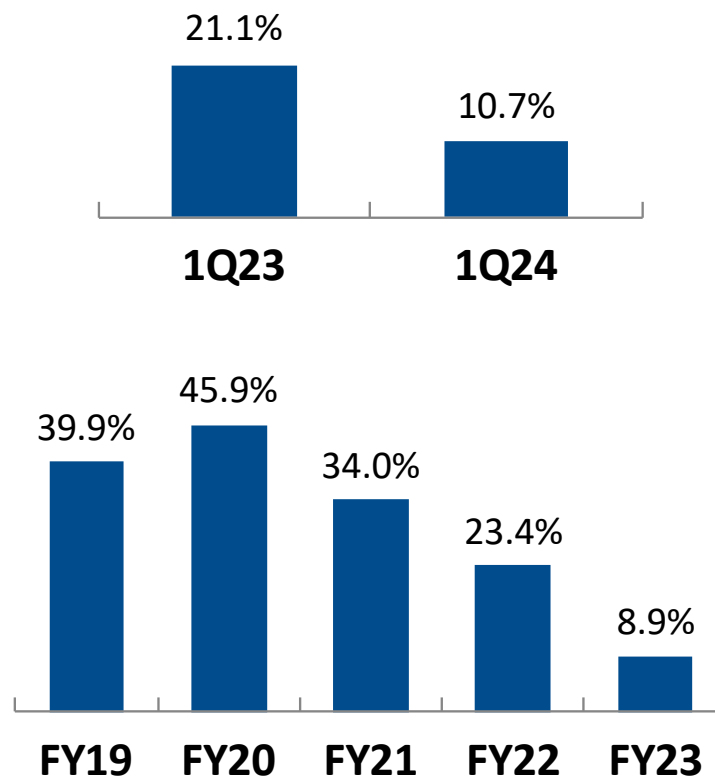
- Offshore earnings declined due to a high YoY base from the recovery of a single case in 1Q23.

Offshore earnings

(NT\$BN)



As % of CUB pre-tax profits

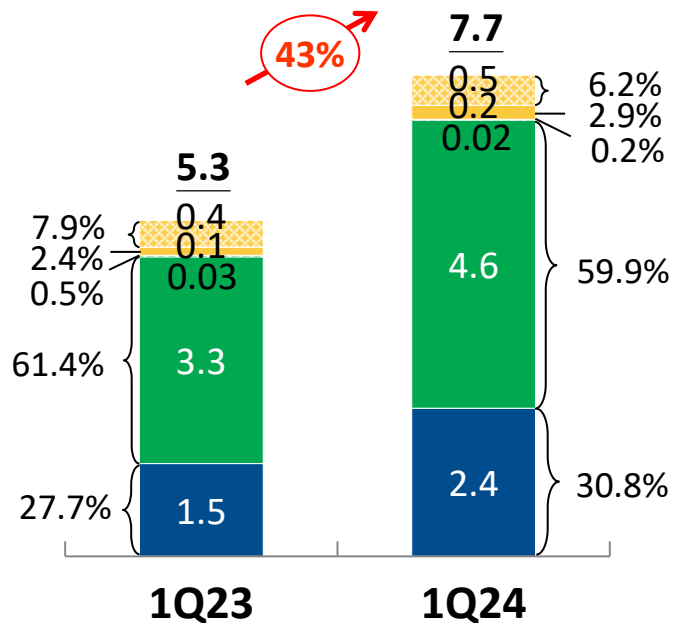


Cathay United Bank – Net fee income

- Net fee income grew 43% YoY, driven by strong wealth management fees from robust sales across WM products, and significant growth in credit card fees due to changes in the credit card spending mix.

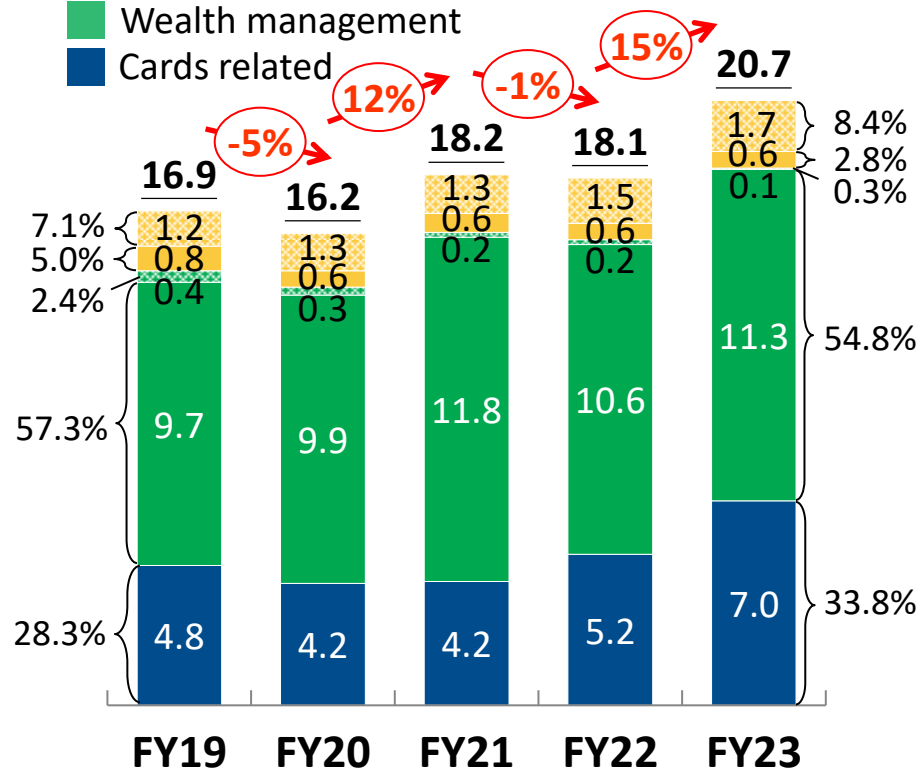
Quarterly net fee income

- Others
 - Syndicated loans
 - FX
 - Wealth management
 - Cards related
- (NT\$BN)



Annual net fee income

- Others
 - Syndicated loans
 - FX
 - Wealth management
 - Cards related
- (NT\$BN)

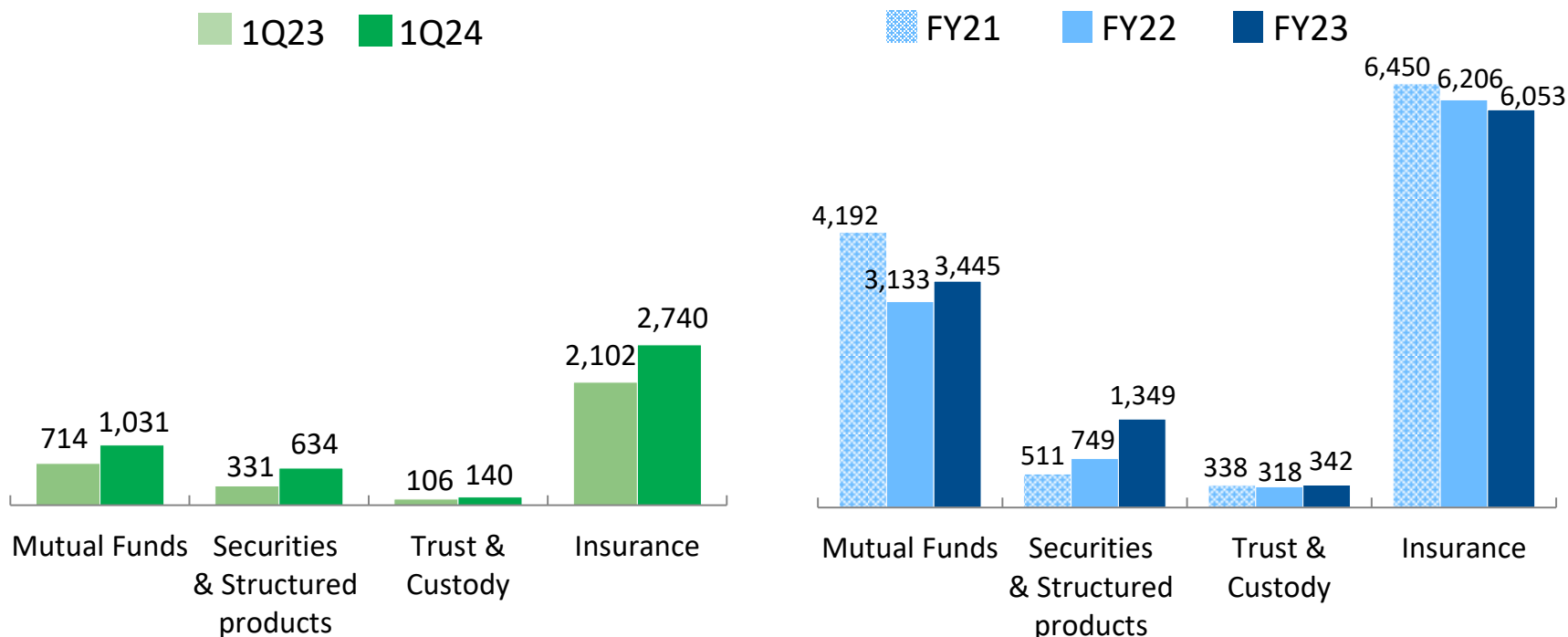


Cathay United Bank – Wealth management fees

- WM fees grew 40% YoY, driven by strong sales growth in mutual funds, overseas bonds and bancassurance products.

Wealth management fees breakdown

(NT\$MN)	1Q23	1Q24	FY21	FY22	FY23
Wealth management fee income	3,285	4,586	11,783	10,595	11,344
YoY growth (%)	-11.2%	39.6%	19.3%	-10.1%	7.1%



Agenda

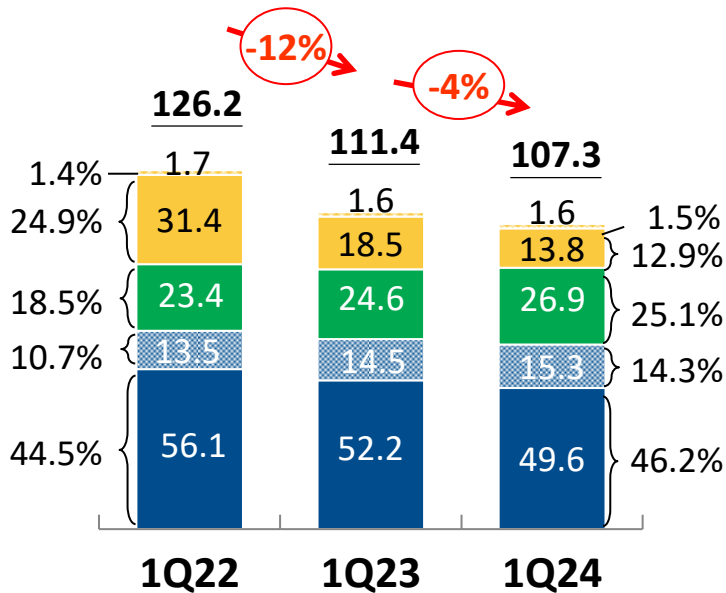
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Cathay Life – Total premium

- Total premium showed a modest YoY decline, while premium from high CSM protection products grew 8% YoY.

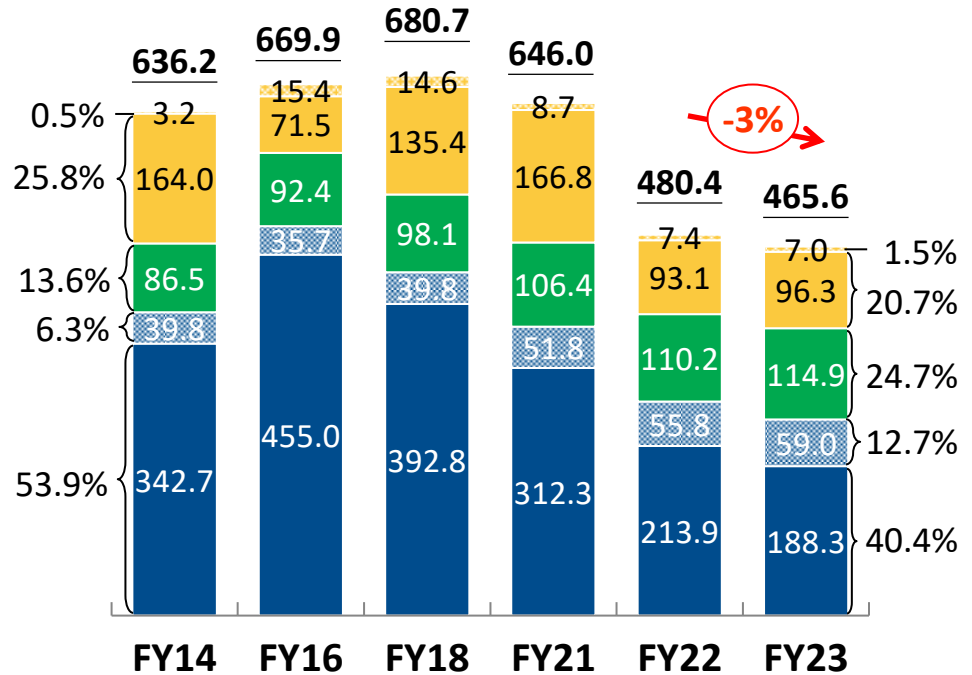
Quarterly total premium

- Others (NT\$BN)
- Investment-linked & Interest sensitive annuity
- Health and accident
- Traditional life- Protection
- Traditional life- Savings



Annual total premium

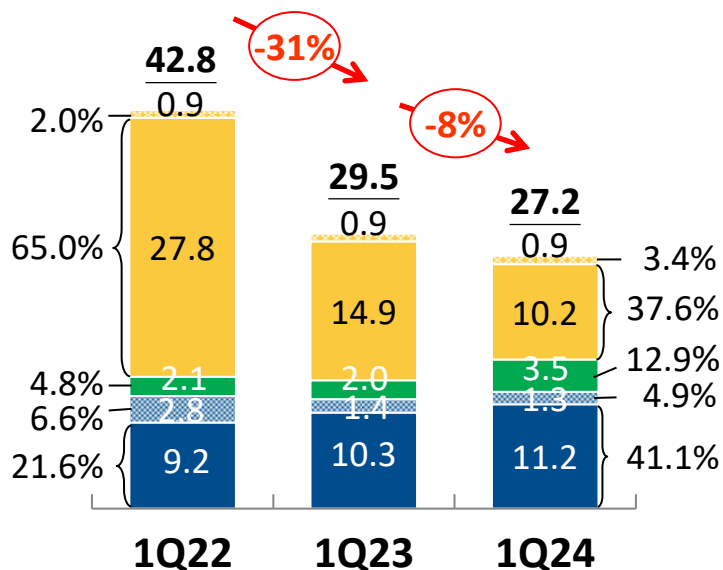
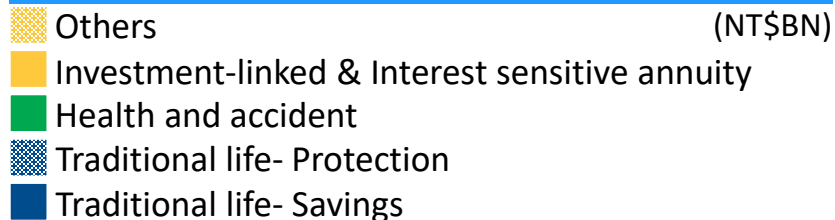
- Others (NT\$BN)
- Investment-linked & Interest sensitive annuity
- Health and accident
- Traditional life- Protection
- Traditional life- Savings



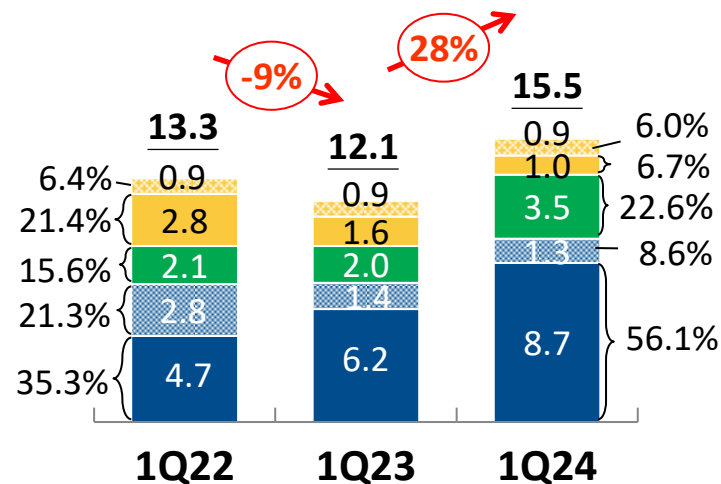
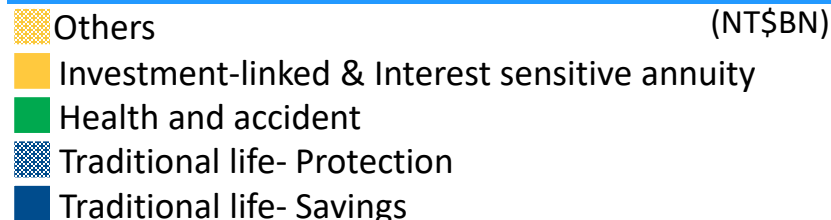
Cathay Life – FYP & APE

- APE increased 28% YoY, attributable to strong FYP growth in long-term traditional regular-premium products. FYP for ILP slowed down due to regulation change in FY23.
- Health and accident insurance saw strong FYP growth YoY, supporting CSM.

First Year Premium



Annualized FYP (APE)



FX polices %
(excl. Investment-linked)

76% 59% 59%

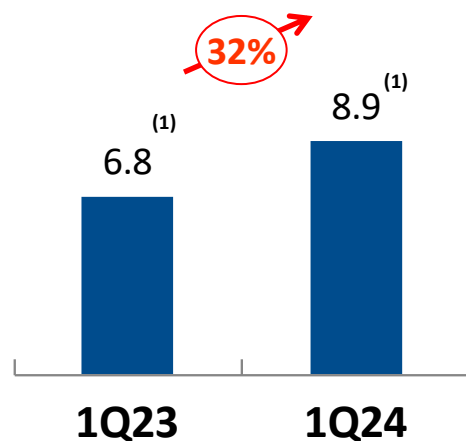
Cathay Life – Value of new business

- VNB increased 32% YoY, driven by strong FYP growth in traditional long-term regular-premium products.
- VNB/FYP rose notably YoY, owing to a lower FYP contribution from ILP.

Value of new business

Profit Margin	1Q23 ⁽¹⁾	1Q24 ⁽¹⁾
VNB/FYP	23%	33%
VNB/APE	56%	58%

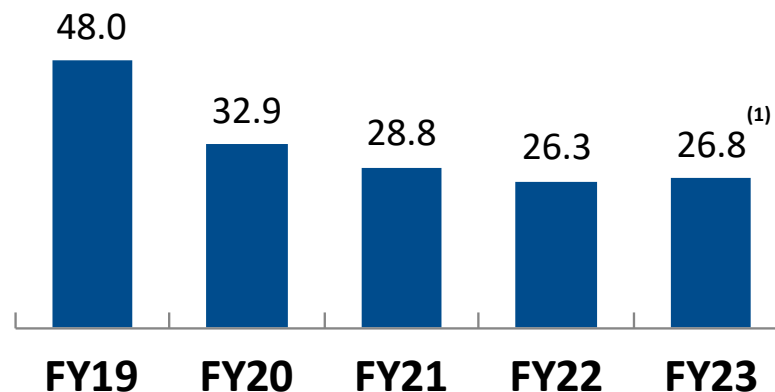
(NT\$BN)



Value of new business (annual)

Profit Margin	FY19	FY20	FY21	FY22	FY23 ⁽¹⁾
VNB/FYP	24%	20%	14%	20%	20%
VNB/APE	50%	53%	56%	62%	56%

(NT\$BN)



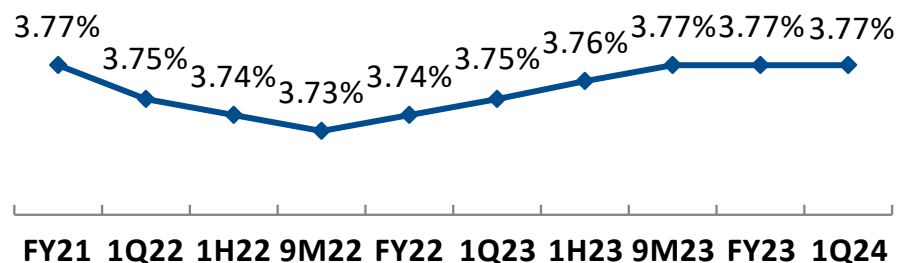
Note : (1) 1Q23、FY23 and 1Q24 VNB were based on 2023 Embedded Value assumptions.

(2) Based on 2022 Embedded Value assumptions, 1Q23 & FY23 VNB were NT\$7.0BN and NT\$27.6BN ; VNB/FYP were 24% and 21% , both VNB/APE were 58%.

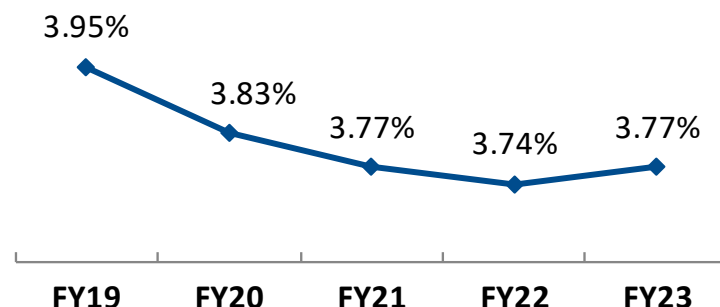
Cathay Life – Cost of liability and break-even asset yield

- COL remained flat QoQ; the break-even asset yield continued to improve.

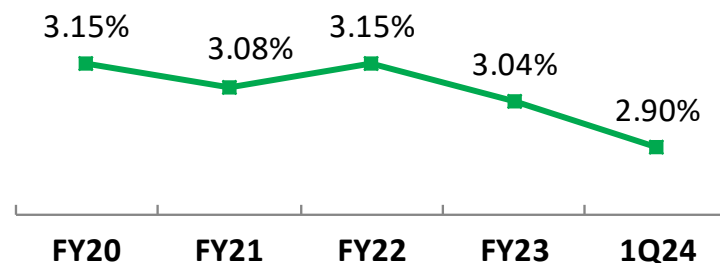
Cost of liability (quarterly)



Cost of liability (annual)



Break-even asset yield



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

Cathay Life – Investment portfolio

(NT\$BN)	FY21	FY22	FY23			1Q24		
Total investments⁽¹⁾	7,254.1	7,330.6	7,638.1			7,815.3		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	4.4%	4.1%	2.6%	199	2.0%	2.5%	194	2.5%
Equity- Domestic	7.2%	5.1%	6.6%	504	7.4%	7.3%	569	14.8%
Equity- International ⁽²⁾	6.4%	5.6%	5.6%	427	5.5%	5.6%	436	19.2%
Bond- Domestic	7.9%	7.1%	8.1%	622	4.8%	8.1%	631	5.3%
Bond- International ⁽²⁾	57.7%	61.9%	61.8%	4,718	3.8%	61.7%	4,818	3.8%
Mortgage & Secured loans	4.2%	3.8%	3.0%	230	2.5%	2.9%	224	2.5%
Policy loans	2.3%	2.3%	2.2%	170	5.1%	2.2%	169	4.9%
Real estate	7.6%	7.7%	7.5%	577	2.4%	7.5%	583	2.5%
Others	2.3%	2.5%	2.5%	192	0.9%	2.4%	190	-0.5%

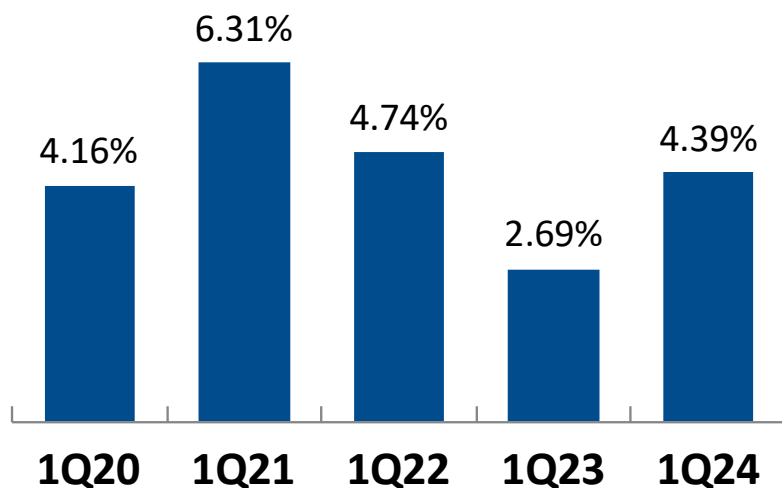
Note: (1) Total assets excluded separate account assets.

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

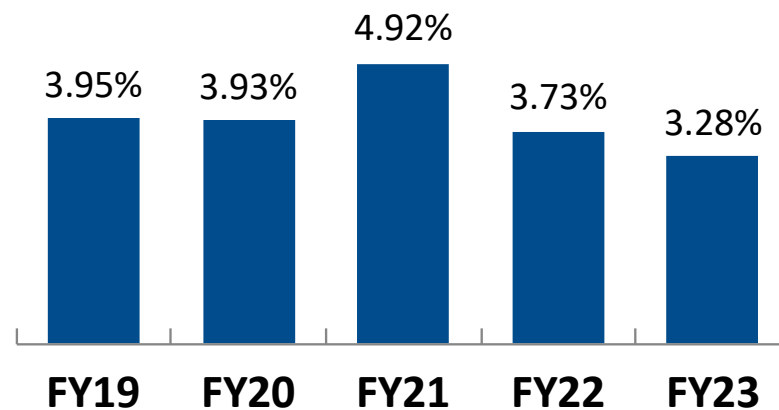
Cathay Life – Investment performance highlights

- 1Q24 after-hedging investment yield increased YoY due to capital gains from favorable stock markets and adjustments in long-term asset allocation in overseas PE funds.

After-hedging investment yield



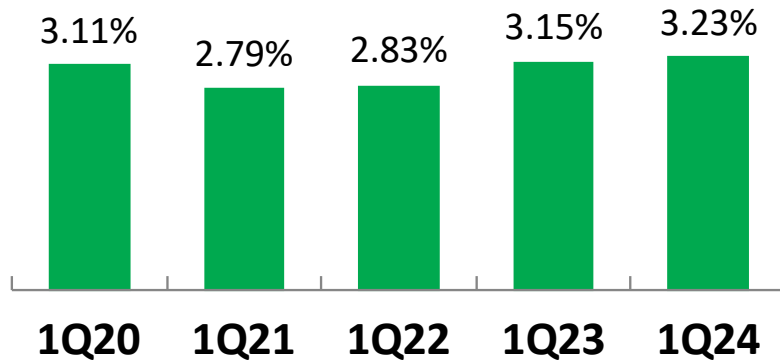
After-hedging investment yield



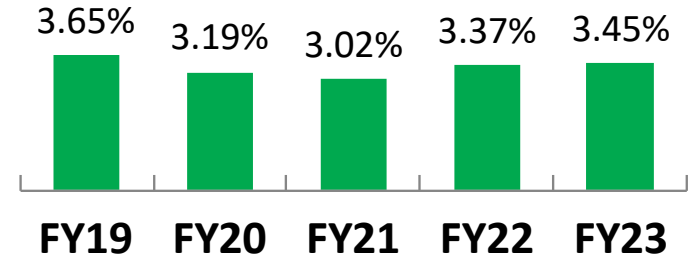
Cathay Life – Investment performance highlights

- Pre-hedging recurring yield rose 8bps YoY, driven by expanded position and higher yield in fixed income, with interest income showing sustained growth.
- 1Q24 annualized hedging cost was 1.21%. Costs for traditional hedging tools remained high due to the elevated TWD-USD interest spread.

Pre-hedging recurring yield

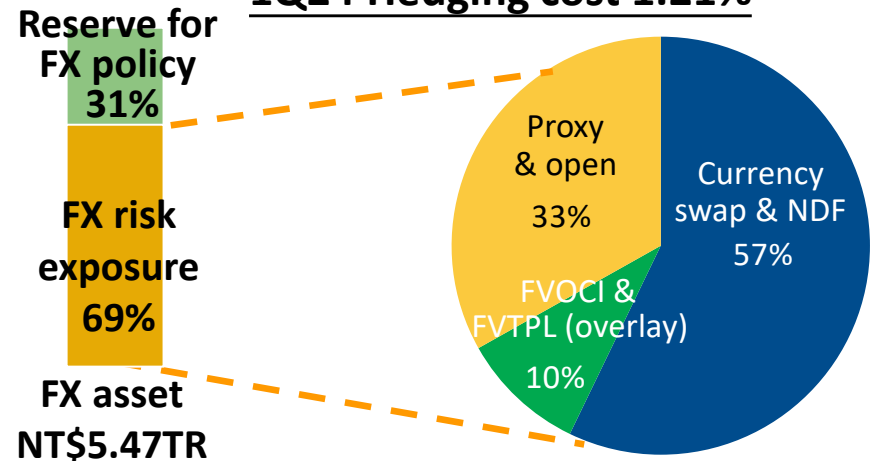


Pre-hedging recurring yield



Currency hedging structure

1Q24 Hedging cost 1.21%



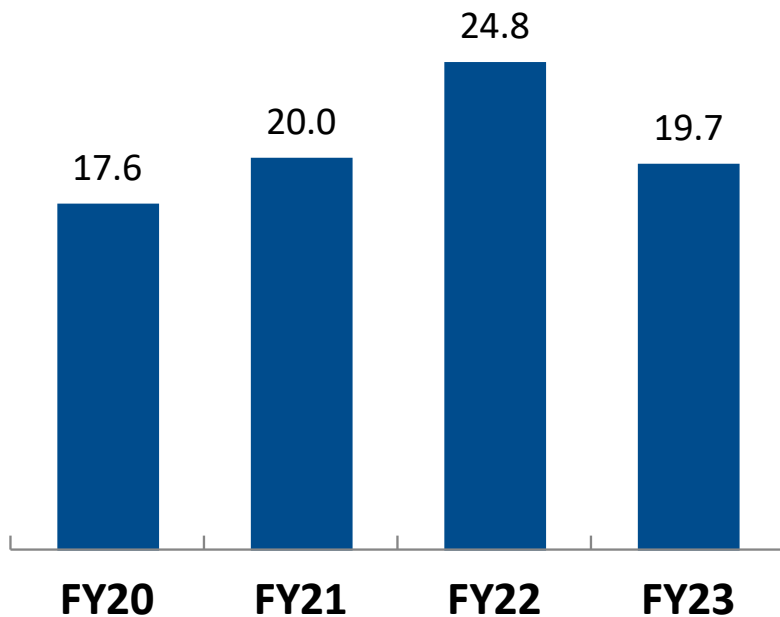
Note: Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend.

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

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

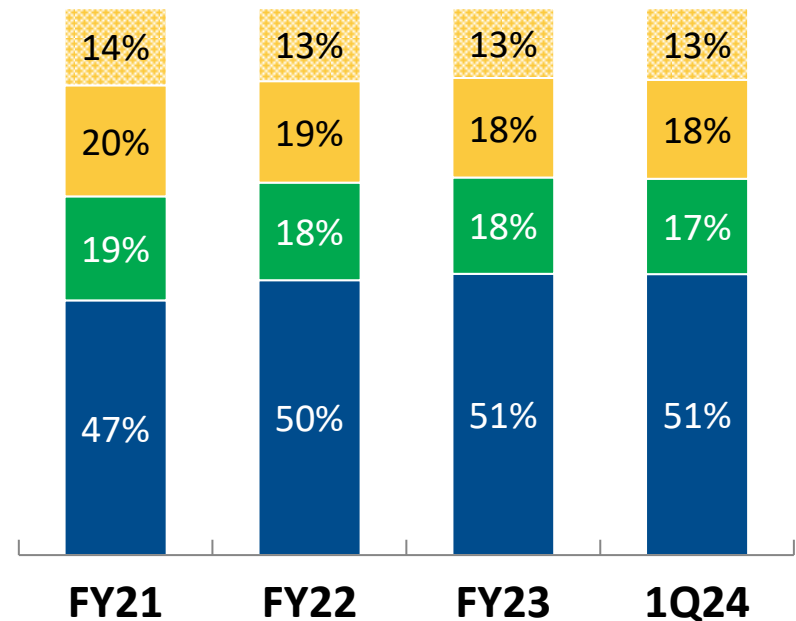
Cash dividend income

(NT\$BN)



Overseas fixed income by region

- Others
- Asia Pacific
- Europe
- North America



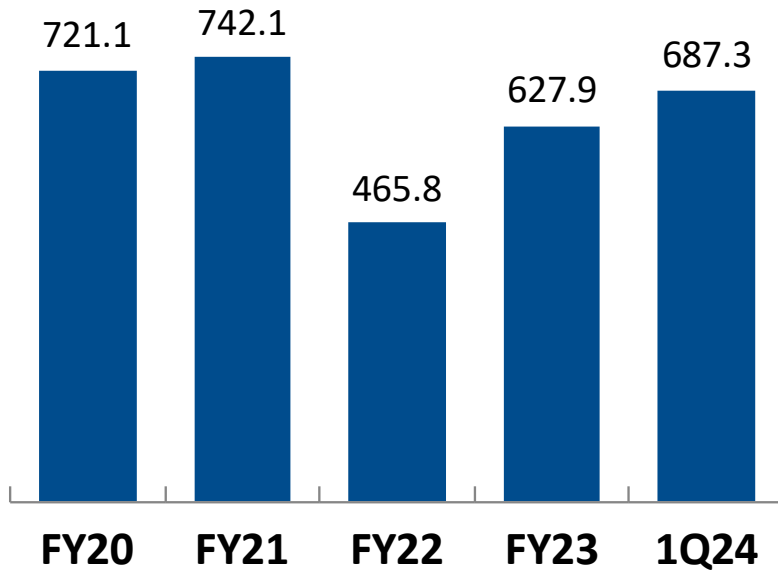
Note: Exclude overseas deposit.

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

- Book value increased YTD, supported by earnings contributions and rebound in unrealized G/L. Equity-to-asset ratio increased to 8.8%.
- Unrealized G/L recovered YTD owing to the rise in equity markets.

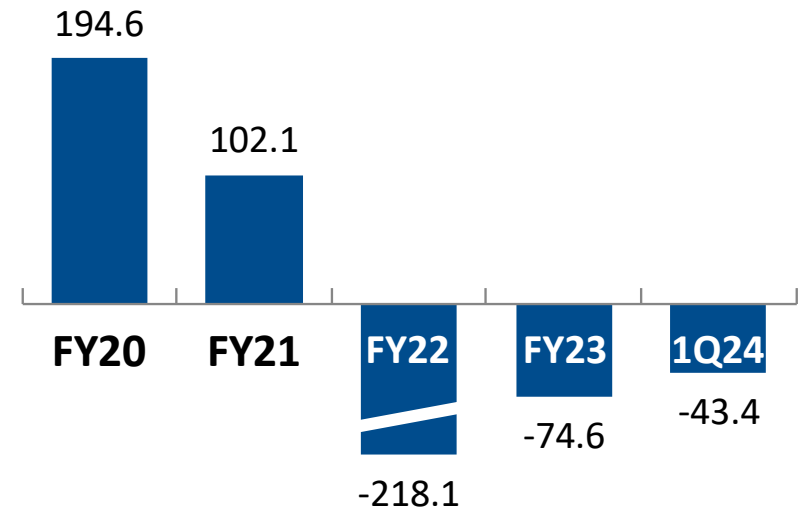
Book value

(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.

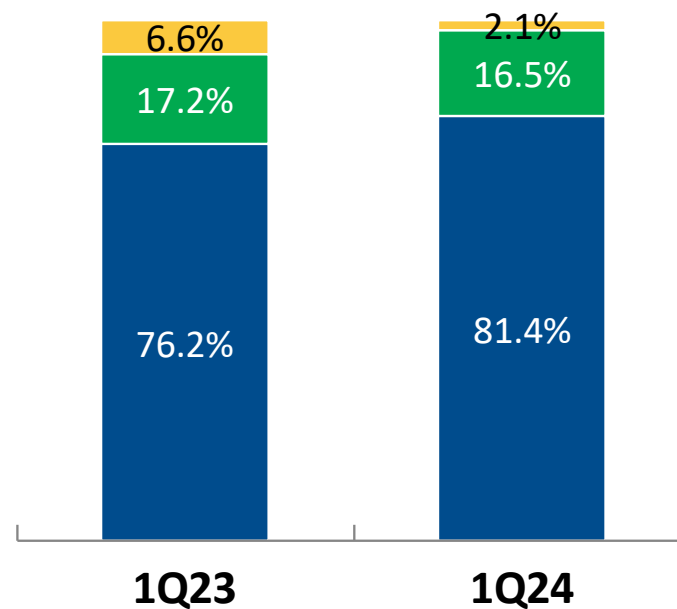
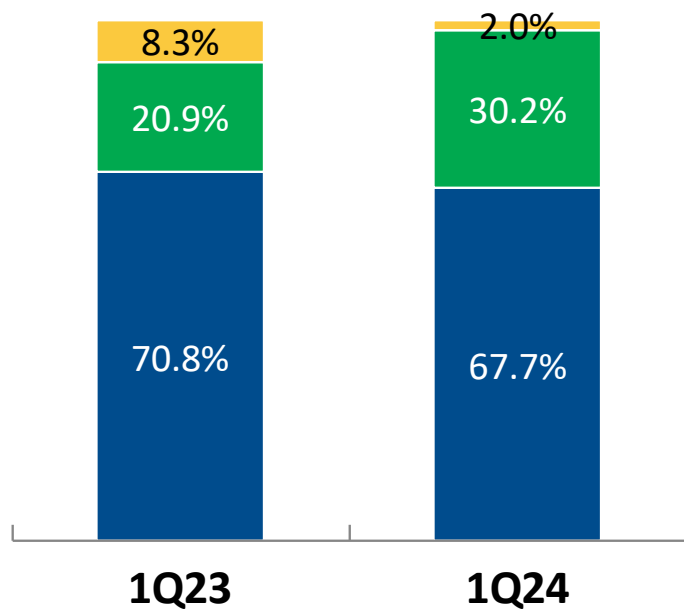
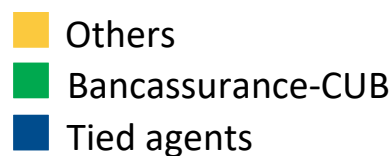
(2) Unrealized G/L of financial assets are the combination of FVOCI & FVTPL (overlay approach).

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.

First Year Premium

Annualized FYP (APE)



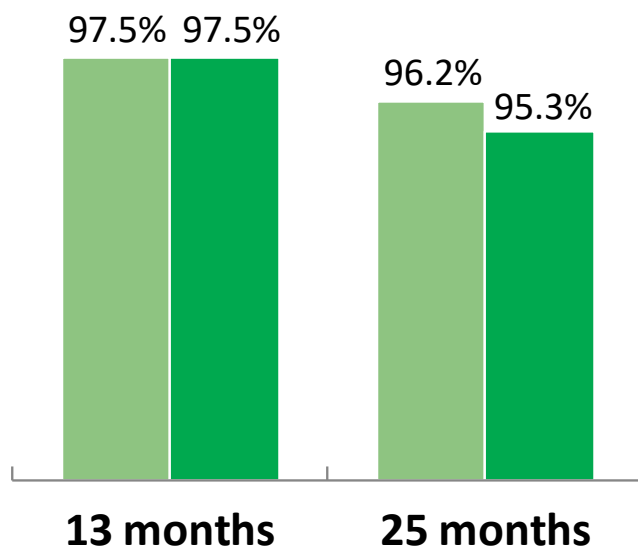
Cathay Life – Operational indicators

- Persistency ratio remained high, exceeding 95%
- Expense ratio increased YoY, attributable to increased sales of traditional long-term regular-premium products.

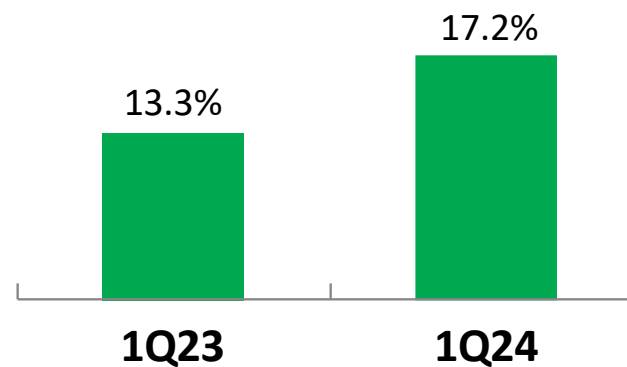
Persistency ratio

■ 1Q23

■ 1Q24



Expense ratio



Agenda

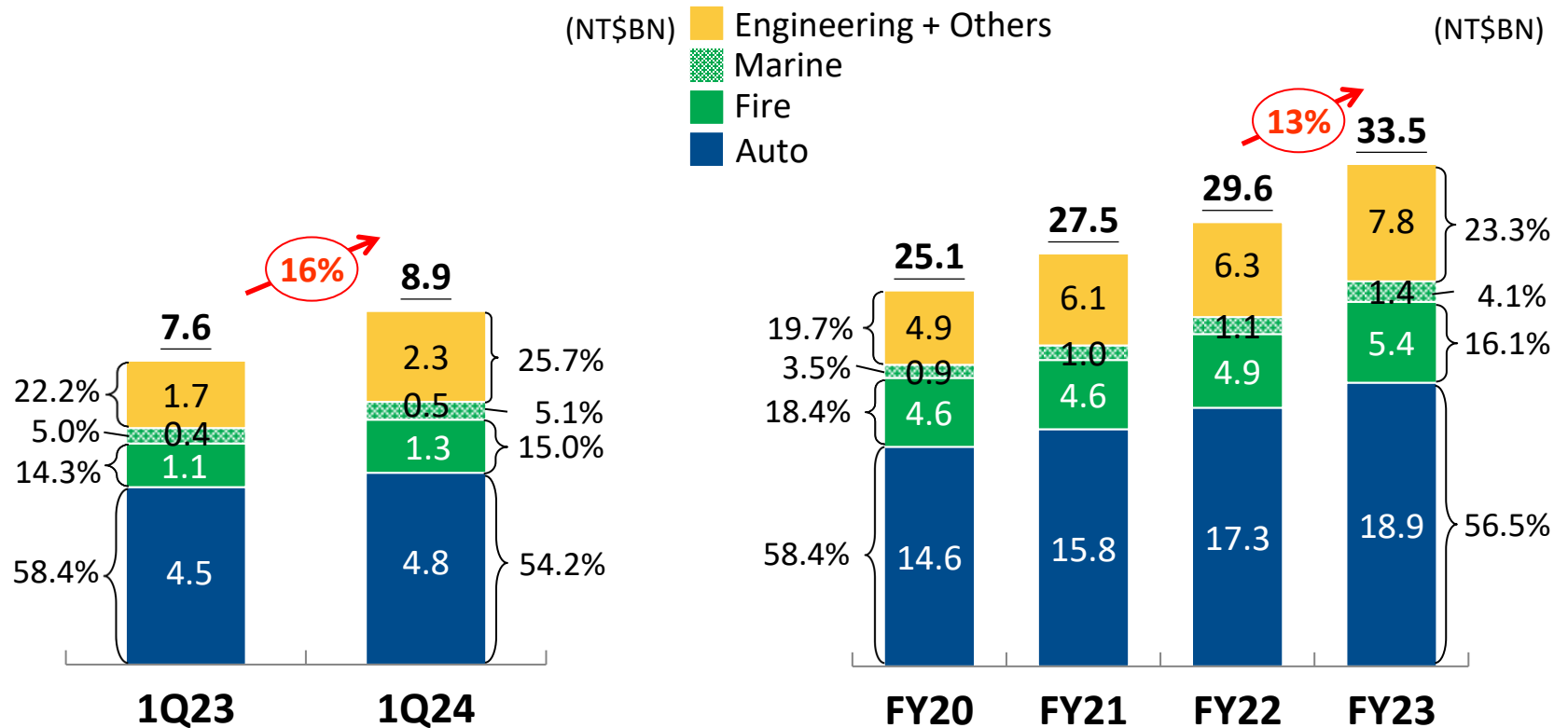
- **1Q24 Business overview**
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- **Business performance summary**
 - Cathay United Bank
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 - Cathay Century**
- **Cathay Life embedded value & appraisal value**
- **Appendix**

Cathay Century – Premium income

- Premium income showed robust growth. Market share was 12.7%.

Premium income

Premium income (annual)



Market share	11.9%	12.7%	12.3%	12.4%	12.8%	13.3%
Retention	71.5%	68.8%	76.4%	74.3%	73.4%	70.5%

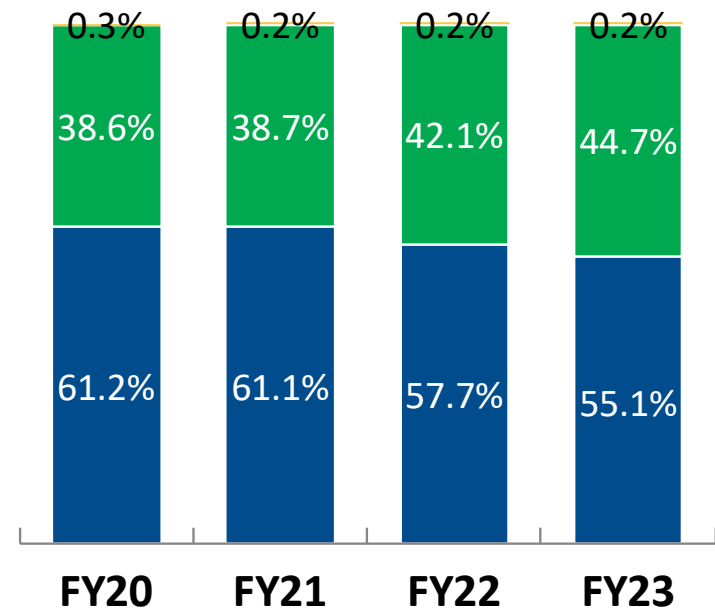
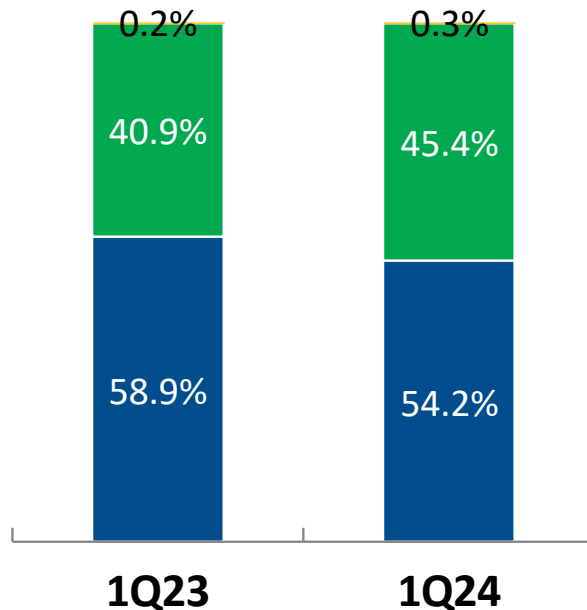
Cathay Century – Distribution channels

- Benefiting from cross-selling synergy, over 50% of premium income was generated by the group channel.

Distribution channel

Distribution channel (annual)

- Affiliate channels
- Cathay P&C agents
- Cathay group channel

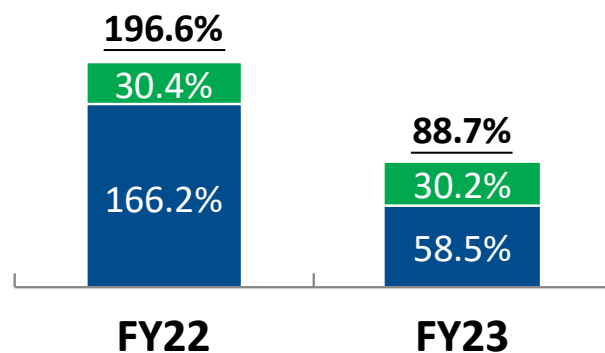
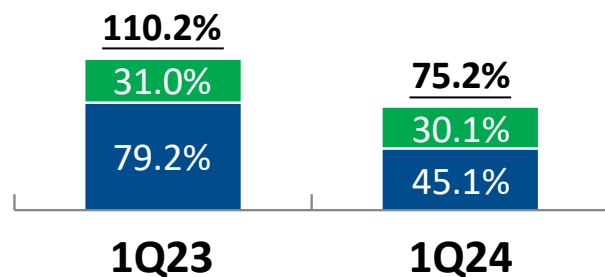


Cathay Century – Combined ratio

- Gross combined ratio and retained combined ratio each declined due to the lower loss ratio, as the impact of pandemic insurance ended.

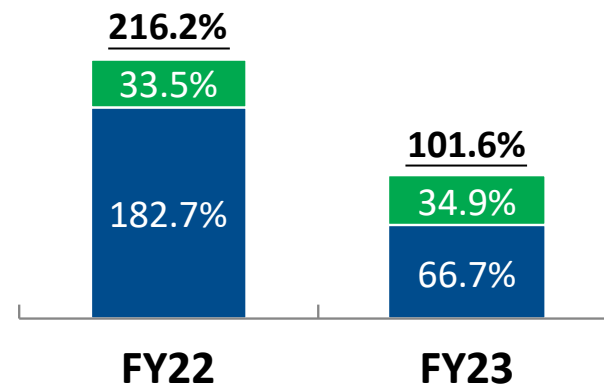
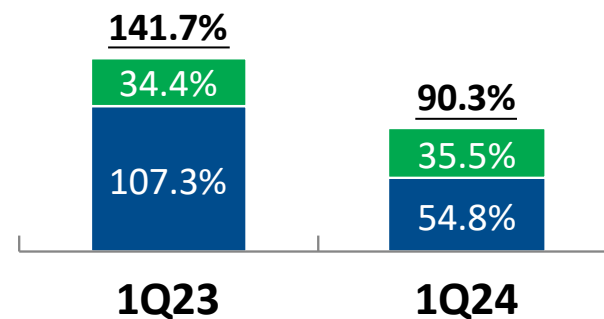
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



Agenda

- ❑ 1Q24 Business overview
- ❑ Overseas expansion
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Embedded Value & Appraisal Value

NT\$BN, except for per share figures

Valuation date	2022/12/31	2023/12/31
In-force business investment yield	3.78% ~ Year 2042 4.74% for NTD policies 4.43% ~ Year 2042 5.34% for USD policies (Equivalent investment yield: 4.12% Rolling over to 2023: 4.18%)	3.88% ~ Year 2043 4.75% for NTD policies 4.57% ~ Year 2043 5.35% for USD policies (Equivalent investment yield: 4.19%)
Risk discount rate	9.5%	9.5%
Adjusted net worth	520	652
Value of in-force business	780	835
Cost of capital (CoC)	-311	-348
Value of in-force business (After CoC)	469	488
Embedded Value (EV)	988	1,140
EV / per share	155.6(74.9)	179.5(77.7)
Future one year's new business investment yield	2.60% ~ Year 2042 4.56% for NTD policies 5.19% ~ Year 2042 5.27% for USD policies	2.62% ~ Year 2043 4.58% for NTD policies 5.21% ~ Year 2043 5.28% for USD policies
Value of future one year's new business (After CoC)	27.5	28.0
Appraisal Value (AV)	1,229	1,386
AV / per share	193.6(93.2)	218.2(94.5)

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

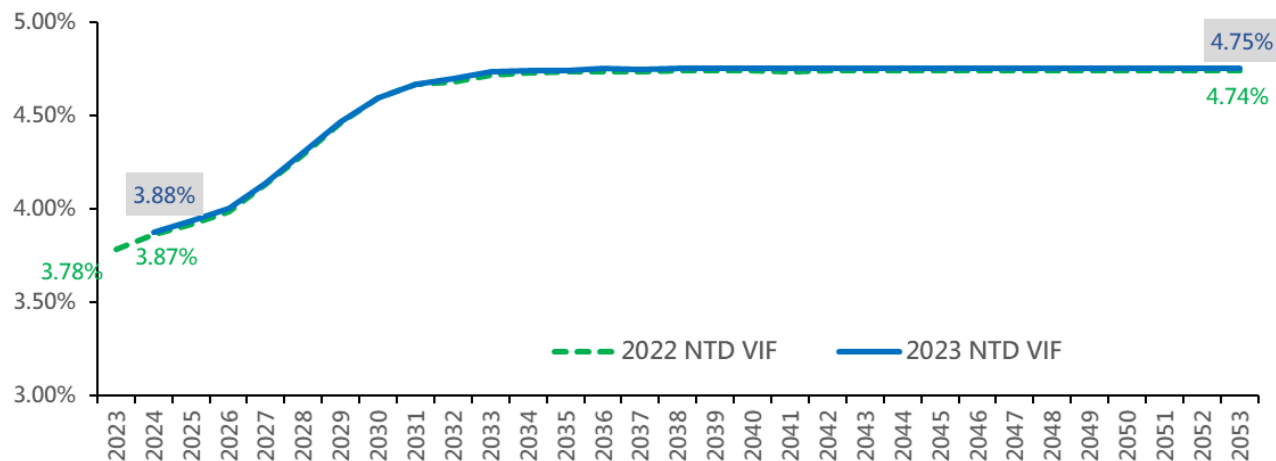
(3) The outstanding shares of Cathay Life in 2022 and 2023 are 6.35bn .

(4) The outstanding shares of Cathay FHC in 2022 and 2023 are 13.19bn and 14.67bn, respectively.

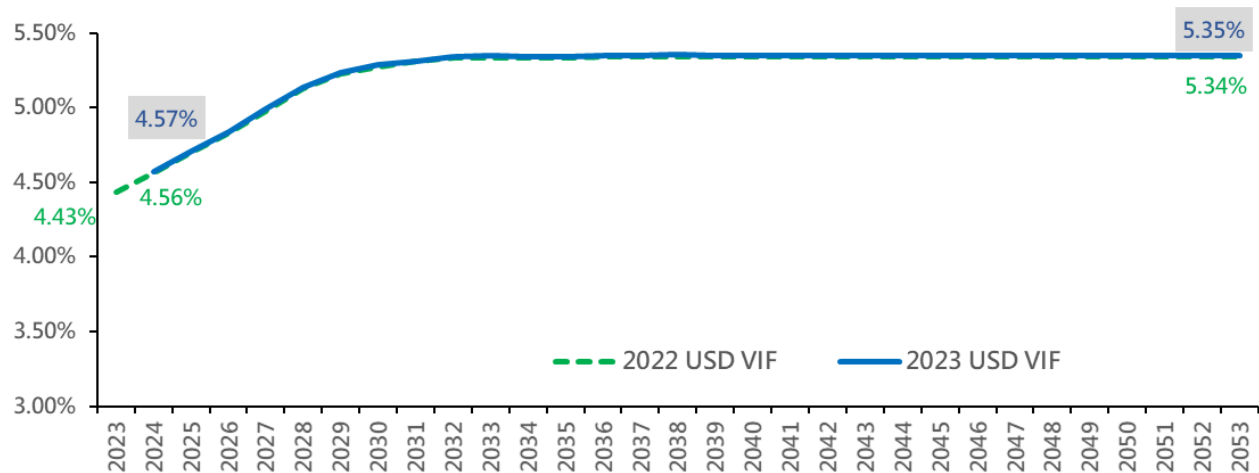
(5) Totals may not sum due to rounding.

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 2022 & 2023.

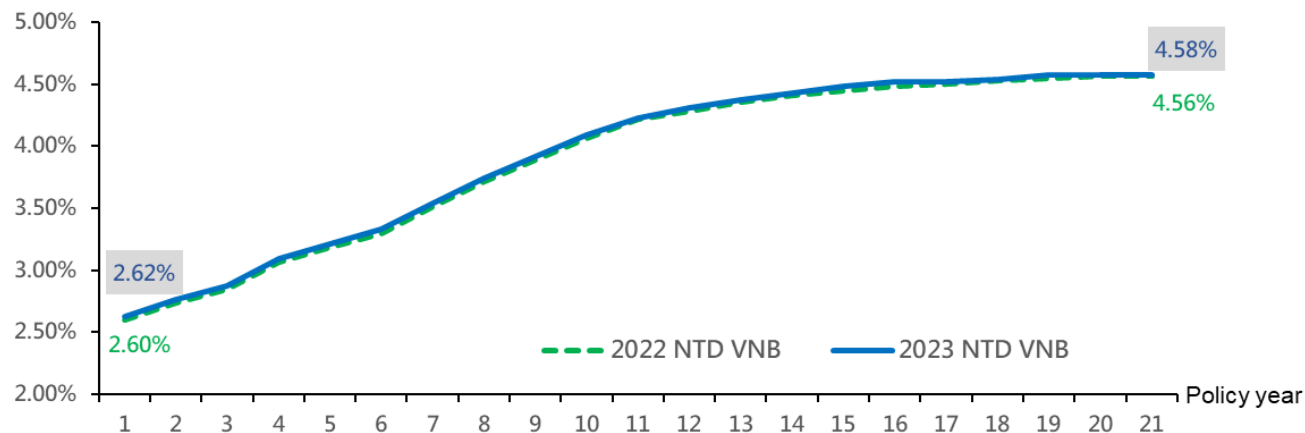


- Investment return assumptions for the value of in-force business of USD-denominated policies as of the end of 2022 & 2023.

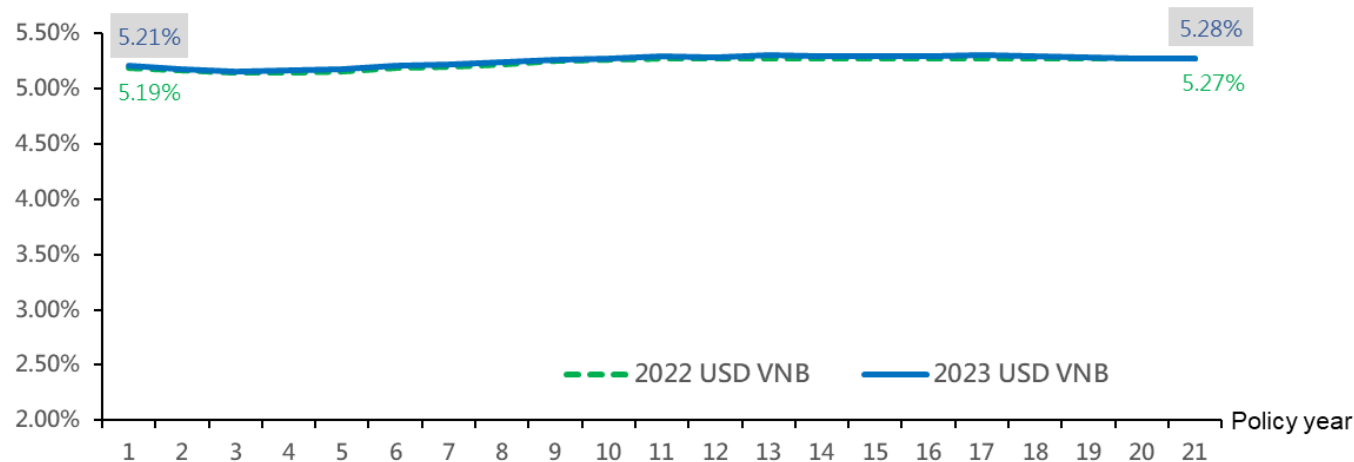


Economic Assumptions: Future one year's new business investment yield

- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2022 & 2023.



- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2022 & 2023.



Cost of Capital Projection and Non-economic Assumptions

■ RBC capital requirement:

Apply 2023 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 2023 :
 - (1) Risk factor of stocks increased after incorporating counter-cyclical measures amid rising stock indices.
 - (2) The changes of C3 risk factor (x) of traditional products

x	2023	2024	2025
Before	0.9	1.0	1.2
After	0.8	0.9	1.0

* : 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.

- (3) Revision of risk factors for domestic private equity funds and venture capital funds

Risk factors	Funds which invest 100% in domestic infrastructure	Funds which invest in domestic infrastructure, 5+2 & six core strategic industries
Before	33.75%	
After	10.18%	17.25%

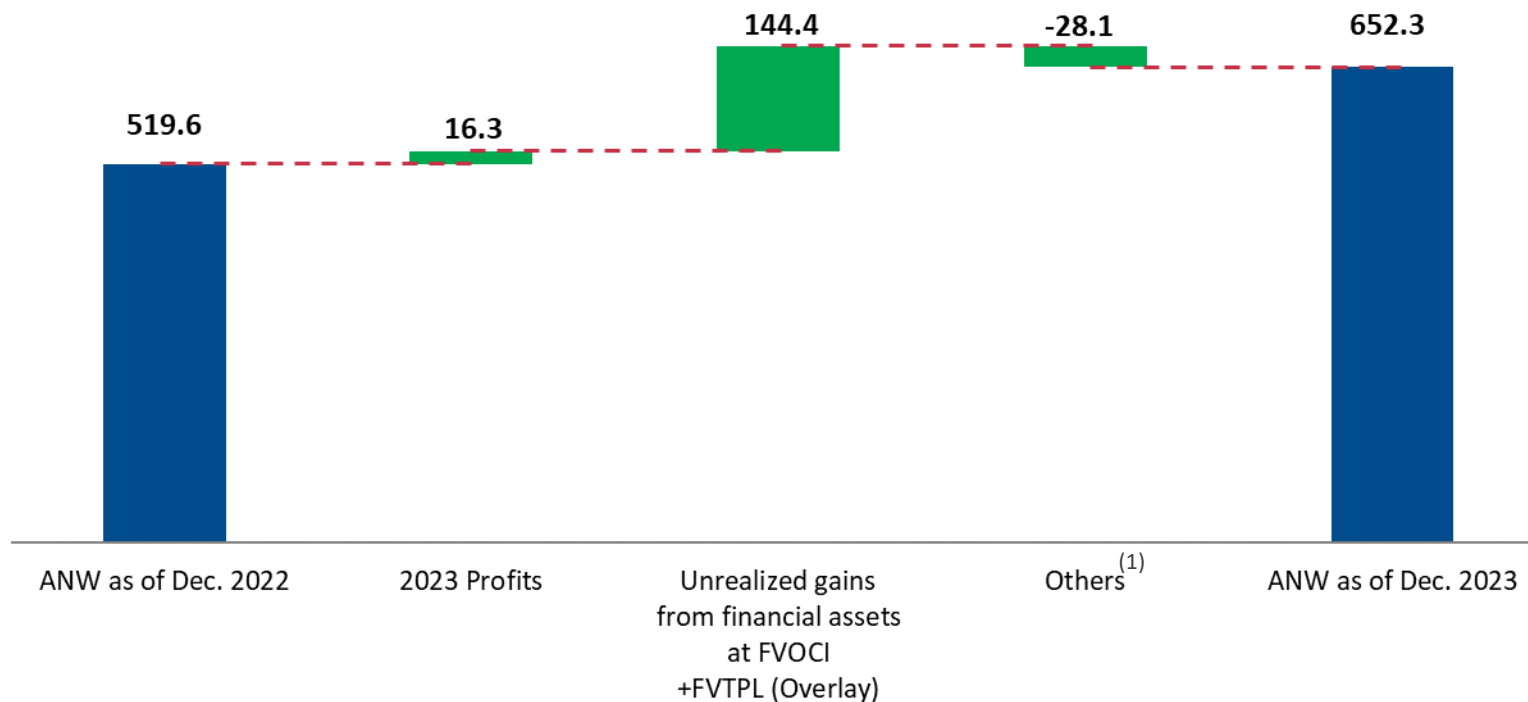
■ Experience rate:

Experience Rate	Assumptions
Mortality Rate	In accordance with Cathay's most updated mortality trends.
Morbidity Rate	In accordance with Cathay's most updated morbidity trends and varied by product type.
Lapse Rate	In accordance with Cathay's most updated lapse rate trends and varied by product type.
Expenses assumption	In accordance with Cathay's most updated expense analysis and varied by product type; commissions are based on the actual commission rates.

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

Analysis of change in Adjusted Net Worth (ANW)

NT\$BN

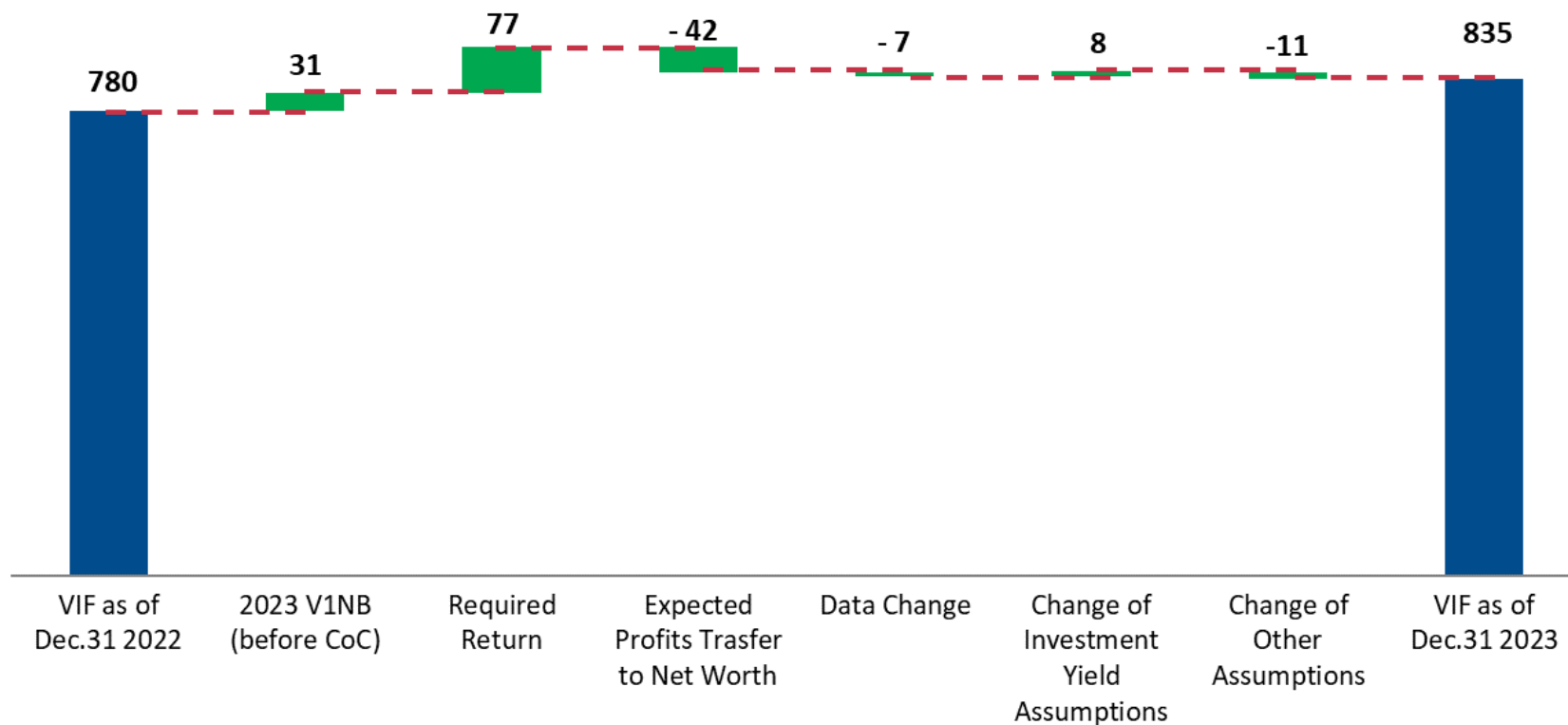


Note:

(1) Others primarily include change of foreign exchange volatility reserve.

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

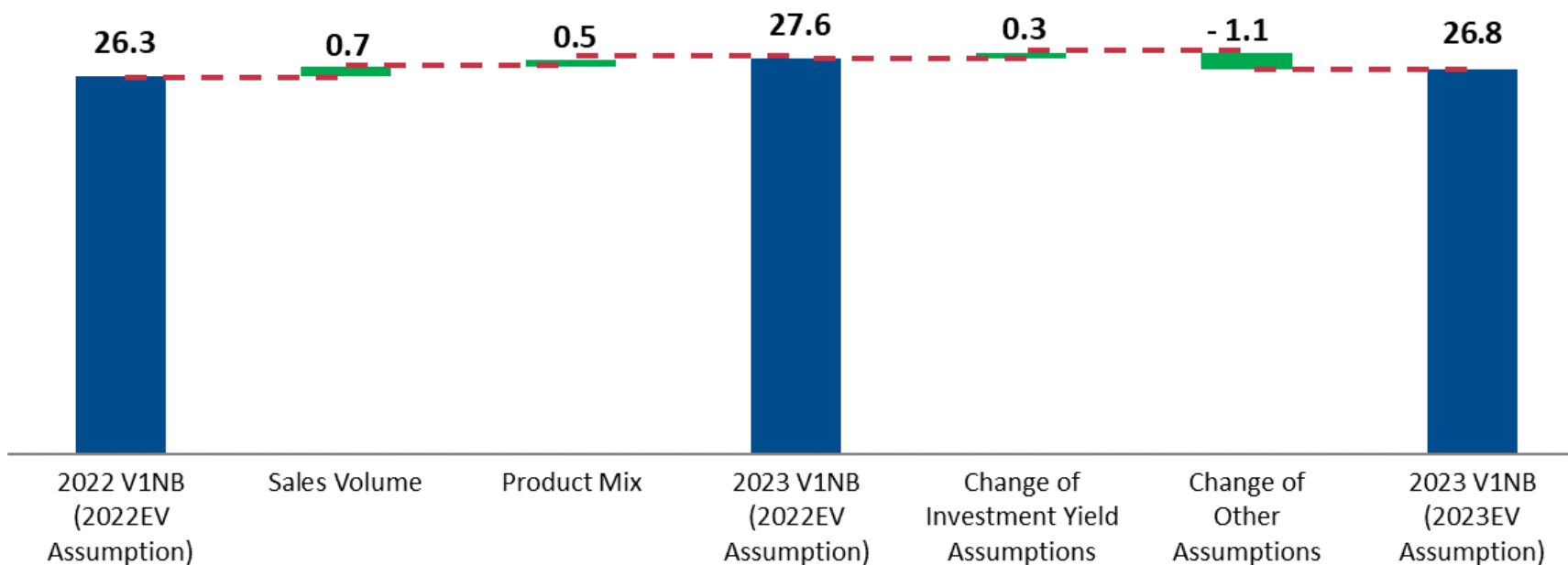
NT\$BN



- The value of one year new business (after CoC) of 2023 is 27.6 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	2023/12/31					
	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	652	652	652	652	652	652
Value of in-force business	677	993	904	835	887	789
Cost of capital (CoC)	-361	-335	-342	-348	-334	-360
Value of in-force business (After CoC)	317	659	562	488	553	429
Embedded Value	969	1,311	1,214	1,140	1,205	1,082
EV / per share	152.6 (66.1)	206.4 (89.4)	191.2 (82.8)	179.5 (77.7)	189.7 (82.2)	170.3 (73.7)
Appraisal Value	1,196	1,574	1,466	1,386	1,469	1,311
Value of future one year's new business (After CoC)	24.5	31.6	29.0	28.0	30.3	25.9
AV / per share	188.3 (81.5)	247.8 (107.3)	230.8 (99.9)	218.2 (94.5)	231.3 (100.2)	206.3 (89.3)

Note: (1) "Investment yield +0.25% (capped)" : the investment return is capped by 4.75% for NTD policies and 5.35% for USD policies.

(2) Totals may not sum due to rounding.

YoY Comparison

Under different discount rate assumptions, the results of the Year 2022 & 2023 go as follows.

NT\$BN

Valuation date	2022/12/31	2023/12/31
Embedded Value	933~1,049	1,082~1,205
Value of future one year's new business	25.4~29.8	25.9~30.3
Appraisal Value	1,158~1,308	1,311~1,469

Summary

NT\$BN, except for per share figures

Valuation date		2022	2023	Growth rate	1Q24
Embedded value	Equity	457	618	35%	--
	Adjusted net worth	520	652	26%	--
	Value of in-force business (before CoC)	780	835	7%	--
	Cost of capital (CoC)	-311	-348	12%	--
	Value of in-force business (after CoC)	469	488	4%	--
	Embedded value	988	1,140	15%	--
Value of one year's new business	First year premium (FYP)	129.3	132.9	3%	27.2
	First year premium equivalent (FYPE)	42.4	47.4	12%	15.5
	Value of one year's new business (V1NB)	26.3	26.8	2%	8.9
	Profit margin (V1NB/FYP)	20%	20%	--	33%
	Profit margin (V1NB/FYPE)	62%	56%	--	58%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	46%	47%	--	51%
Appraisal value (20 years NB)	Multiple	8.8	8.8	--	--
	Appraisal value	1,229	1,386	13%	--
Basic Value per share	EV / per share of Cathay FHC	74.9	77.7	4%	--
	AV / per share of Cathay FHC	93.2	94.5	1%	--

Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares in 2022 and 2023, which are 13.19bn and 14.67bn, respectively.

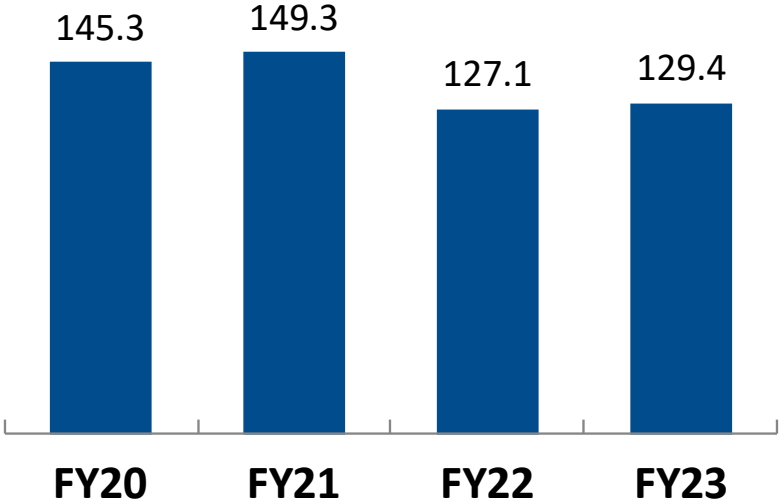
(2) Totals may not sum due to rounding.

Agenda

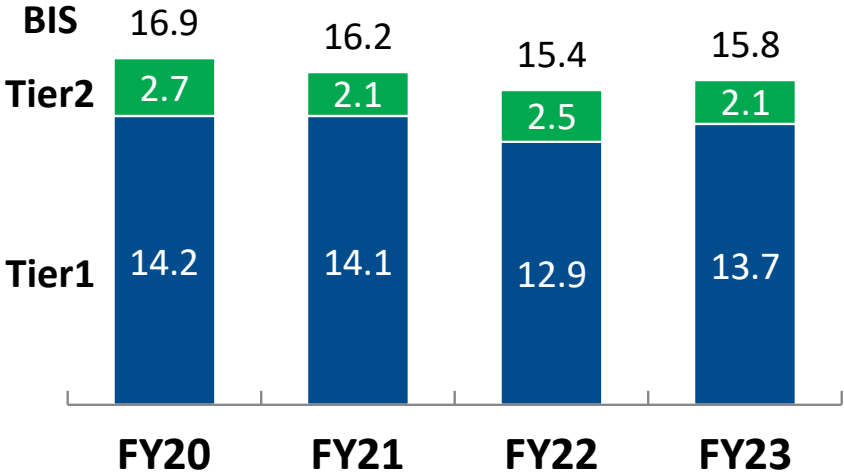
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Capital adequacy

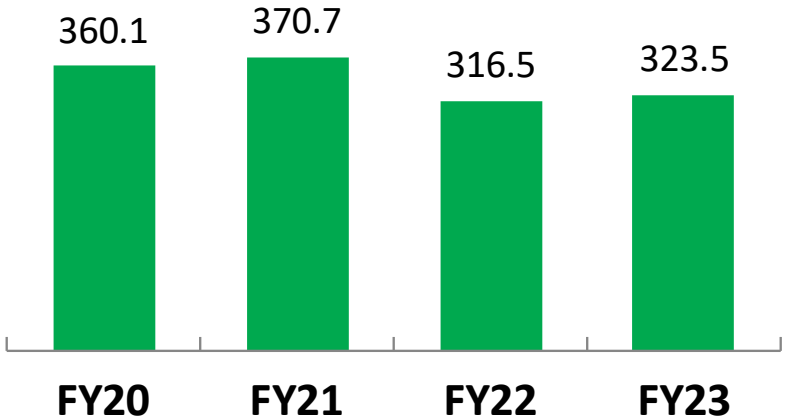
Cathay FHC CAR (%)



CUB capital adequacy (%)

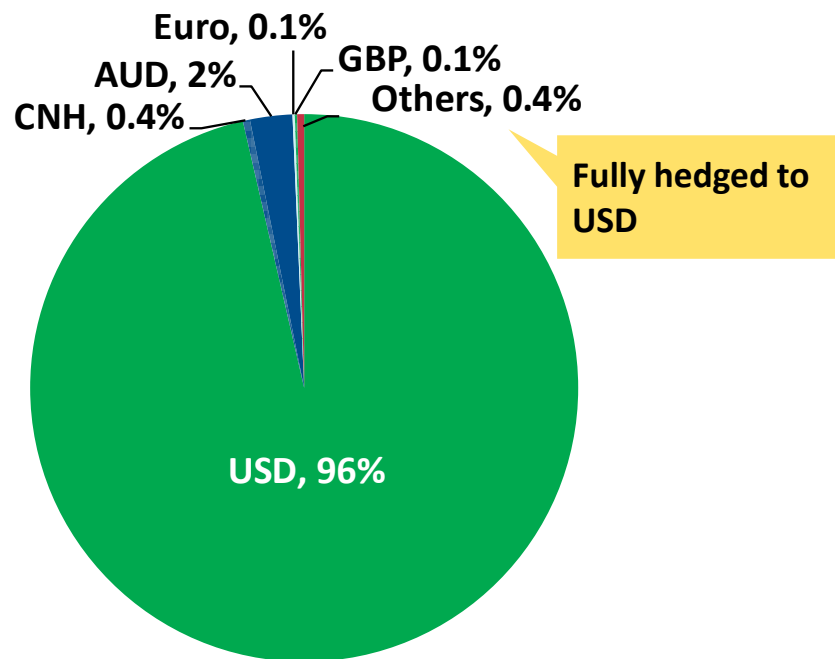


Cathay Life RBC (%)

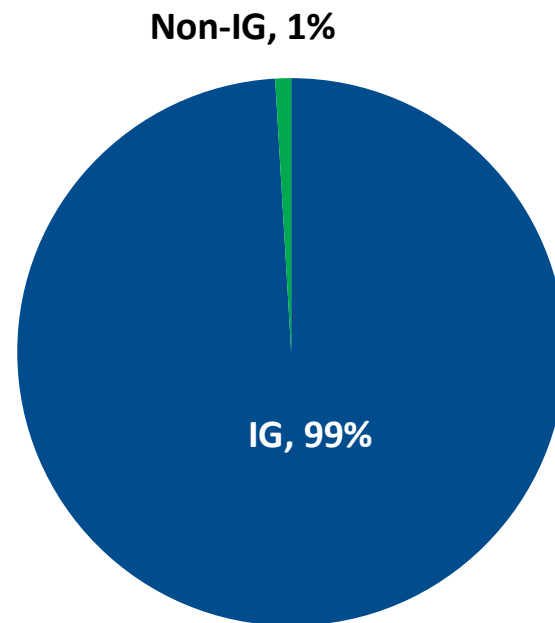


Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (1Q24)



Overseas bond by rating (1Q24)



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



ESG Research

IVA RATING

AA



A level



ESG
INDUSTRY
TOP RATED



ESG
REGIONAL
TOP RATED



First Taiwan FI



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Asia 6th approval



2022 & 2023 ICAPs

Global best practice



TCFD Status Report

Corporate case

Taiwan

Top-20%
Corporate Governance

Over 1,000 listed companies

TWSE Corporate Governance Evaluation



Top-10 World Corporate Citizen
for **11** years. **Top 3** in 2023



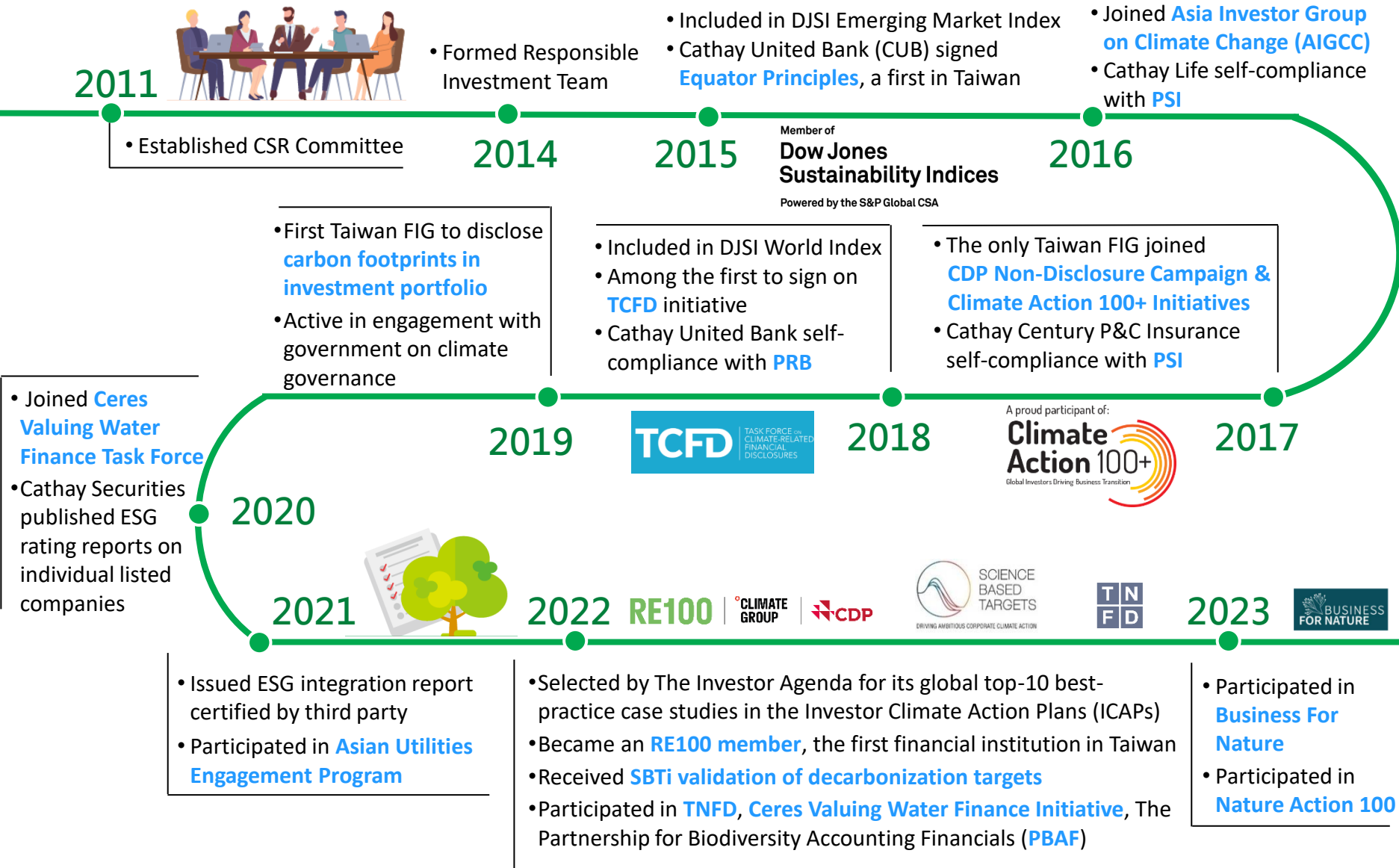
Global Views

First Prize in Annual Survey for **3** years
(Finance & Insurance),
selected for "Annual Honor Roll" in 2022



2023 Taiwan Corporate
Sustainability Awards

Cathay FHC's continuous effort in ESG integration



Cathay FHC's commitment to net-zero carbon emissions



Low-carbon operation transition since 2017, setting a carbon reduction target of 5%

RE100

CLIMATE GROUP



Became an RE100 member



SCIENCE BASED TARGETS

Received SBTi validation of carbon reduction

2018 Disclosed carbon footprints in the investment portfolio

2019 CUB **ceased** financing new **coal-fired power generation projects**
Cathay Life **excluded investments in coal value chain** with coal share revenue(CSR) above 50% without active transition to renewable energy

2020 Integrated **carbon-reduction** performance into **CEO's KPI**

2022 Committed to setting **science-based targets (SBTs)**
Became an **RE100 member**

2025 100% renewable energy goal for headquarters of Cathay FHC, Cathay Life, CUB, and Cathay Century

2030 100% renewable energy goal for all locations in Taiwan

2050 **Net-zero carbon emissions**

Thank you



Cathay Financial Holdings

(NT\$MN)

Income Statement Data (Consolidated)

	FY21	FY22	FY23	FY23/ FY22 % Chg	1Q23	1Q24	1Q24/ 1Q23 % Chg
Operating Income							
Net interest income	194,882	226,163	245,630	9%	59,519	62,425	5%
Net commission and fee	12,649	15,421	17,751	15%	2,198	3,418	56%
Net earned premium	524,187	439,719	431,638	-2%	107,518	109,709	2%
Change in liability reserve	(377,408)	(198,098)	(139,104)	-30%	(38,219)	(46,210)	21%
Net claims payment	(305,703)	(438,283)	(461,707)	5%	(110,564)	(102,612)	-7%
Investment income	190,944	132,185	39,321	-70%	(720)	54,136	7617%
Contribution from associates-equity method	1,807	2,266	1,951	-14%	685	550	-20%
Other net non-interest income	7,197	(36,038)	29,588	182%	7,721	(11,283)	-246%
Bad debt expense	(3,484)	(4,778)	(4,103)	-14%	346	(2,302)	765%
Operating expense	(85,543)	(88,610)	(102,496)	16%	(21,304)	(24,827)	17%
Income before taxes	159,526	49,948	58,469	17%	7,179	43,005	499%
Income taxes	(18,637)	(11,986)	(6,955)	-42%	(6)	(5,442)	94612%
Net income	140,889	37,962	51,514	36%	7,173	37,562	424%
Net income to parent company	139,514	37,359	50,929	36%	7,009	38,109	444%

EPS (NT\$)	10.34	2.58	3.24		0.48	2.60	
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Dividend Payout

Cash dividend per share	3.50	0.90	2.00
Stock dividend per share	0.00	0.00	0.00
Weighted average outstanding shares (Millions of common shares)	13,169	13,190	14,669

Balance Sheet Data (Consolidated)

Total assets	11,594,361	12,070,886	12,811,120		12,247,812	13,081,009
Total shareholders' equity	914,039	611,708	801,446		695,847	874,866
Equity attributable to parent company	902,038	598,840	788,055		682,411	860,827

Operating Metrics

ROAE (Consolidated)	15.49%	4.98%	7.29%		4.39%	17.93%
ROAA (Consolidated)	1.25%	0.32%	0.41%		0.24%	1.16%
Double leverage ratio(inc. preferred stock)	113%	122%	118%		119%	117%

Capital Adequacy Metrics

Capital Adequacy Ratio	149%	127%	129%
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Notes:

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Cathay Life

(NT\$MMN)

<u>Income Statement Data (Consolidated)</u>	FY21	FY22	FY23	FY23/ FY22	1Q23	1Q24	1Q24/ 1Q23
				% Chg			% Chg
Net written premium	499,102	410,186	401,229	-2%	100,578	102,387	2%
Net earned premium	498,398	409,196	400,118	-2%	101,139	102,758	2%
Reinsurance commission earned	388	527	424	-20%	6	6	-4%
Fee income	10,715	10,804	11,728	9%	2,626	3,101	18%
Recurring investment income	214,968	242,608	259,899	7%	58,995	63,271	7%
Gain on disposal of investment							
Realized gain (loss)-Equity	116,191	23,289	40,940	76%	13,356	39,076	193%
Realized gain (loss)-Debt	63,127	5,572	4,158	-25%	2,245	931	-59%
Gain on investment property	1,106	2,735	(70)	-103%	(4)	(3)	30%
FX and others, net	(46,445)	(2,907)	(51,639)	-1676%	(23,019)	(16,976)	26%
Investment income, net	348,947	271,296	253,289	-7%	51,572	86,298	67%
Other operating income	8,754	8,726	10,537	21%	303	350	16%
Separate account revenues	77,919	(933)	56,586	6164%	16,118	26,630	65%
Net claims payment	(287,850)	(398,511)	(429,157)	8%	(96,727)	(98,222)	2%
Changes in liability reserves	(376,771)	(188,389)	(147,994)	-21%	(46,358)	(45,923)	-1%
Acquisition and commission expense	(34,445)	(30,977)	(33,700)	9%	(7,668)	(10,798)	41%
Other operating costs	(8,056)	(6,729)	(7,813)	16%	(1,535)	(1,802)	17%
Financial cost	(3,114)	(3,817)	(4,828)	26%	(1,086)	(1,338)	23%
Separate account expense	(77,919)	933	(56,586)	6164%	(16,118)	(26,630)	65%
Operating expense	(32,448)	(32,301)	(36,465)	13%	(6,624)	(7,430)	12%
Net non-operating income	1,563	1,859	2,753	48%	493	548	11%
Income taxes	(12,916)	(7,513)	(2,125)	-72%	1,811	(2,427)	234%
Net income	113,166	34,169	16,766	-51%	(2,047)	25,120	1327%
Net income to parent company	112,231	33,667	16,343	-51%	(2,156)	25,735	1294%

Balance Sheet Data (Consolidated)

Total assets	8,073,161	8,172,430	8,536,002		8,234,528	8,818,307
General account	7,348,951	7,517,003	7,808,336		7,562,792	8,041,722
Separate account	724,210	655,427	727,666		671,736	776,585
Reserves for life insurance liabilities	6,413,221	6,794,562	6,919,383		6,819,236	7,040,809
Total liabilities	7,331,028	7,706,641	7,908,127		7,698,368	8,131,053
Total shareholders' equity	742,133	465,789	627,875		536,160	687,254
Equity attributable to parent company	734,443	456,817	618,419		526,766	677,359

Operating Metrics (Standalone)

First Year Premium(FYP)	202,394	129,343	132,871		29,538	27,162
First Year Premium Equivalent(FYPE)	50,997	42,434	47,415		12,095	15,493
Expense ratio	11.2%	12.8%	13.7%		13.3%	17.2%
13-M persistency ratio	98.4%	97.7%	97.3%		97.5%	97.5%
25-M persistency ratio	96.3%	96.6%	95.4%		96.2%	95.3%
ROAE (Consolidated)	15.47%	5.66%	3.07%		-1.63%	15.28%
ROAA (Consolidated)	1.44%	0.42%	0.20%		-0.10%	1.16%

Capital Adequacy Metrics (Standalone)

RBC ratio	371%	316%	323%
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Cathay United Bank (NT\$MN)					FY23/ FY22			1Q24/ 1Q23
<u>Income Statement Data (Consolidated)</u>	FY21	FY22	FY23	% Chg	1Q23	1Q24	% Chg	
Operating Income								
Net interest income	38,539	48,704	51,743	6%	12,769	13,676	7%	
Net fee income	18,346	18,246	20,844	14%	5,384	7,700	43%	
Investment income	6,956	6,711	13,476	101%	2,934	5,446	86%	
Other income	502	1,180	835	-29%	153	201	32%	
Net operating income	64,342	74,841	86,898	16%	21,240	27,024	27%	
Operating expenses	(33,877)	(38,307)	(45,752)	19%	(10,245)	(11,761)	15%	
Pre-provision profit	30,466	36,534	41,146	13%	10,995	15,263	39%	
Net provisions for possible losses	(2,986)	(5,524)	(5,077)	-8%	99	(2,383)	2510%	
Income before taxes	27,480	31,010	36,069	16%	11,094	12,880	16%	
Income tax	(3,671)	(5,299)	(7,102)	34%	(1,924)	(2,457)	28%	
Net income	23,808	25,712	28,967	13%	9,170	10,423	14%	
Net income to parent company	23,344	25,590	28,805	13%	9,113	10,354	14%	
<u>Balance Sheet Data (Consolidated)</u>								
Total assets	3,499,323	3,887,031	4,233,701		4,002,639	4,216,748		
Loans, net	1,807,077	2,045,082	2,280,571		2,117,905	2,399,689		
Financial assets	1,110,788	1,268,349	1,403,347		1,321,485	1,320,752		
Total liability	3,248,596	3,645,307	3,957,835		3,747,597	3,929,494		
Deposits	2,935,694	3,246,162	3,543,558		3,293,675	3,508,564		
Financial Debenture Payable	46,800	37,147	27,100		37,146	27,100		
Total shareholders' equity	250,727	241,724	275,866		255,042	287,254		
Equity attributable to parent company	246,351	237,734	271,931		250,908	283,110		
<u>Operating Metrics (Consolidated)</u>								
Cost income ratio	52.65%	51.18%	52.65%		48.23%	43.52%		
ROAE	9.57%	10.44%	11.19%		14.77%	14.81%		
ROAA	0.71%	0.70%	0.71%		0.93%	0.99%		
<u>Assets Quality (Standalone)</u>								
NPL	1,578	1,510	2,519		1,532	2,629		
NPL ratio	0.09%	0.08%	0.11%		0.07%	0.11%		
NPL provisions	28,064	32,459	36,609		33,345	38,314		
Coverage ratio	1778%	2150%	1453%		2177%	1457%		
<u>Capital Adequacy Metrics (Standalone)</u>								
BIS ratio	16.2%	15.4%	15.8%					
Tier 1 ratio	14.1%	12.9%	13.7%					
CET1 ratio	12.6%	11.0%	12.0%					
<u>LDR (Standalone)</u>								
LDR	61.4%	62.4%	64.1%		63.4%	68.1%		
TWD LDR	69.2%	75.4%	79.8%		76.6%	81.1%		
FX LDR	34.1%	25.8%	22.5%		25.7%	27.5%		

Notes:

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Cathay Century
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Income Statement Data (Consolidated)	FY21	FY22	FY23	FY23/	1Q23	1Q24	1Q24/
				FY22			% Chg
Premium income	28,015	30,266	34,273	13%	7,765	9,047	17%
Net written premium	20,718	22,084	24,022	9%	5,532	6,209	12%
Net earned premium	19,903	21,703	23,448	8%	5,606	5,908	5%
Reinsurance commission earned	857	900	1,117	24%	233	329	41%
Fee income	46	49	50	2%	14	14	4%
Investment	1,363	595	948	59%	303	558	84%
Interest income	539	636	674	6%	163	183	12%
Other investment income, net	824	(41)	275	766%	140	375	168%
Other operating income	0	157	51	-67%	0	20	0%
Net claims payment	(10,470)	(29,677)	(23,240)	-22%	(12,840)	(2,919)	-77%
Changes in liability reserves	(637)	(9,709)	8,891	-192%	8,139	(286)	104%
Commissions and other operating costs	(3,765)	(3,916)	(4,376)	12%	(1,027)	(1,107)	8%
Operating expenses	(4,772)	(4,636)	(5,374)	16%	(1,191)	(1,508)	27%
Operating income	2,525	(24,533)	1,514	106%	(764)	1,009	232%
Net non-operating income	42	8	12	50%	1	(1)	-223%
Income taxes	(392)	4,904	(281)	106%	188	(140)	175%
Net income	2,175	(19,622)	1,246	106%	(575)	868	251%
Balance Sheet Data (Consolidated)							
Total assets	49,900	60,596	55,446		51,488	57,738	
Total stockholders' equity	14,447	12,800	14,982		12,590	16,231	
Operating Metrics (Standalone)							
Gross Combined ratio	87.1%	196.6%	88.7%		110.2%	75.2%	
Net Combined ratio	92.1%	216.2%	101.6%		141.7%	90.3%	
ROAE (Consolidated)	15.78%	-144.03%	8.97%		-18.13%	22.24%	
ROAA (Consolidated)	4.62%	-35.52%	2.15%		-4.11%	6.13%	
Capital Adequacy Metrics							
RBC ratio (Standalone)	284%	369%	351%				

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