

2019 Third Quarter Briefing

November 2019



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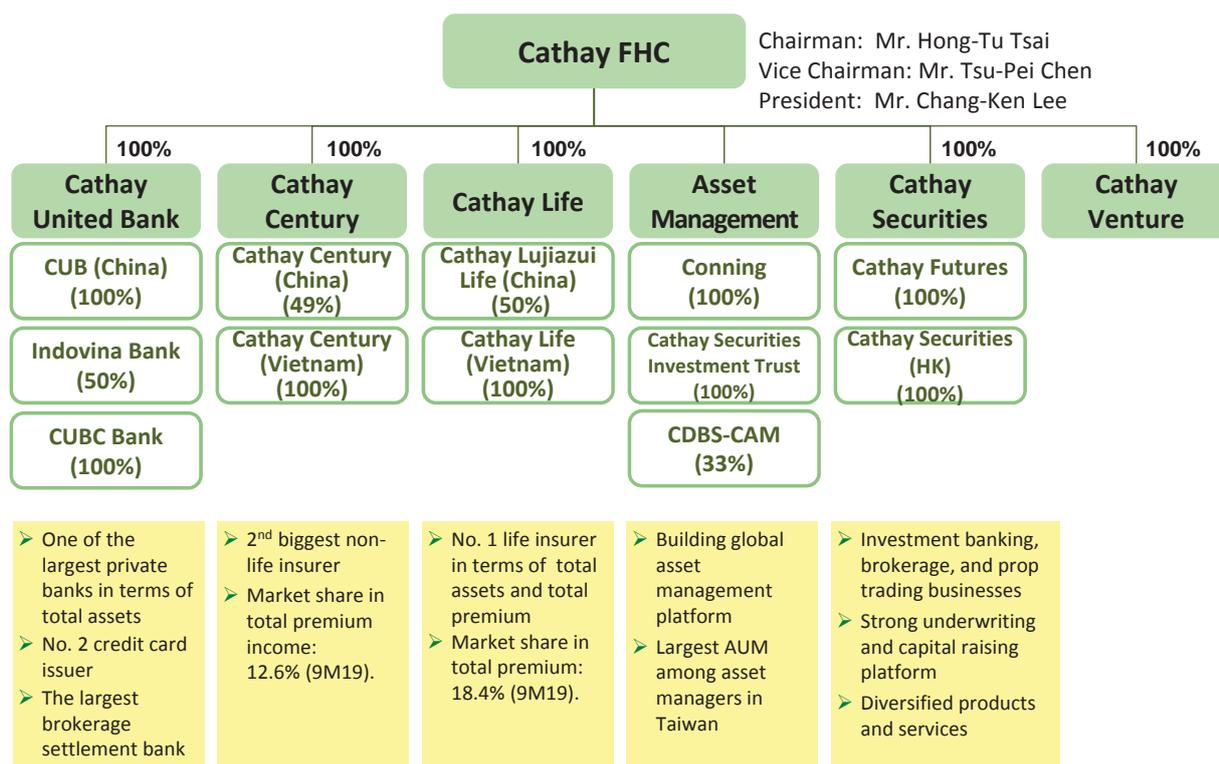
Agenda

- Introduction of Cathay FHC
- 9M19 Business Overview
- Overseas Expansion
- Business Performance Summary

Cathay United Bank
 Cathay Life
 Cathay Century

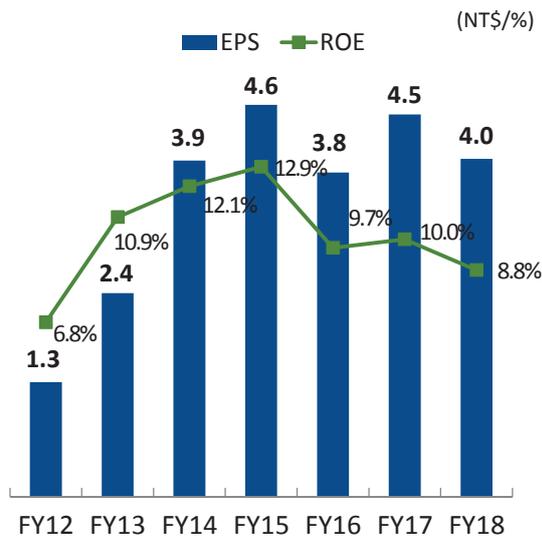
- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

Cathay FHC: largest FHC, comprehensive products



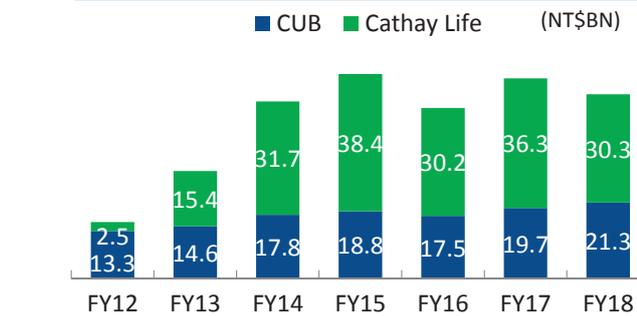
Cathay FHC continued to deliver solid earnings

EPS & ROE

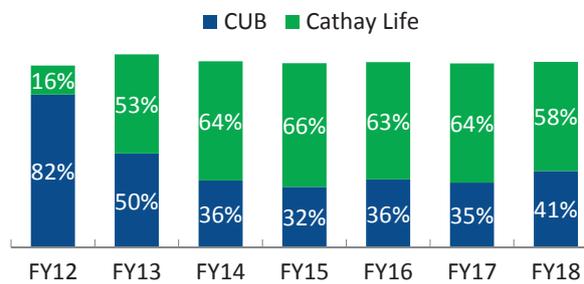


- Note: (1) FY13 figures do not reflect the impact from applying fair value method on investment property.
 (2) Since Cathay FHC has more subsidiaries other than Cathay Life and CUB, besides, due to affiliate transactions, the Cathay FHC net income might not equal to the sum of Cathay Life and CUB's.
 (3) EPS has been adjusted for stock dividend (stock split).

Profit contribution



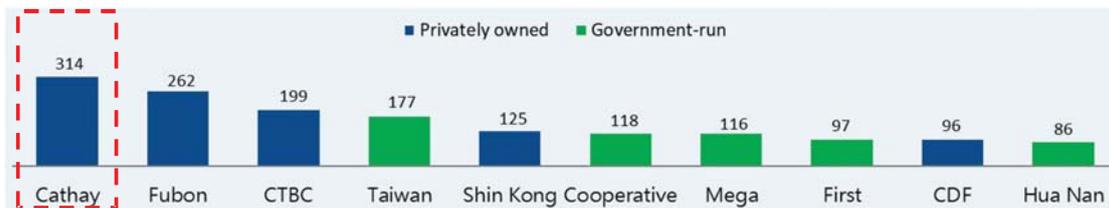
	FY12	FY13	FY14	FY15	FY16	FY17	FY18
FHC	16.2	29.0	49.6	57.9	48.0	56.7	51.8
Life	2.5	15.4	31.7	38.4	30.2	36.3	30.3
CUB	13.3	14.6	17.8	18.8	17.5	19.7	21.3



Market leader in Taiwan's FIG sector

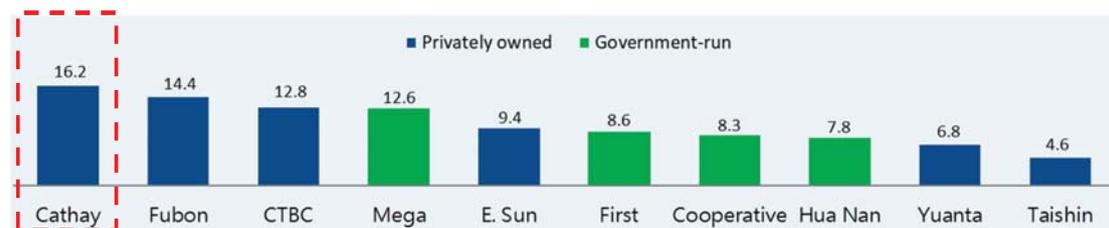
- Largest listed financials group by market capitalization and assets.

Ranking of total asset (US\$bn)



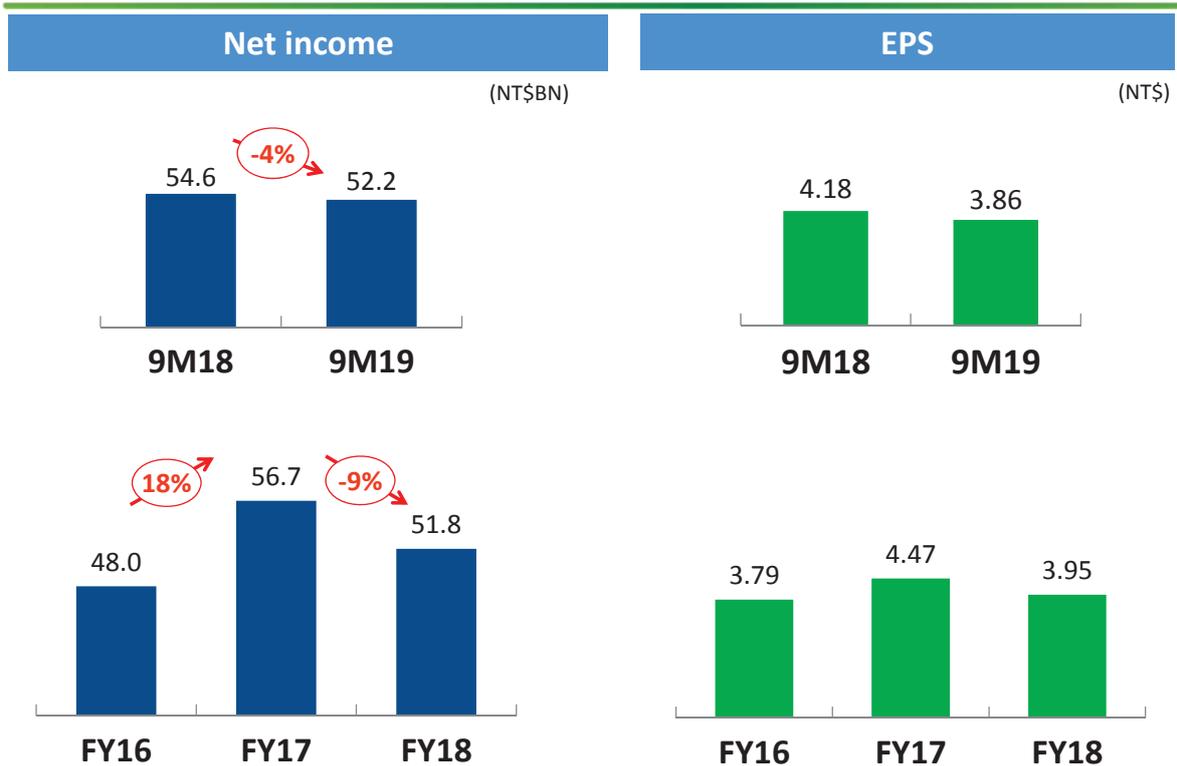
Note: Total assets as of June 30, 2019

Ranking of market cap (US\$bn)

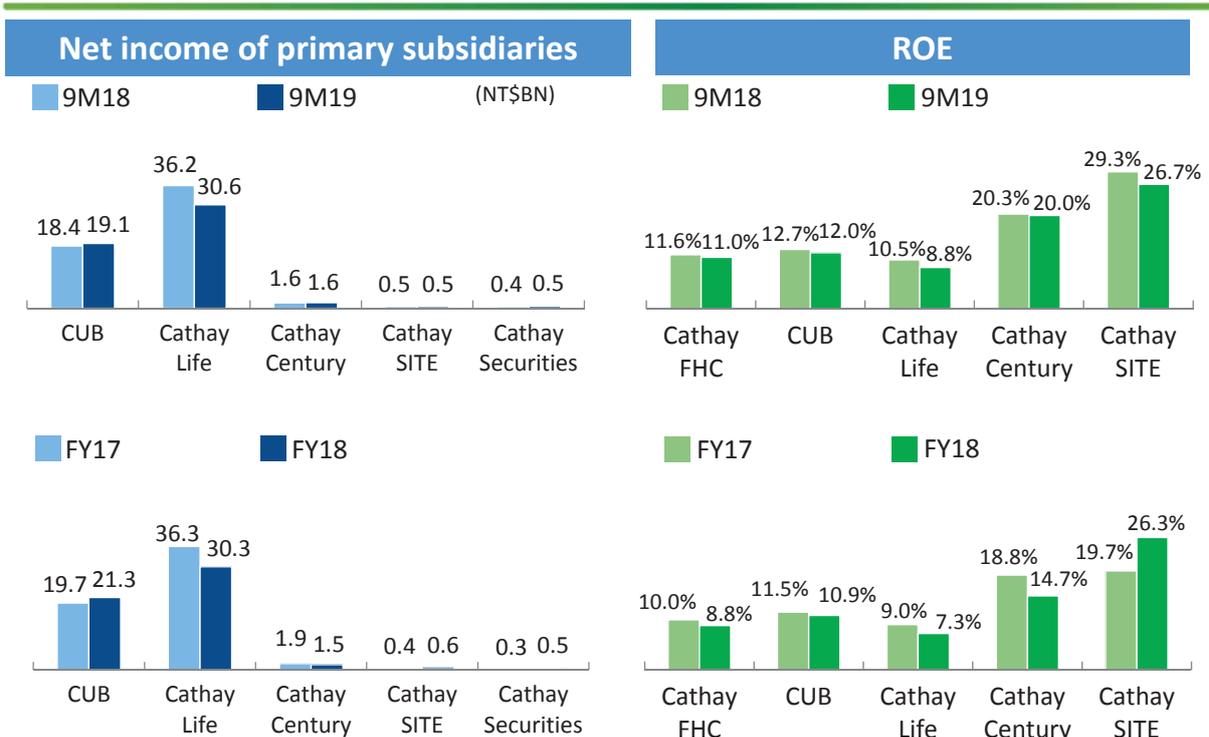


Note: Market capitalization as of October 31, 2019

Cathay FHC – Net income & EPS

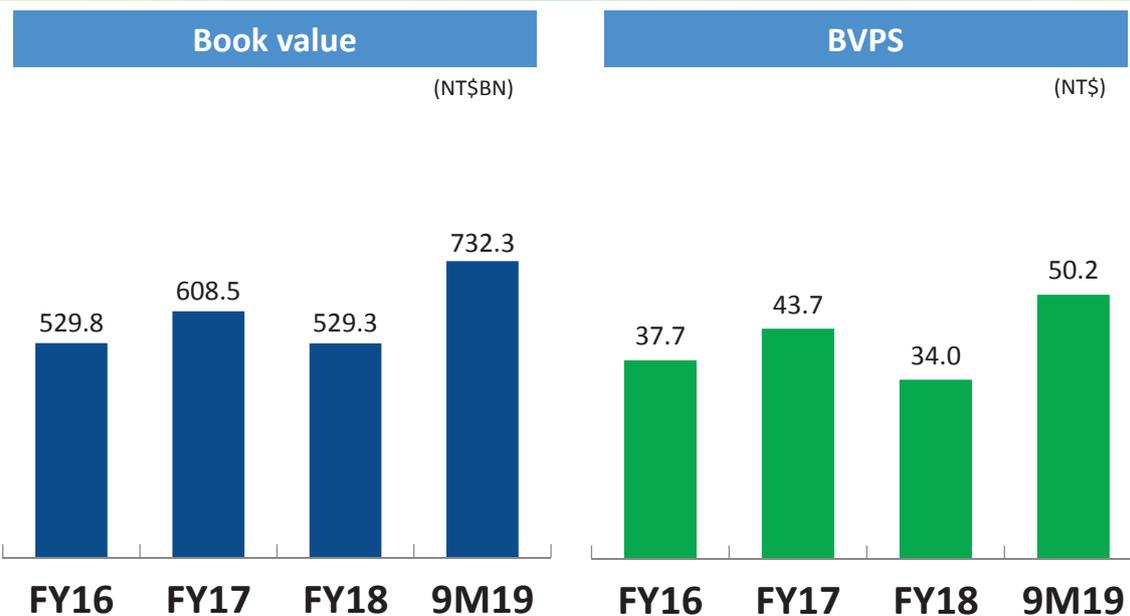


Cathay FHC – Net income & ROE



Note: Starting from 1Q18, ROE calculation was based on IFRS 9.

Cathay FHC – Book value & BVPS



Note : (1) Book value includes preferred shares and minority interests, BVPS represented BVPS attributable to common shareholders.
(2) Starting Jan.1, 2018, the reporting was based on IFRS 9.

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9M19 Business overview

Cathay United Bank

- Continued to adjust loan mix. Net interest margin improved QoQ. Net interest income grew steadily.
- Overseas expansion continued. Offshore earnings accounted for 40% of pre-tax earnings.
- Fee income increased 7% YoY, among which credit card fees and wealth management grew 8% and 4% respectively.

Cathay Life

- Focused on value-driven strategy. FYP for protection products grew 25% YoY. Annualized FYP (APE) grew 26%. 9M19 VNB increase 20% YoY to 45.7 BN.
- Cost of liability improved to 3.98% by the end of 9M19.
- Pre-hedging recurring yield climbed 26bps YoY to 3.80% .

Cathay Century

- Premium income grew 7% YoY. Remained in second place with 12.6% market share.
- Developed online business in China and enlarged local team in Vietnam. Overseas premium income continued to rise.

Cathay SITE

- Ranked No.1 in terms of AUM, which amounted to NT\$773.3 BN.
- Recognized by Asia Asset Management, Asian Investor, Benchmark and received Morning Star & Smart Magazine Taiwan Fund Award and TFF-Bloomberg Best Fund Award in 2019.

Cathay Securities

- Brokerage business grew steadily. Sub-brokerage market share ranked No.1.
- Optimized customer experience with new digital business model.

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Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Thailand	Myanmar	Indonesia
Bank	7	36	16	1	1	1	1	1	1	1	1
Life	51 ⁽¹⁾	74 ⁽¹⁾									
P&C	27	2									
Asset Mgt.	1			1							
Securities				1							

Note: (1) Cathay Lujiazui Life and Cathay Life (Vietnam) footprints includes headquarter and branches.
 (2) Footprints in Thailand, Myanmar and Indonesia are rep. offices.
 (3) Investments in RCBC and Bank Mayapada are funded by Cathay Life.
 (4) Cathay FHC owns 49% stake of Cathay Century (China), and 33% stake of CDBS Cathay Asset Management.



■ Banking

- Vietnam: Indovina Bank performed steadily.
- Cambodia: Subsidiary's businesses grew steadily.
- Philippines: Invested 23% stake in RCBC.⁽³⁾
- Indonesia: Invested 40% stake in Bank Mayapada.⁽³⁾

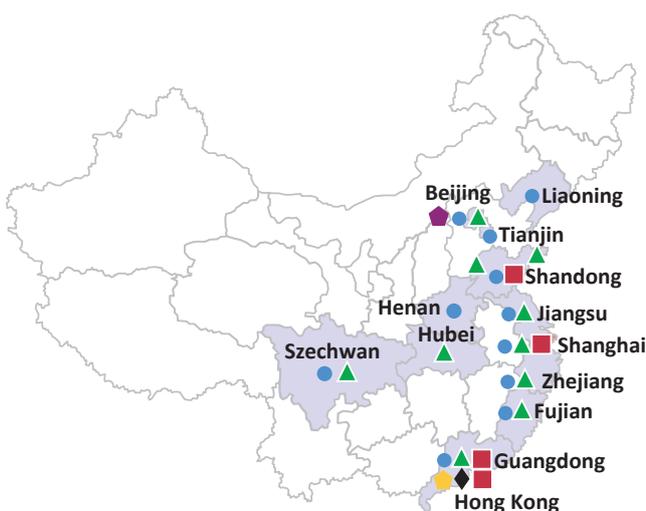
■ Cathay Life (Vietnam)

- Total premium grew 51% YoY to VND 731BN in 9M19.
- Expanded and diversified distribution channels.

■ Cathay Century (Vietnam)

- Continued to expand local distribution channels to enhance growth momentum.

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

- The China subsidiary performed steadily.

■ Cathay Lujiazui Life

- Total premium grew 17% YoY to RMB 2BN in 9M19.

■ Cathay Century (China)

- Formed a strategic alliance with Ant Financial group. Actively developed eCommerce-related financial services.

■ Cathay Securities (HK)

- Each business line grew steadily.

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

- Continued to launch new products. Mainly focused on fixed income funds.

■ Conning Asia Pacific Limited

- Continued to expand asset management business.

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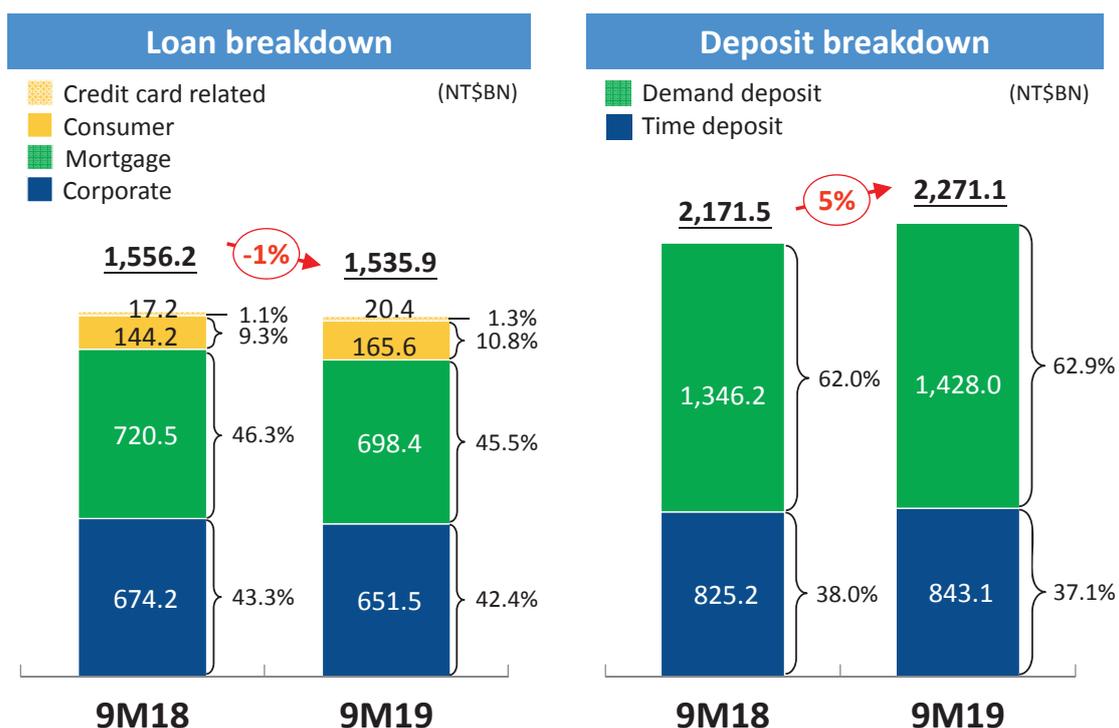
Cathay United Bank

Cathay Life

Cathay Century

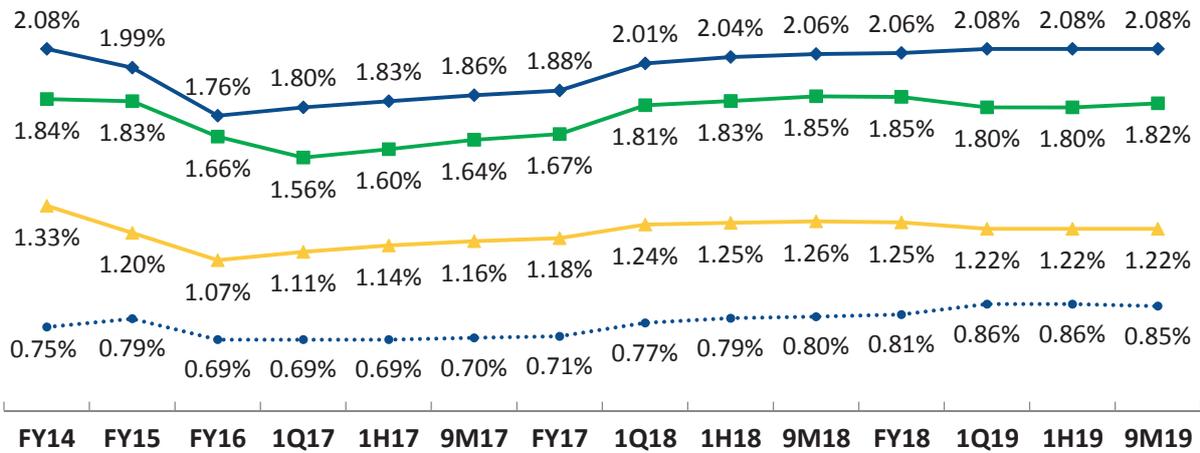
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Cathay United Bank – Loan & Deposit breakdown



Cathay United Bank – Interest yields

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



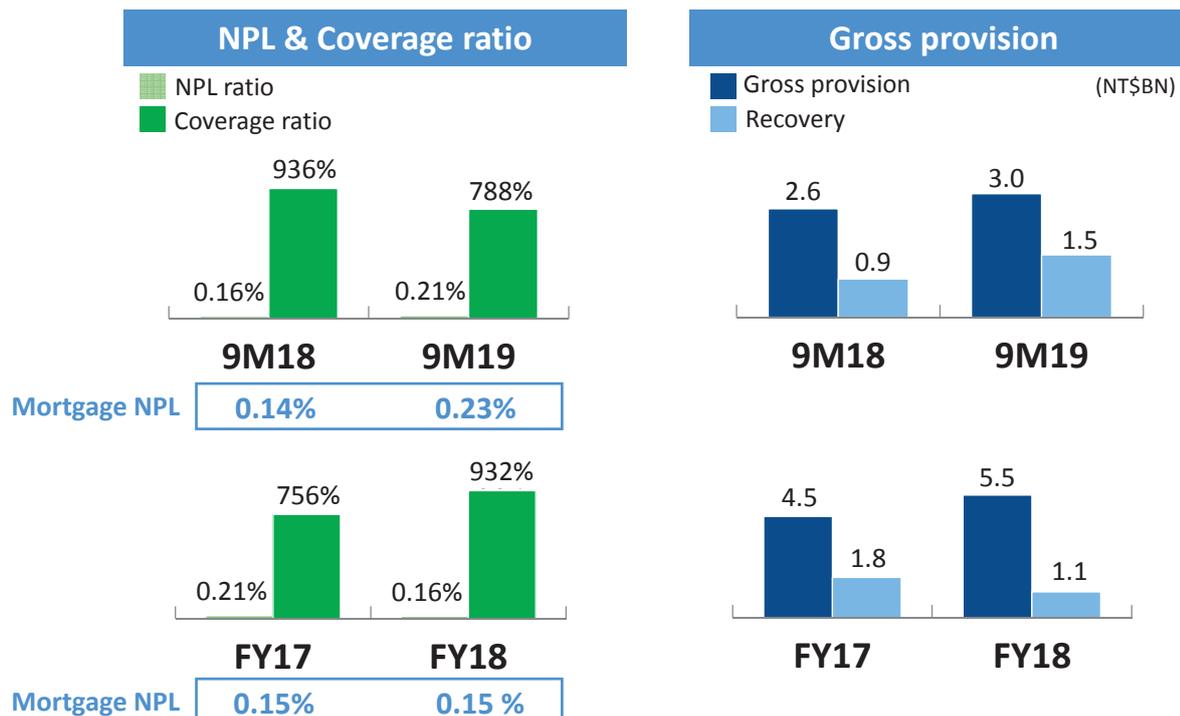
Quarterly	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Spread	1.56%	1.64%	1.74%	1.76%	1.81%	1.85%	1.90%	1.83%	1.80%	1.81%	1.85%
NIM	1.11%	1.18%	1.20%	1.22%	1.24%	1.26%	1.27%	1.22%	1.22%	1.22%	1.23%
NIM-pro forma excl. China ⁽²⁾				1.19%	1.21%	1.22%	1.25%	1.22%	1.22%	1.22%	1.23%

Note : (1) Credit card related loans are included in the calculation of interest spread.

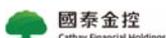
(2) China subsidiary was launched in Sep 2018. Hence, since 9M18, China subsidiary results were excluded.



Cathay United Bank – Credit quality



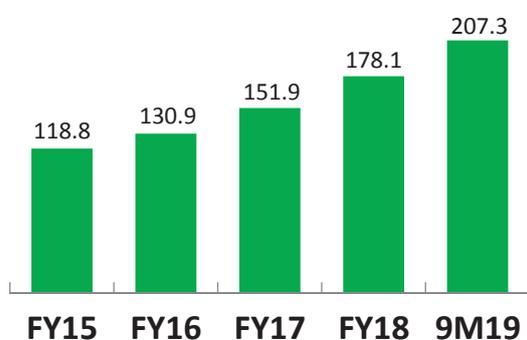
Note : China subsidiary was launched in Sep 2018. Hence, 9M19 number excluded China subsidiary results. (NPL ratio: 0.00%, Gross provision: NT\$-18.9MN, Recovery: NT\$36.2MN; preliminary).



Cathay United Bank – SME & FX loans

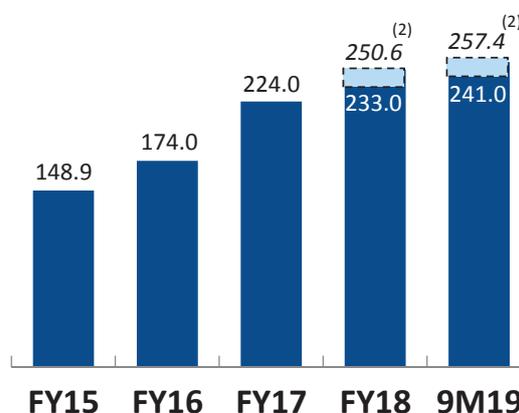
SME loans

(NT\$BN)



Foreign currency loans

(NT\$BN)



As % of total loans

10.6% 9.2% 10.7% 11.4% 13.7%

13.3% 12.2% 15.8% 15.0% 15.9%

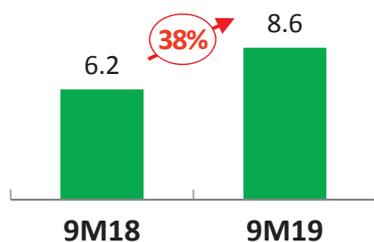
Note : (1) Total loans exclude credit card revolving balance.

(2) China subsidiary was launched in Sep 2018, hence FY18 and 9M19 foreign currency loan balance excluded NT\$17.6BN and NT\$16.5BN (preliminary) from China subsidiary respectively.

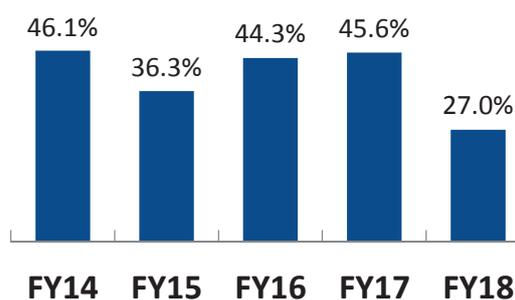
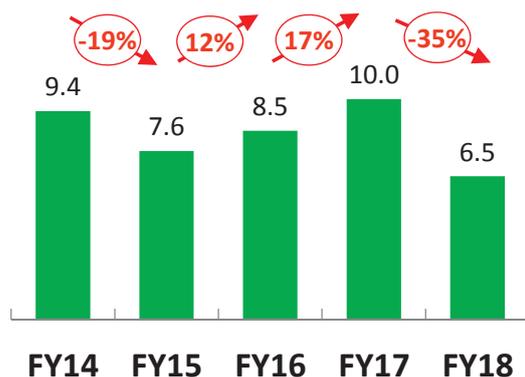
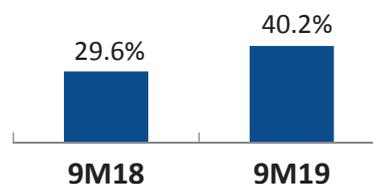
Cathay United Bank – Offshore earnings

Offshore earnings

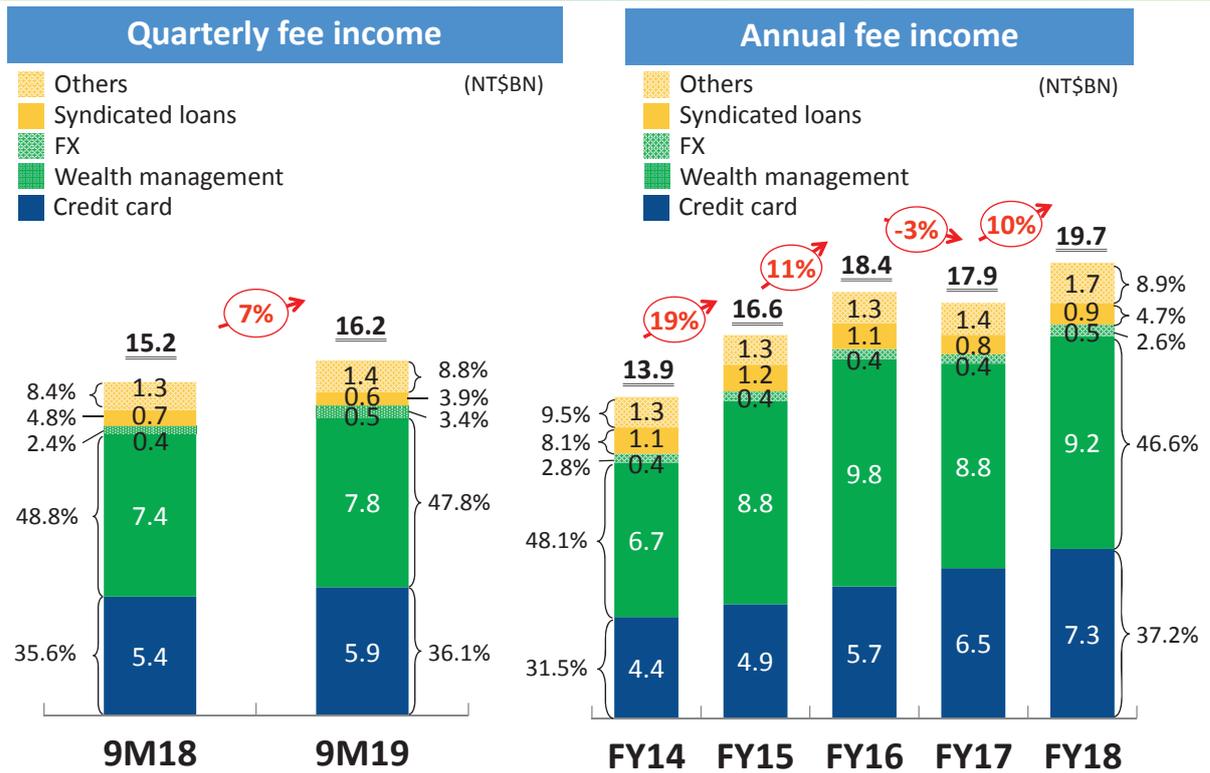
(NT\$BN)



As % of CUB pre-tax profits



Cathay United Bank – Fee income

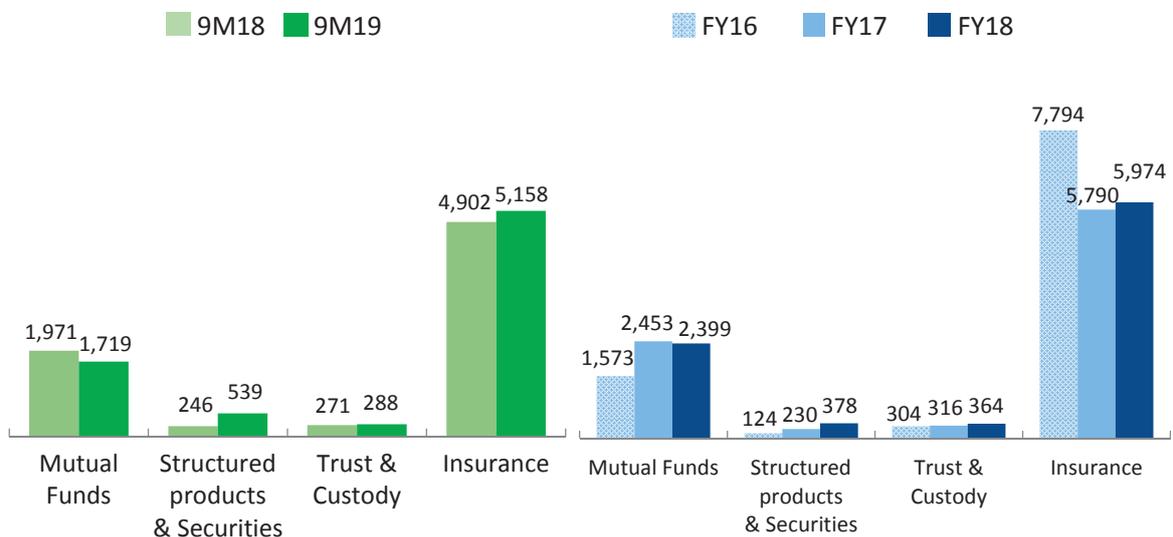


Note: China subsidiary was launched in Sep 2018, hence 9M19 fee income excluded NT\$ 14.0MN (preliminary) from China subsidiary.

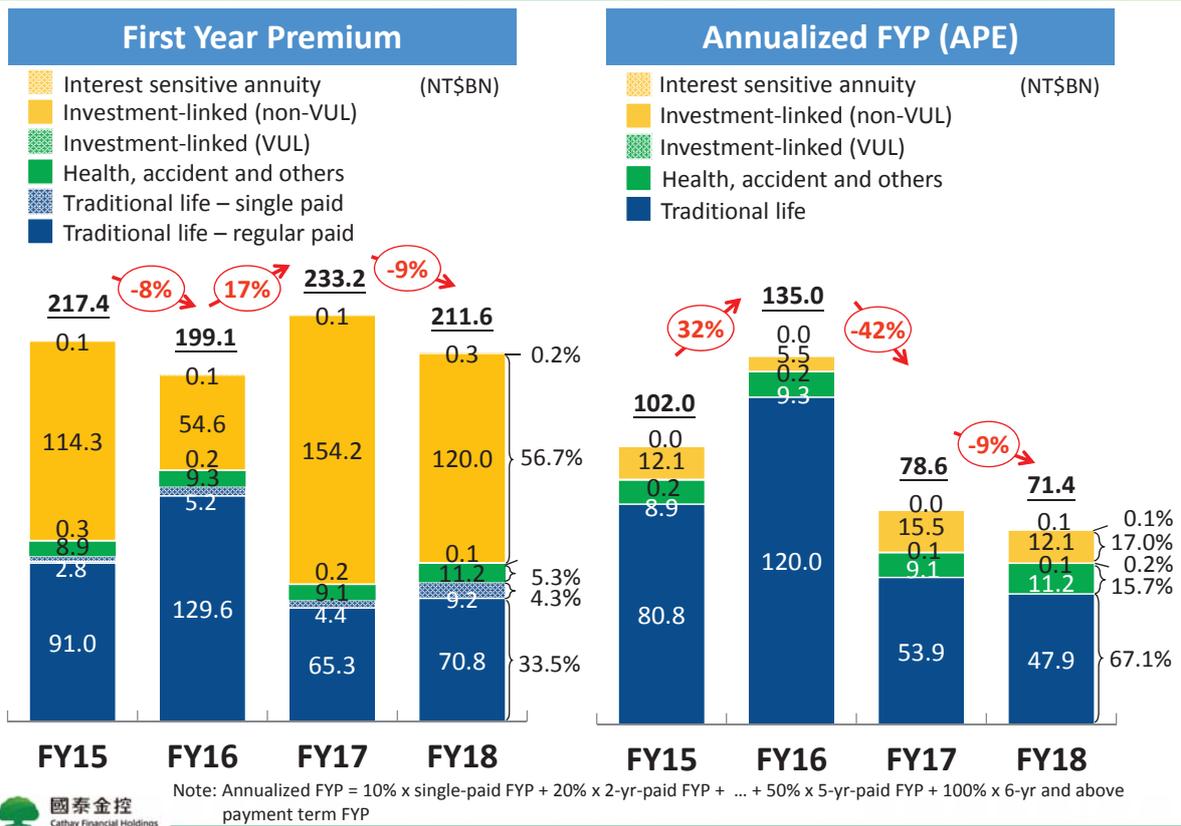
Cathay United Bank – Wealth management fee

Wealth management fee breakdown

(NT\$MN)	9M18	9M19	FY16	FY17	FY18
Wealth management fee income	7,441	7,761	9,828	8,837	9,183
YoY growth (%)	7.2%	4.3%	11.9%	-10.1%	3.9%

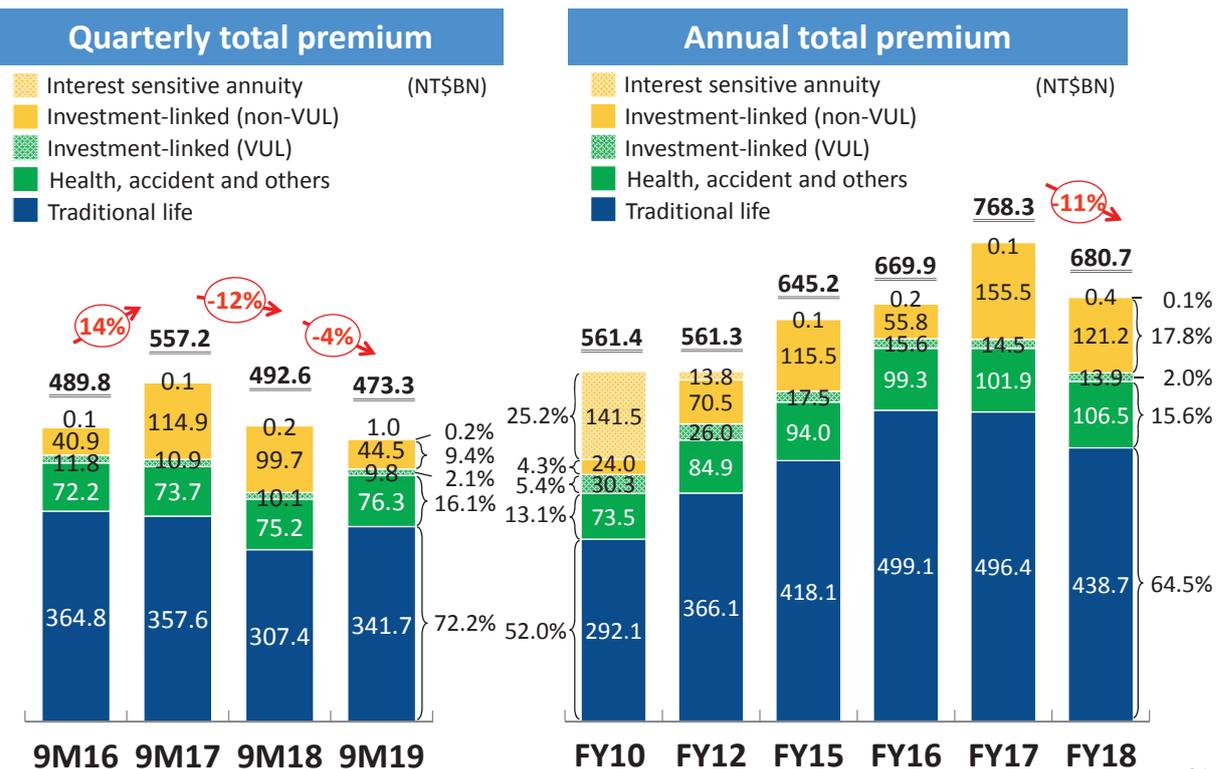


Cathay Life – Annual FYP & APE



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Cathay Life – Total premium

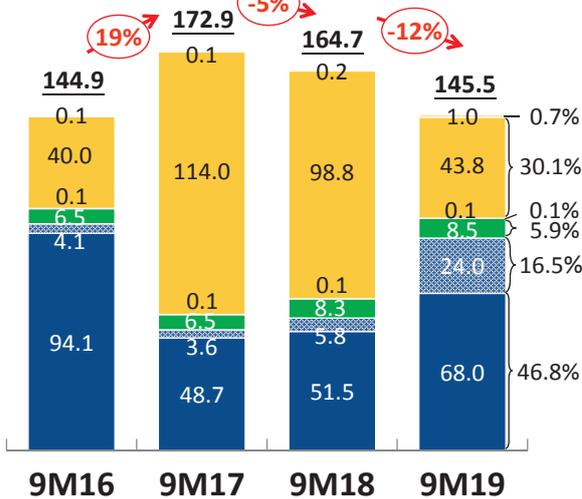


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Cathay Life – Quarterly FYP & APE

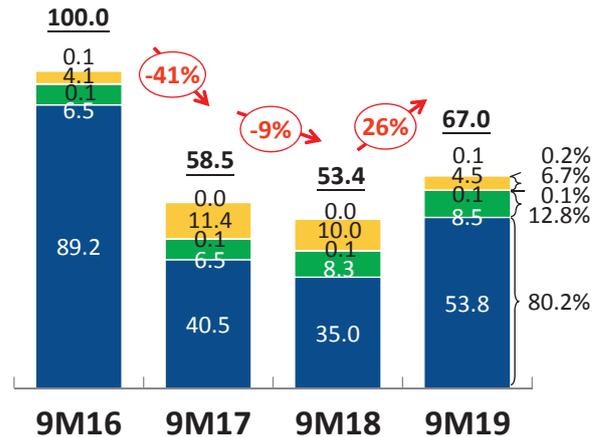
First Year Premium

- 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 FYP (APE)

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



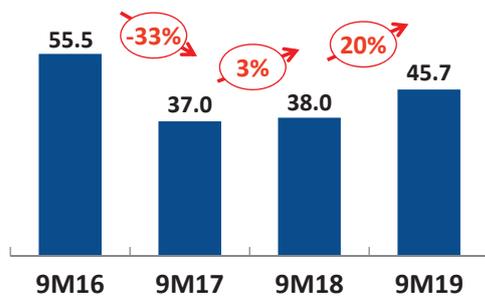
Note: Annualized FYP = 10% x single-paid FYP + 20% x 2-yr-paid FYP + ... + 50% x 5-yr-paid FYP + 100% x 6-yr and above payment term FYP

Cathay Life – Value for new business

Value for New Business

Profit Margin	9M16	9M17	9M18	9M19
VNB/FYP	38%	21%	23%	31%
VNB/APE	56%	63%	71%	68%

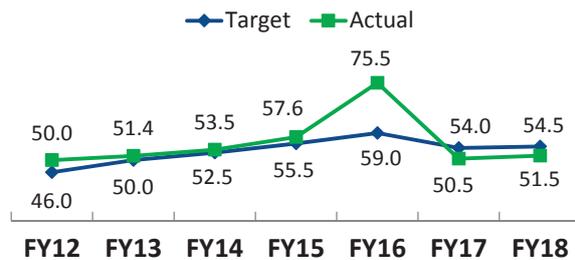
(NT\$BN)



Value for New Business (annual)

Profit Margin	FY12	FY13	FY14	FY15	FY16	FY17	FY18
VNB/FYP	19%	26%	23%	27%	38%	22%	24%
VNB/APE	54%	70%	75%	57%	56%	64%	72%

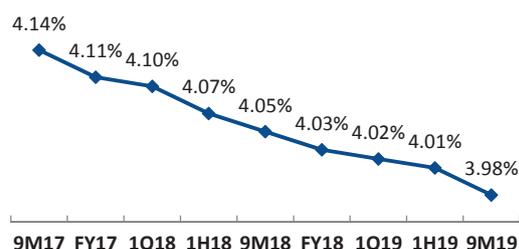
(NT\$BN)



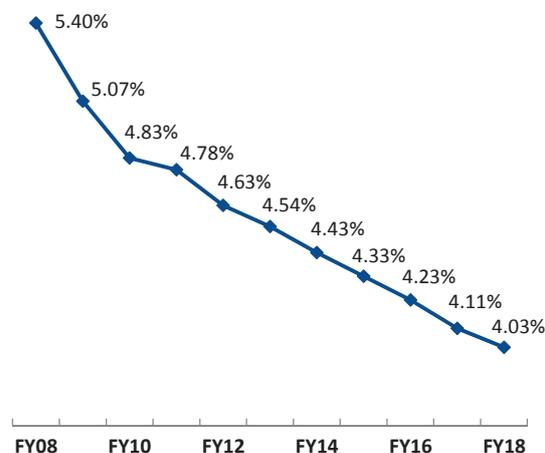
YoY: 3% 4% 8% 31% -33% 2%

Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of liability (annual)



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

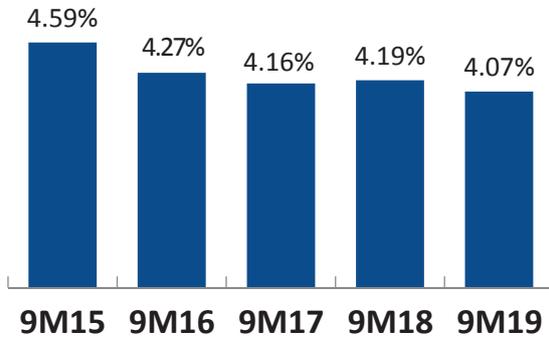
Cathay Life – Investment portfolio

(NT\$BN)	FY16	FY17	FY18			9M19		
Total investments⁽¹⁾	5,001.1	5,502.6	5,761.0			6,262.8		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	1.3%	1.6%	1.1%	61	0.6%	2.6%	165	0.6%
Equity- Domestic	7.9%	8.4%	7.5%	431	9.6%	6.0%	379	7.7%
Equity- International ⁽²⁾	6.4%	6.3%	6.7%	388	8.7%	5.6%	351	7.7%
Bond- Domestic	6.5%	5.5%	5.0%	287	3.6%	6.8%	426	6.6%
Bond- International ⁽¹⁾⁽²⁾	53.8%	55.7%	58.6%	3,374	4.6%	60.3%	3,775	5.1%
Mortgage & Secured loans	8.9%	8.1%	7.1%	411	2.0%	5.7%	356	2.2%
Policy loans	3.3%	3.0%	3.0%	170	5.8%	2.7%	169	5.6%
Real estate	9.8%	9.2%	8.7%	501	2.3%	8.3%	523	2.7%
Others	2.2%	2.4%	2.4%	140		1.9%	119	

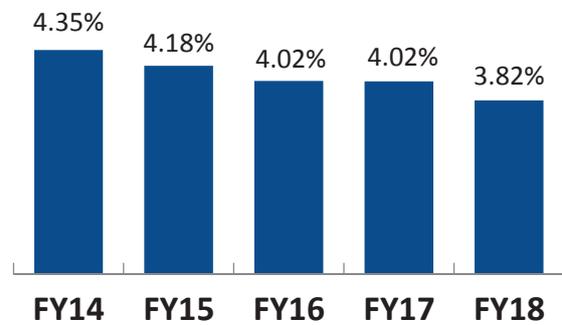
Note: (1) Total assets excluded separate account assets; international bond includes foreign currency deposit and related adjustments
(2) Yields of international equity and international bond are pre-hedge investment yields.

Cathay Life – Investment performance highlight

After-hedging investment yield

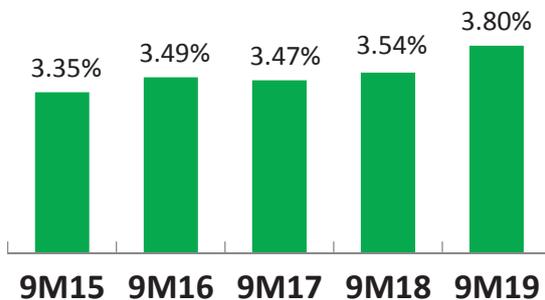


After-hedging investment yield

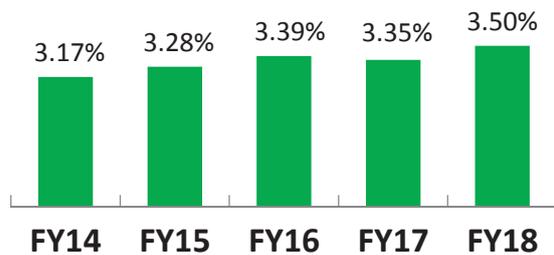


Cathay Life – Investment performance highlight

Pre-hedging recurring yield

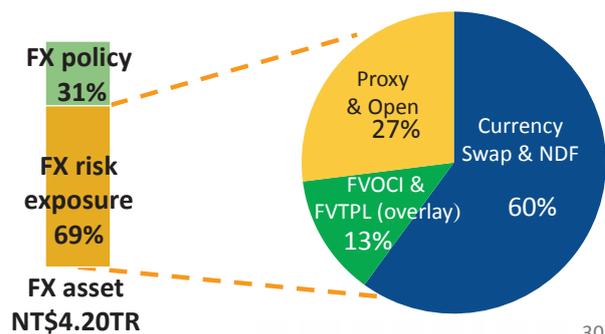


Pre-hedging recurring yield



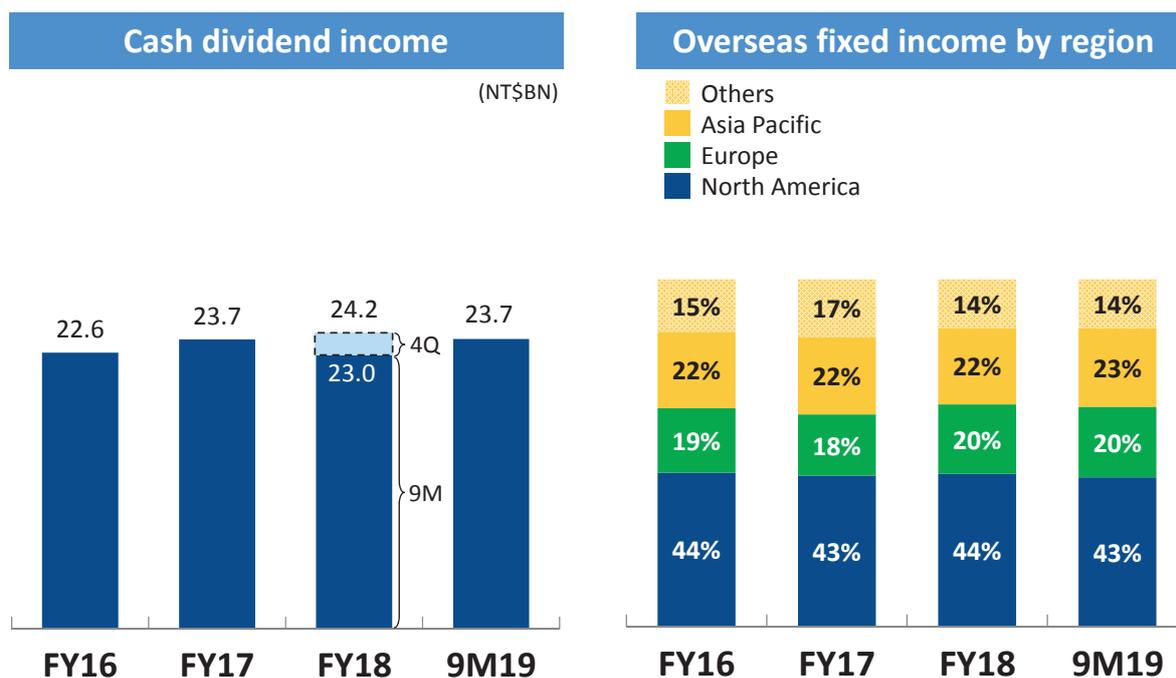
Currency hedging structure

9M19 Hedging cost 1.30%



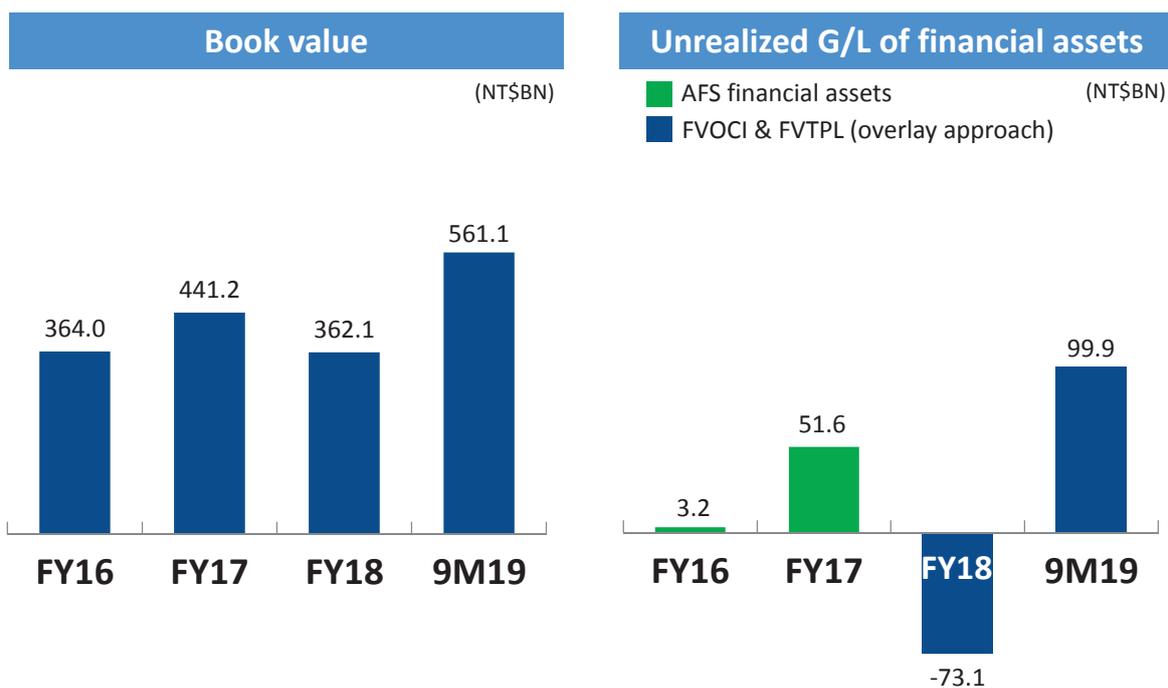
Note: Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend.

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

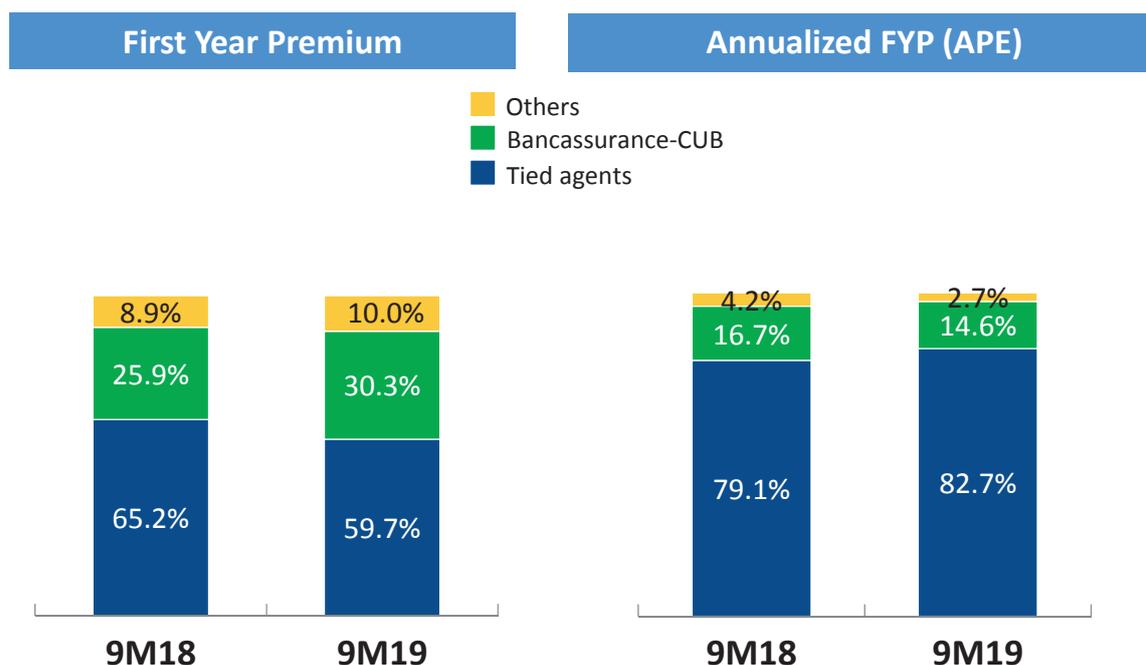


Note: Exclude overseas deposit.

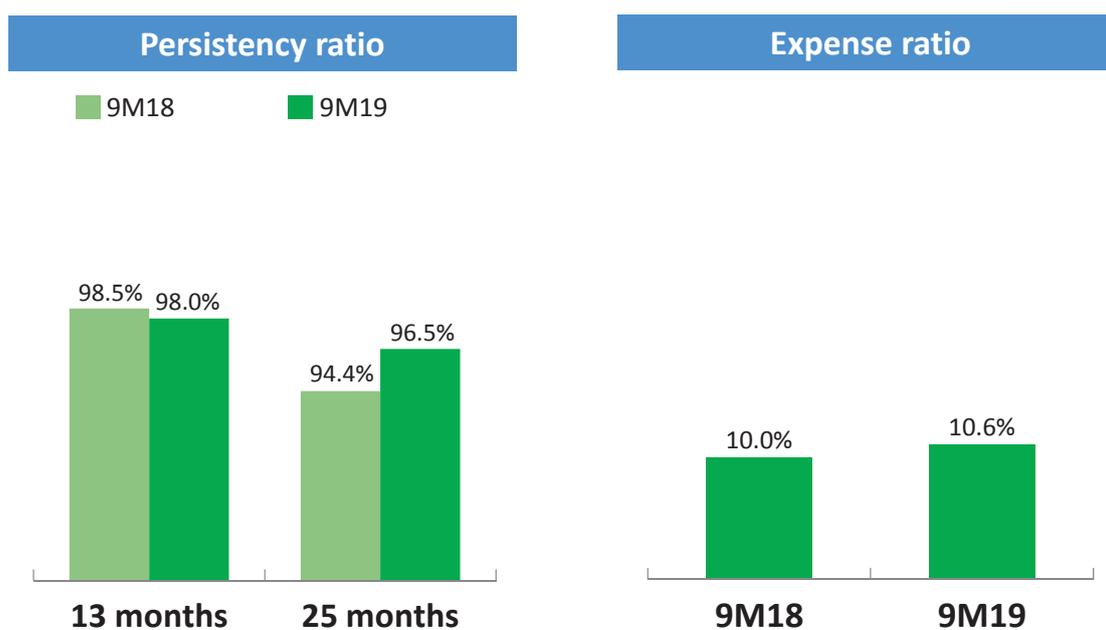
Cathay Life – Book value & Unrealized G/L of financial assets



Cathay Life – Distribution channel



Cathay Life – Operating indicators



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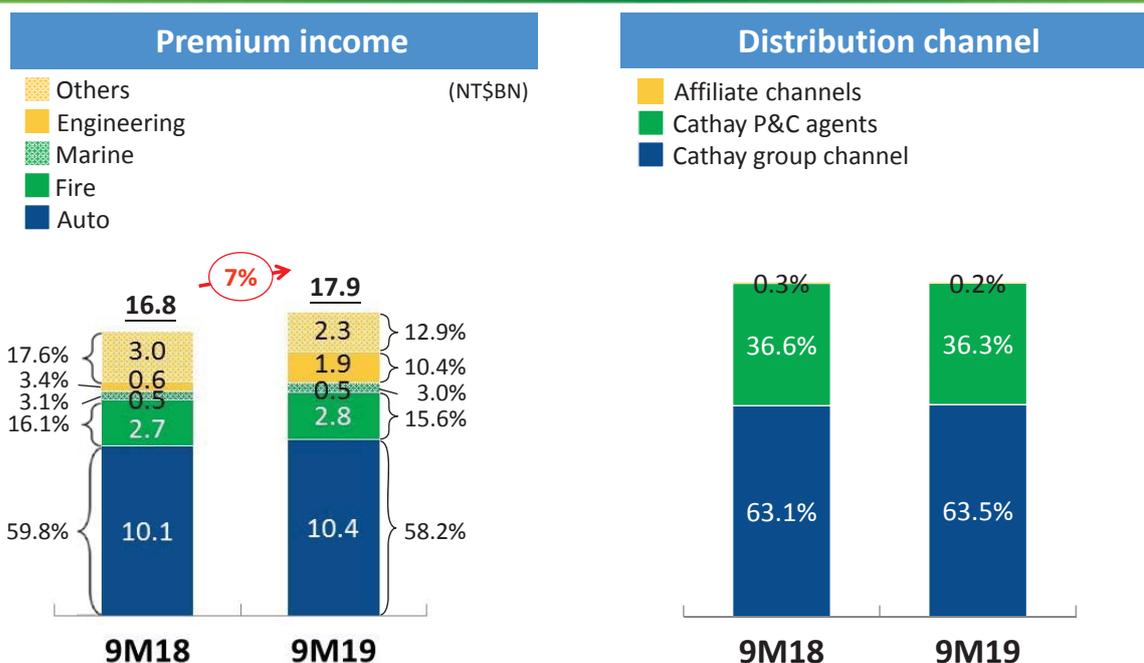
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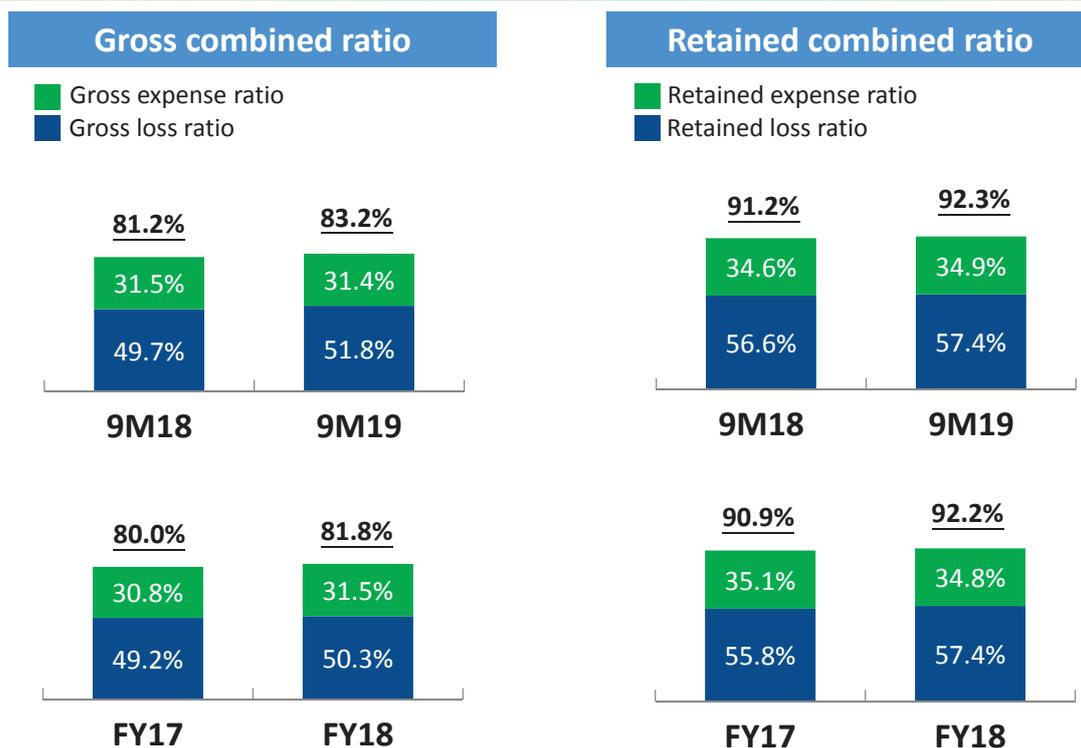
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Cathay Century – Premium income & Distribution channel



Market share	12.7%	12.6%
Retention	77.6%	77.1%

Cathay Century – Combined ratio



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Continuous efforts in CSR

Recognized by local regulatory authorities

Top5 %

Over 1000 listed companies

TWSE Corporate Governance Evaluation

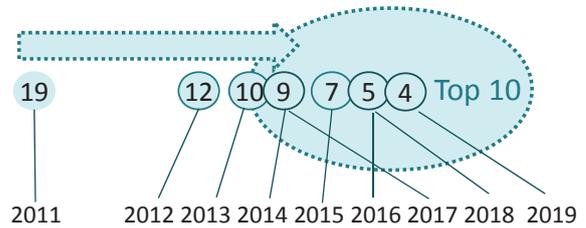
FTSE4Good
TIP Taiwan ESG Index

TIP
Taiwan Index Plus

Initial constituents of the FTSE4Good TIP Taiwan ESG Index.

Ranked Top 10 in the Taiwan Corporate Citizenship Award

Ranked top 10 for 6 consecutive years



Recognized by representative international ESG institutions

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

- ✓ Selected in DJSI Emerging Markets since 2015
- ✓ Selected in DJSI World since 2018
- ✓ RobecoSAM Silver Class

MSCI
ESG Research
IVA RATING
A

CDP
B level

SUSTAINALYTICS
Global Universe

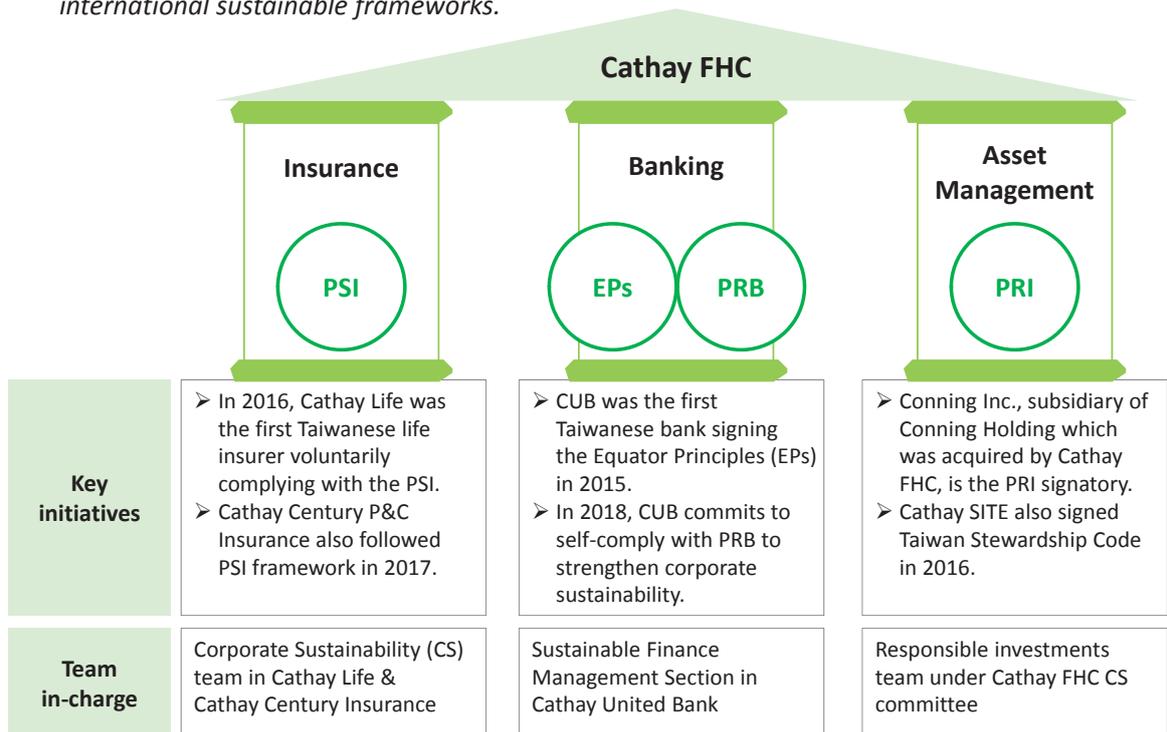
Rank	Percentile
464 out of 9765	6th

vigeo eiris
BEST EM PERFORMERS

FTSE4Good

Integrating sustainability into our business

- *Cathay integrates sustainability into major three business groups in accordance with the international sustainable frameworks.*



Integrating ESG issues into all business processes

Business Processes	Risk Management	Products & Services	Operation	After-Sales Management	Investment
Integrating ESG into Business Process	<ul style="list-style-type: none"> • Consider ESG emerging risks • Improve the management of climate risk and opportunity by following TCFD framework • Set investment/lending limits and management procedures 	<ul style="list-style-type: none"> • Fintech and one-stop service • Strengthen the green finance and inclusive finance services • Integrate ESG issues to the underwriting and lending processes 	<ul style="list-style-type: none"> • Paperless operations and Fintech • GHG inventory and carbon emission reduction • Water and waste control 	<ul style="list-style-type: none"> • Review the product details and offer flexibility to customers when significant ESG incidents occur • Trigger critical disaster claims mechanism when significant ESG incidents occur • Disclose EPs projects 	<ul style="list-style-type: none"> • Exclusion policy • ESG integration • Sustainability themed investing • Corporate engagement and shareholders' actions • Investment mandate management

Actively participate in Global ESG initiatives



- Cathay FHC was **the first Taiwan financial institution to join the CDP in 2012** aiming to improve the carbon emission data transparency of Cathay's investee companies and loan customers.
- Participated in the **CDP non-discloser engagement campaign** since 2017 encouraging Cathay's investee companies to respond to CDP questionnaires.
- The **response rate in 2017 and 2018 was 19% and 14% respectively**, higher than the overall response rate.



- Cathay FHC was **the only Taiwan financial institution to join the Low Carbon Investment Registry** initiated by GIC in 2014.
- The low carbon investment amount registered in 2015 reached US\$ 1.73 billion.



- **Cathay FHC joined AIGCC in 2016** and participates in the monthly conference calls discussing global trends in climate change.



- Cathay Life and Cathay SITE are **signatories to the Climate Action 100+ initiatives**.
- Cathay will **engage with Taiwan companies who are substantial greenhouse emitters** and encourage them to disclose the impact of climate-related risks and opportunities based on TCFD recommendation.

Agenda

- Introduction of Cathay FHC
- 9M19 Business overview
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- **M&A Key Highlights**
- Appendix

M&A Transaction: Conning in USA

- Cathay Life acquired 100% stake of Conning Holdings Corporation in 2015 for US\$240 MN. 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 US\$171.3BN AuM (9M19)
- 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>
Life	73.3	Asia	75.3
Property-Casualty	45.7	North America	74.2
Others	21.3	Continental Europe	13.1
Retail	18.4	United Kingdom	5.9
Pension	12.5	Bermuda	1.9
Total AUM	171.3	Other	0.9
		Total AUM	171.3

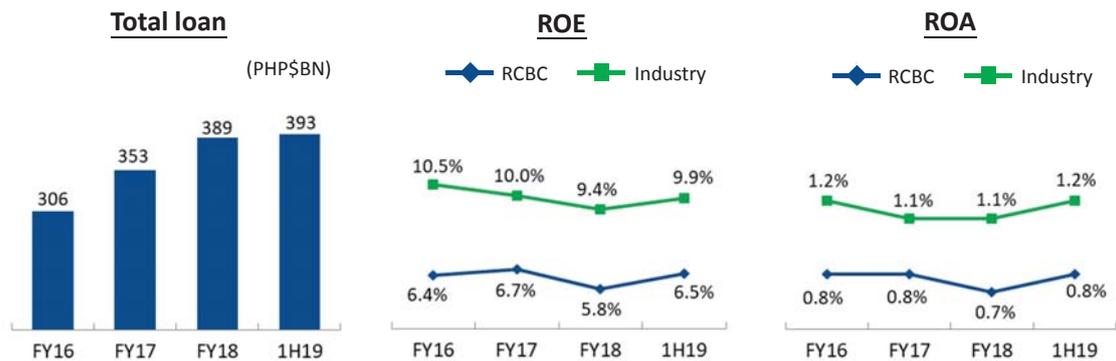
Note: Totals may not sum due to rounding.

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 PHP\$17.9 BN (c. US\$400 MN). 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

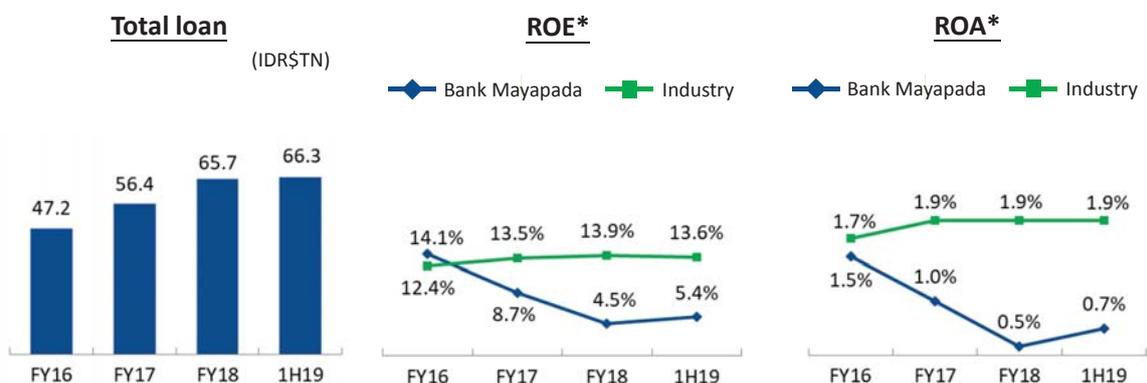
- RCBC is one of the large private-owned banks in terms of total assets, with 507 branches and 6,693 employees at the end of August 2019.



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 (US\$ 164 MN) – completed in 1H15
 - Stage 2 : acquire 15.1% stake – completed in Oct 2016
- Total investment was ~IDR\$3.52 TN (US\$ 295 MN), 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

Embedded Value & Appraisal Value

NT\$BN, except for per share figures

Valuation date	2017/12/31	2018/12/31
In-force business investment yield	3.92% ~ Year 2037 5.05% for NTD policies 4.67% ~ Year 2037 5.82% for USD policies (Equivalent investment yield: 4.43% Rolling over to 2018: 4.51%)	3.95% ~ Year 2038 5.00% for NTD policies 4.64% ~ Year 2038 5.78% for USD policies (Equivalent investment yield: 4.38%)
Risk discount rate	10%	10%
Adjusted net worth	464	387
Value of in-force business	670	722
Cost of capital (CoC)	-190	-210
Value of in-force business (After CoC)	480	512
Embedded Value (EV)	944	898
EV / per share	164.8(75.1)	156.9(71.5)
Future one year's new business investment yield	2.91% ~ Year 2037 4.91% for NTD policies 4.22% ~ Year 2037 5.84% for USD policies	3.13% ~ Year 2038 4.86% for NTD policies 4.66% ~ Year 2038 5.79% for USD policies
Value of future one year's new business (After CoC)	54.5	52.0
Appraisal Value (AV)	1,416	1,351
AV / per share	247.3(112.7)	235.9(107.5)

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 and Cathay FHC are 5.7bn and 12.6bn, respectively. (The outstanding shares of Cathay Life in 2017 reflects capital injection in June 2018.)

(4) May not sum to total due to rounding.

Summary

NT\$BN, except for per share figures

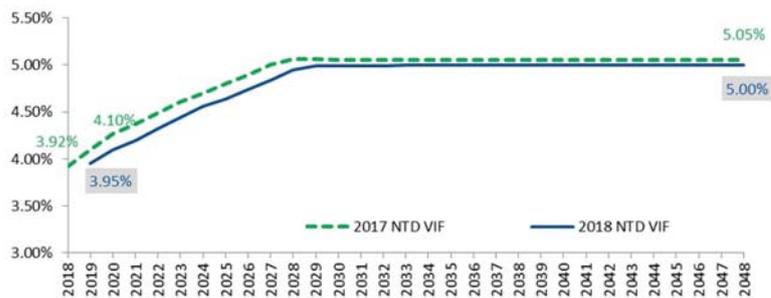
Valuation date		2017	2018	Growth rate	1Q19
Embedded value	Equity	436	357	-18%	--
	Adjusted net worth	464	387	-17%	--
	Value of in-force business(before CoC)	670	722	8%	--
	Cost of capital (CoC)	-190	-210	11%	--
	Value in-force business (after CoC)	480	512	7%	--
	Embedded value	944	898	-5%	--
Value of one year's new business	First year premium (FYP)	233.2	211.6	-9%	60.7
	First year premium equivalent (FYPE)	78.6	71.4	-9%	29.1
	Value of one year's new business (V1NB)	50.5	51.5	2%	20.0
	Profit margin (V1NB/FYP)	22%	24%	--	33%
	Profit margin (V1NB/FYPE)	64%	72%	--	69%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	57%	52%	--	41%
Appraisal value (20 years NB)	Multiple	8.7	8.7	--	--
	Appraisal value	1,416	1,351	-5%	--
Basic Value per share	EV / per share of Cathay FHC	75.1	71.5	-5%	--
	AV / per share of Cathay FHC	112.7	107.5	-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.

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 2017 & 2018.

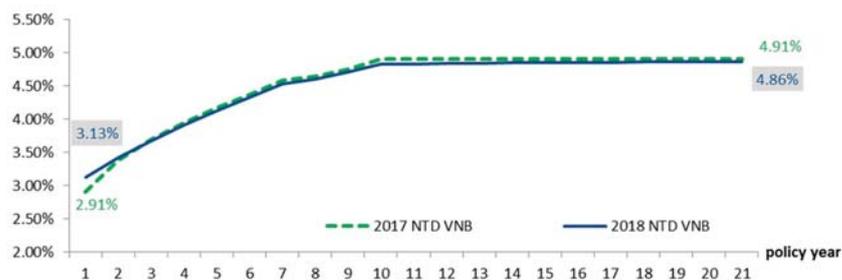


- Investment return assumptions for the value of in force business of USD-denominated policies as of the end of 2017 & 2018.



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

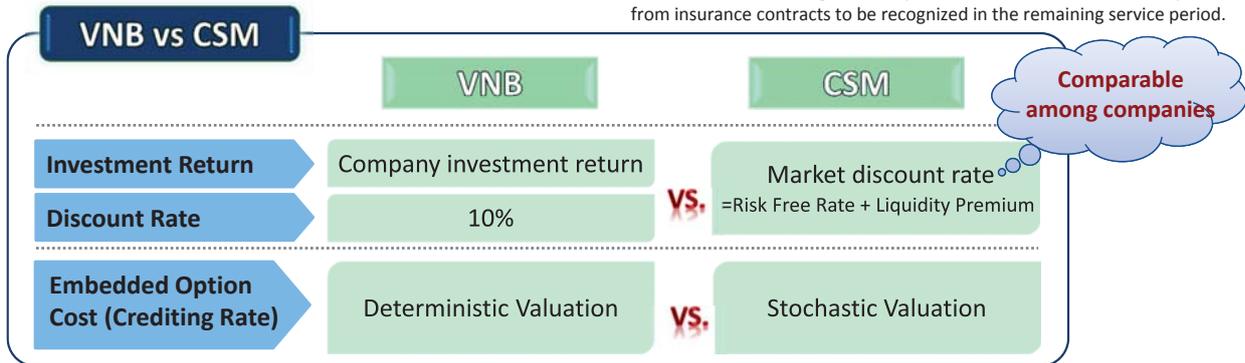
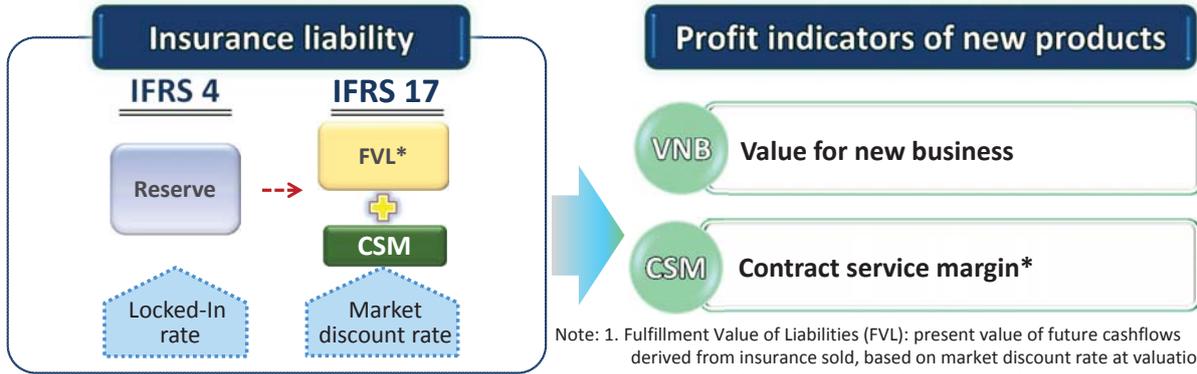
- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2017 & 2018.



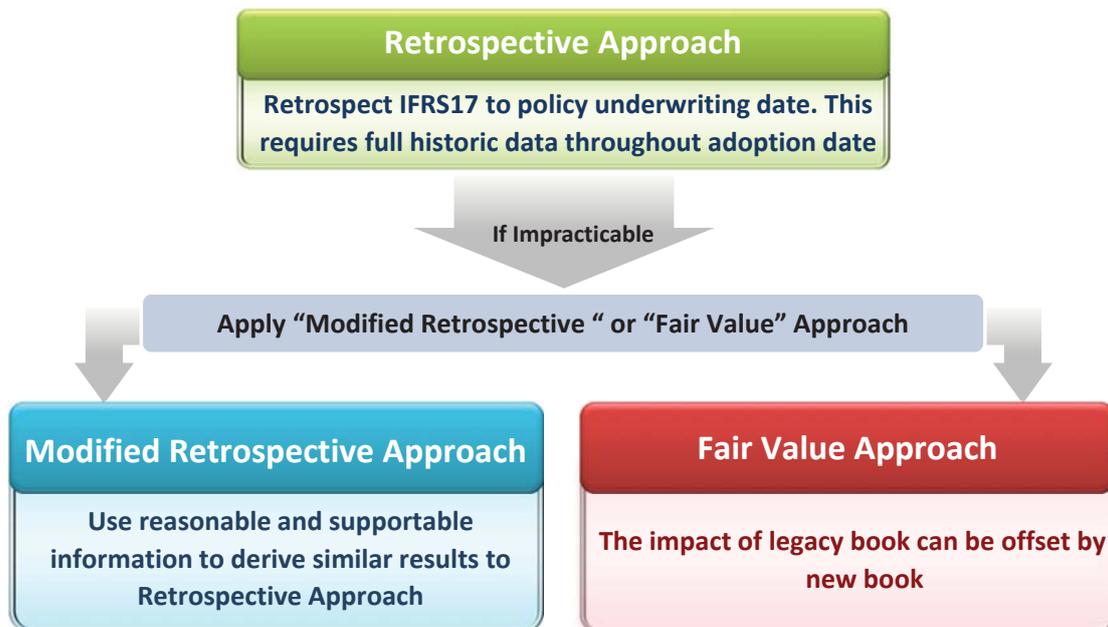
- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2017 & 2018.



IFRS 17 – Measurement



IFRS 17 – Adoption date



Note: Legacy book - contracts with guaranteed rates $\geq 4\%$
New book - contracts with guaranteed rates $< 4\%$

Accounting impact from IFRS 17

- ❑ IFRS 17 implementation changes the measurement of insurance liability. It does not affect the value of insurance contracts but affects the timing of profit recognition for insurance services.
- ❑ Insurers need to mark to market both assets and liabilities.
- ❑ It may increase the volatility of shareholders' equity, hence asset-liability management expertise is critical.

IFRS 17 impact & preparation

Benefiting from IFRS 17

- The impact from legacy book is fully reflected on adoption date
- Reduce the interest expense of insurance liability thereafter



Value-driven product strategy

CSM-focused products

- Protection products with superior CSM margin (CSM/FYP)
- Savings products with positive CSM



Capital plan

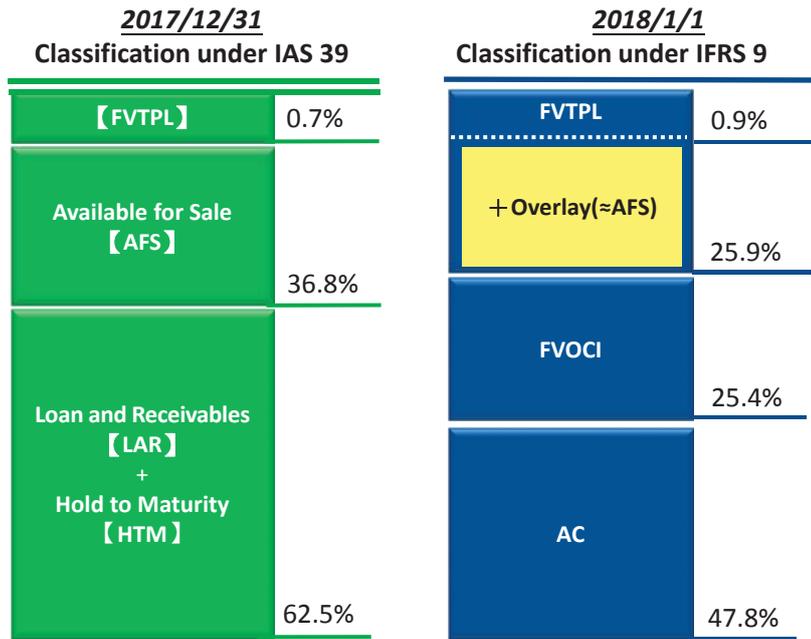
Capital market volatility and IFRS 17 adoption

- Build adequate capital buffer
- Early preparation ahead of the industry

Healthier Industry development

- Better risk-pricing disciplines among competitors restore industry profit margins
- Strong ALM expertise is critical for achieving stable financial performance

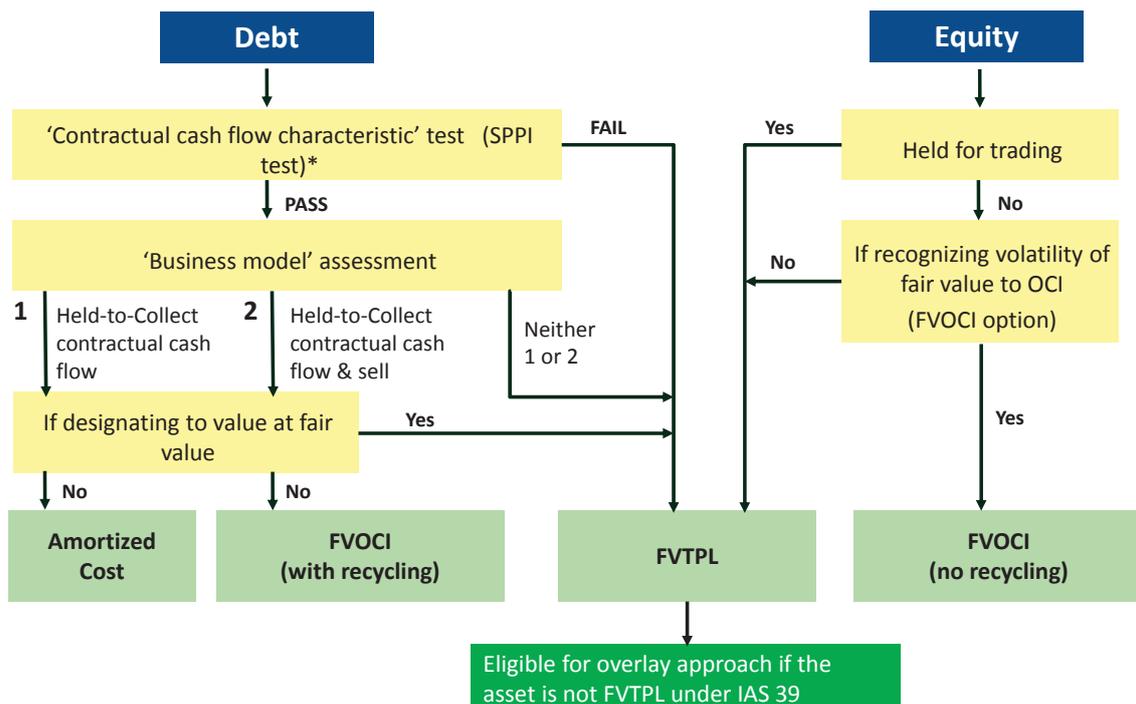
Cathay Life - Asset reclassification under IFRS 9



Cathay Life's book value increased by NT\$32.6 bn.

Note: FVTPL stands for Fair Value through Profit or Loss, FVOCI stands for Fair Value through Other Comprehensive Income, and AC stands for Amortized Cost.

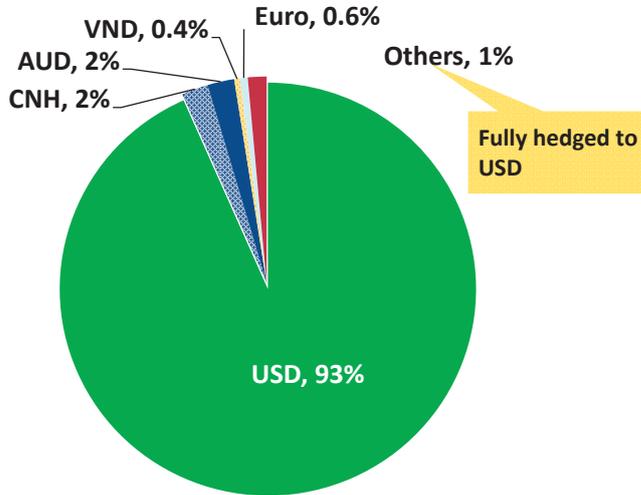
Asset classification under IFRS 9 with overlay approach



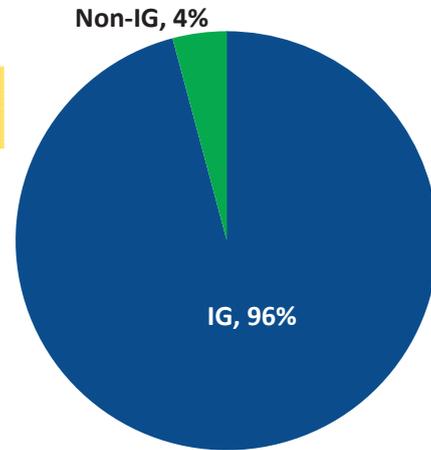
*SPPI means cash flow are solely payments of the principal and interests on the principal amount outstanding. Interests consist of the consideration of time value and credit risk associated with the principal.

Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (9M19)

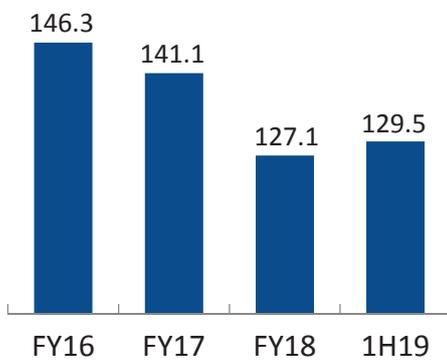


Overseas bond by rating (9M19)

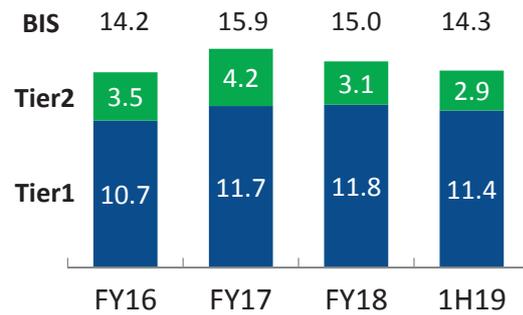


Capital adequacy

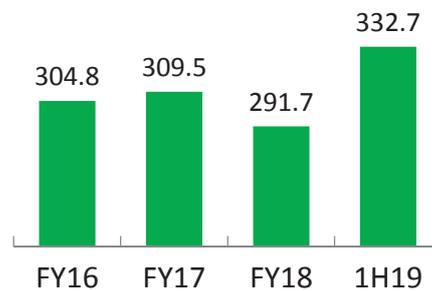
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



Cathay Life RBC (%)



Cathay Financial Holdings (NT\$MN)	FY18/ FY17			9M19/ 9M18			3Q19/ 3Q18		
	FY17	FY18	% Chg	9M18	9M19	% Chg	3Q18	3Q19	% Chg
<u>Income Statement Data (Consolidated)</u>									
Operating Income									
Net interest income	168,461	180,628	7%	132,405	146,941	11%	47,305	49,539	5%
Net commission and fee	1,070	2,883	170%	6,191	2,784	-55%	2,067	1,714	-17%
Net earned premium	624,617	576,811	-8%	405,621	446,740	10%	119,773	137,359	15%
Change in liability reserve	(445,833)	(334,122)	-25%	(239,321)	(256,836)	7%	(61,187)	(96,788)	58%
Net claims payment	(295,503)	(368,656)	25%	(263,416)	(287,079)	9%	(88,940)	(74,402)	-16%
Investment income	62,065	82,634	33%	81,385	76,975	-5%	23,331	23,239	0%
Contribution from associates-equity method	1,298	1,004	-23%	1,042	644	-38%	505	(117)	-123%
Other net non-interest income	22,446	(1,378)	-106%	(4,455)	(4,303)	3%	(290)	2,554	980%
Bad debt expense	(3,460)	(4,599)	33%	(2,065)	(621)	-70%	(622)	(387)	-38%
Operating expense	(75,526)	(79,606)	5%	(57,979)	(63,914)	10%	(20,087)	(21,117)	5%
Income before taxes	59,636	55,599	-7%	59,408	61,330	3%	21,855	21,593	-1%
Income taxes	(2,962)	(3,777)	27%	(4,811)	(9,178)	91%	(3,273)	(3,574)	9%
Net income	56,673	51,822	-9%	54,597	52,152	-4%	18,583	18,018	-3%
EPS (NT\$)	4.47	3.95		4.18	3.86		1.47	1.41	
<u>Dividend Payout</u>									
Cash dividend per share	2.50	1.50							
Stock dividend per share	0.00	0.00							
Weighted average outstanding shares (Millions of common shares)	12,563	12,563		12,563	12,563				
<u>Balance Sheet Data (Consolidated)</u>									
Total assets	8,841,510	9,224,484		9,248,502	9,939,730				
Total shareholders' equity	608,471	529,289		611,671	732,301				
<u>Operating Metrics</u>									
ROAE (Consolidated)	9.96%	8.83%		11.59%	11.02%				
ROAA (Consolidated)	0.67%	0.57%		0.80%	0.73%				
Double leverage ratio(inc. preferred stock)	108%	112%		111%	110%				
<u>Capital Adequacy Metrics</u>									
Capital Adequacy Ratio	141%	127%							

Notes:

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Cathay Life

(NT\$MN)

Income Statement Data (Consolidated)	FY18/ FY17			9M19/ 9M18			3Q19/ 3Q18		
	FY17	FY18	% Chg	9M18	9M19	% Chg	3Q18	3Q19	% Chg
Net written premium	608,404	559,386	-8%	392,720	430,348	10%	115,368	131,838	14%
Net earned premium	607,547	558,929	-8%	392,932	430,221	9%	115,367	131,601	14%
Reinsurance commission earned	301	762	153%	457	22	-95%	12	8	-27%
Fee income	9,468	9,148	-3%	7,065	6,229	-12%	2,120	2,162	2%
Recurring investment income	173,846	197,281	13%	150,182	180,523	20%	62,119	70,256	13%
Gain on disposal of investment									
Realized gain (loss)-Equity	43,625	49,374	13%	44,943	28,718	-36%	7,301	2,936	-60%
Realized gain (loss)-Debt	21,233	15,092	-29%	12,734	21,970	73%	1,751	8,141	365%
Gain on investment property	(756)	(740)	2%	(632)	622	199%	3	(5)	-247%
FX and others, net	(28,258)	(44,019)	-56%	(29,164)	(46,247)	-59%	(12,430)	(17,275)	-39%
Investment income, net	209,691	216,988	3%	178,063	185,585	4%	58,744	64,053	9%
Other operating income	5,069	5,508	9%	4,037	4,406	9%	1,411	1,463	4%
Separate account revenues	44,304	28,084	-37%	29,680	46,299	56%	12,618	7,629	-40%
Net claims payment	(284,023)	(357,244)	26%	(255,602)	(275,855)	8%	(86,475)	(70,501)	-18%
Changes in liability reserves	(445,843)	(333,716)	-25%	(239,113)	(256,549)	7%	(60,892)	(96,663)	59%
Acquisition and commission expense	(32,507)	(33,900)	4%	(24,749)	(29,801)	20%	(8,322)	(9,334)	12%
Other operating costs	(6,418)	(7,765)	21%	(5,706)	(4,375)	-23%	(1,736)	(1,464)	-16%
Financial cost	(1,963)	(2,331)	19%	(1,739)	(2,026)	16%	(592)	(750)	27%
Separate account expense	(44,304)	(28,084)	-37%	(29,680)	(46,299)	56%	(12,618)	(7,629)	-40%
Operating expense	(28,790)	(29,165)	1%	(21,551)	(22,846)	6%	(7,257)	(7,630)	5%
Net non-operating income	1,442	1,312	-9%	1,068	1,195	12%	367	334	-9%
Income taxes	2,294	1,773	-23%	1,089	(5,629)	617%	(1,576)	(2,498)	58%
Net income	36,268	30,297	-16%	36,249	30,577	-16%	11,171	10,783	-3%

Balance Sheet Data

Total assets	6,097,655	6,391,395		6,416,609	6,945,778
General account	5,542,385	5,844,430		5,831,712	6,353,155
Separate account	555,269	546,964		584,897	592,623
Reserves for life insurance liabilities	4,944,292	5,313,167		5,210,049	5,583,924
Total liabilities	5,656,473	6,029,265		5,967,211	6,384,654
Total shareholders' equity	441,181	362,129		449,399	561,125

Operating Metrics (Standalone)

First Year Premium(FYP)	233,250	211,588		164,680	145,456
First Year Premium Equivalent(FYPE)	78,602	71,372		53,386	67,021
Expense ratio	8.6%	9.6%		10.0%	10.6%
13-M persistency ratio	98.2%	98.4%		98.5%	98.0%
25-M persistency ratio	94.3%	94.7%		94.4%	96.5%
ROAE	9.01%	7.25%		10.47%	8.83%
ROAA	0.62%	0.48%		0.77%	0.61%

Capital Adequacy Metrics (Standalone)

RBC ratio	309%	292%
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Cathay United Bank

(NT\$MN)	FY18/ FY17			9M19/ 9M18			3Q19/ 3Q18		
	FY17	FY18	% Chg	9M18	9M19	% Chg	3Q18	3Q19	% Chg
<u>Income Statement Data (Consolidated)</u>									
Operating Income									
Net interest income	29,701	33,397	12%	24,598	27,053	10%	8,626	9,147	6%
Fee income	14,862	16,678	12%	12,873	13,082	2%	4,751	4,599	-3%
Investment income	9,442	9,862	4%	8,789	8,203	-7%	3,979	2,361	-41%
Other income	1,216	918	-25%	618	451	-27%	195	132	-33%
Net operating income	55,222	60,855	10%	46,878	48,789	4%	17,551	16,238	-7%
Operating expenses	(29,301)	(31,340)	7%	(23,107)	(25,019)	8%	(8,382)	(8,285)	-1%
Pre-provision profit	25,920	29,515	14%	23,771	23,770	0%	9,169	7,953	-13%
Net provisions for possible losses	(3,494)	(5,032)	44%	(2,312)	(1,551)	-33%	(820)	(634)	-23%
Income before taxes	22,426	24,483	9%	21,459	22,219	4%	8,349	7,319	-12%
Income tax	(2,763)	(3,230)	17%	(3,056)	(3,097)	1%	(1,105)	(961)	-13%
Net income	19,664	21,253	8%	18,403	19,122	4%	7,244	6,358	-12%
<u>Balance Sheet Data</u>									
Total assets	2,735,704	2,843,881		2,830,340	2,989,672				
Loans, net	1,434,558	1,595,323		1,569,443	1,553,914				
Financial assets	859,590	878,001		889,729	873,242				
Total liability	2,553,396	2,638,074		2,629,323	2,772,057				
Deposits	2,098,368	2,227,662		2,196,933	2,300,477				
Financial Debenture Payable	63,350	55,600		55,600	53,900				
Total shareholders' equity	182,308	205,807		201,017	217,615				
<u>Operating Metrics</u>									
Cost income ratio	53.06%	51.50%		49.29%	51.28%				
ROAE	11.49%	10.86%		12.70%	12.04%				
ROAA	0.74%	0.76%		0.88%	0.87%				
<u>Assets Quality (Standalone)</u>									
NPL	2,982	2,563		2,511	3,221				
NPL ratio	0.21%	0.16%		0.16%	0.21%				
NPL provisions	22,553	23,879		23,510	25,363				
Coverage ratio	756%	932%		936%	788%				
<u>Capital Adequacy Metrics (Standalone)</u>									
BIS ratio	15.9%	15.0%							
Tier I Ratio	11.7%	11.8%							
<u>LDR (Standalone)</u>									
TWD LDR	73.7%	77.7%		76.8%	70.4%				
FX LDR	49.1%	46.6%		50.3%	52.3%				

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Cathay Century

(NT\$MM)	FY18/ FY17			9M19/ 9M18			3Q19/ 3Q18		
	FY17	FY18	% Chg	9M18	9M19	% Chg	3Q18	3Q19	% Chg
<u>Income Statement Data (Consolidated)</u>									
Premium income	21,878	23,186	6%	17,042	18,194	7%	5,672	6,029	6%
Net written premium	16,610	17,797	7%	13,162	13,952	6%	4,455	4,720	6%
Net earned premium	16,344	17,349	6%	12,912	13,881	8%	4,483	4,806	7%
Reinsurance commission earned	489	556	14%	394	427	8%	122	129	6%
Fee income	42	43	3%	32	33	1%	10	10	1%
Investment	892	640	-28%	805	764	-5%	179	363	103%
Interest income	547	559	2%	421	411	-2%	141	142	1%
Other investment income, net	345	81	-76%	384	352	-8%	38	220	486%
Other operating income	0	0	0%	0	0	0%	0	0	0%
Net claims payment	(9,138)	(9,408)	3%	(6,976)	(7,482)	7%	(2,268)	(2,583)	14%
Changes in liability reserves	10	(406)	4148%	(208)	(287)	38%	(294)	(124)	-58%
Commissions and other operating costs	(2,859)	(3,043)	6%	(2,243)	(2,394)	7%	(786)	(825)	5%
Operating expenses	(3,609)	(3,848)	7%	(2,820)	(2,979)	6%	(956)	(1,013)	6%
Operating income	2,170	1,883	-13%	1,896	1,962	3%	489	761	56%
Net non-operating income	(16)	(24)	-53%	(9)	(0)	96%	(1)	(0)	79%
Income taxes	(297)	(349)	18%	(309)	(314)	2%	(78)	(110)	41%
Net income	1,858	1,510	-19%	1,578	1,648	4%	410	651	59%
<u>Balance Sheet Data</u>									
Total assets	38,351	37,956		37,427	40,758				
Total stockholders' equity	10,517	10,025		10,225	11,946				
<u>Operating Metrics</u>									
Gross Combined ratio	80.0%	81.8%		81.2%	83.2%				
Net Combined ratio	90.9%	92.2%		91.2%	92.3%				
ROAE	18.83%	14.69%		20.28%	20.00%				
ROAA	4.85%	3.96%		5.55%	5.57%				
<u>Capital Adequacy Metrics</u>									
RBC ratio (Standalone)	392%	370%							

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) Starting from 2018/1/1, Cathay Century adopted IFRS9. The comparative information for prior periods was not restated.

Note
