



**國泰金控**

Cathay Financial Holdings

# 2021 Fourth Quarter Briefing

March 2022



# Agenda

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- **2021 Business Overview and 2022 Outlook**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# Cathay FHC – 2021 Business highlights

## Net profit continued to hit new records

- ❑ Cathay FHC consolidated net profit reached NT\$140.9bn, setting a new record for the third consecutive year.
- ❑ Group subsidiaries Cathay Life, CUB, Cathay Securities, and Cathay SITE each delivered record earnings.

## Leading position in ESG and responsible investment and lending

- ❑ Ranked No. 1 globally in DJSI categories of Sustainable Finance and Financial Inclusion; ranked No. 1 in overall score among Taiwan insurers.
- ❑ Once again received an MSCI ESG rating of AA in the Life & Health Insurance category.
- ❑ Selected by The Investor Agenda for its global top-10 best-practice case studies in the Investor Climate Action Plan areas of Corporate Engagement and Policy Advocacy.
- ❑ Committed to utilizing 100% renewable energy by 2030 for all business operation sites in Taiwan, and targeted to achieve net-zero emissions by 2050. Urged investee companies and corporate borrowers to transition to low-carbon operations.

## Aiming to be a “data and technology-driven fintech company”

- ❑ Launched “Cathay as a Service (CaaS) ecosystem platform” to offer cross-industry partners API packages and one-stop user experience.
- ❑ Cathay Life launched the “Cathay Vision Experience” remote insurance application platform, the first in Taiwan.
- ❑ CUB CUBE card, aiming to increase customer stickiness, integrates credit card benefits from different partners and allows cardholders to select benefits on the CUB mobile banking app.
- ❑ Fostered digital transformation in Vietnam and Cambodia to accelerate business development and enhance customer experience.

# 2021 Business overview

## Cathay United Bank

- Delivered robust growth in deposits and loans. Asset quality was benign. NIM rebounded and net interest income showed 9% YoY growth.
- Net fee income saw double-digit growth YoY, driven by strong YoY growth of 19% in wealth management fees.

## Cathay Life

- Adhered to value-driven strategy. Protection-type FYP grew 15% YoY. AUM for investment-linked products increased to over NT\$700bn, ranking No. 1 in the industry.
- Delivered sound investment performance with after-hedging investment yield of 4.9%.
- Maintained solid capital position with RBC ratio of 371% and E/A ratio of 10.5%.

## Cathay Century

- Premium income up 10% YoY; market share of 12.4% ranked No. 2 in industry. Customer-centric products and well-rounded coverage concepts drove premium income rise.
- Developed online business in China. Accelerated development of Vietnam business and increased premium income through digital transformation and mobile applications.

## Cathay SITE

- Ranked No. 1 in AUM, amounting to NT\$1.28tn. Earned wide acclaim for various new products. FY21 net profit set new records.
- Recognized by Asia Asset Management and Benchmark. Received TFF-Bloomberg Best Fund Award and Golden Goblet Award in 2021.

## Cathay Securities

- Optimized customer experience with a digital-only business model; focused on digital customers to increase customer base.
- Total number of open accounts as of the end of 2021 neared 1.2mn. Earnings and number of customers each hit new records.

# 2022 Business outlook

## Cathay United Bank

- Grow loans steadily with benign asset quality.
- Develop diversified products and utilize digital platforms to increase wealth management fee income.
- Continue to expand and further entrench overseas presence. Increase offshore earnings.

## Cathay Life

- Employ the strategy of “Protection First and Elderly-Friendly.” Focus on protection-type products to prepare for adoption of IFRS 17 and ICS.
- Seek opportunities for quality stocks and bonds to enhance recurring income. Continue dynamic hedging strategy to maintain stable hedging costs.

## Cathay Century

- Grow business emphasizing on quality and quantity. Implement risk control and compliance.
- Focus on customer-centric strategy to increase customer satisfaction and retention.
- Expand online business in China. Strengthen digital capabilities and develop opportunities for cross-industry cooperation in Vietnam.

## Cathay SITE

- Focus on new product development and innovations in fintech applications and services.
- Integrate global asset management resources and expand distribution channels.
- Develop financial planning for retirement as well as for younger customers. Strengthen ESG investment process.

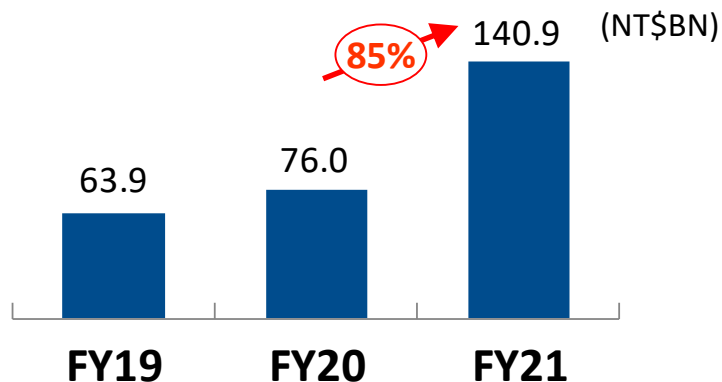
## Cathay Securities

- Continue to utilize digital technology to increase customer base and enhance user experience.
- Enhance existing products and platforms to meet customer needs.

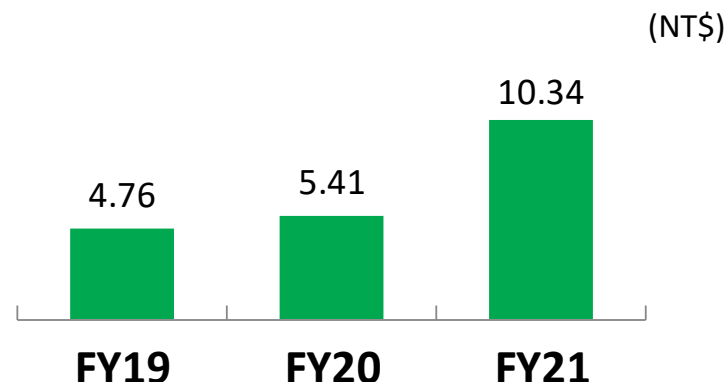
# Cathay FHC – Net income & EPS

- FY21 net profit continued to set new records, driven by sound investment performance.
- Cathay Life delivered strong investment performance with net profit again reaching new records. CUB, Cathay SITE, and Cathay Securities also delivered record-high earnings.

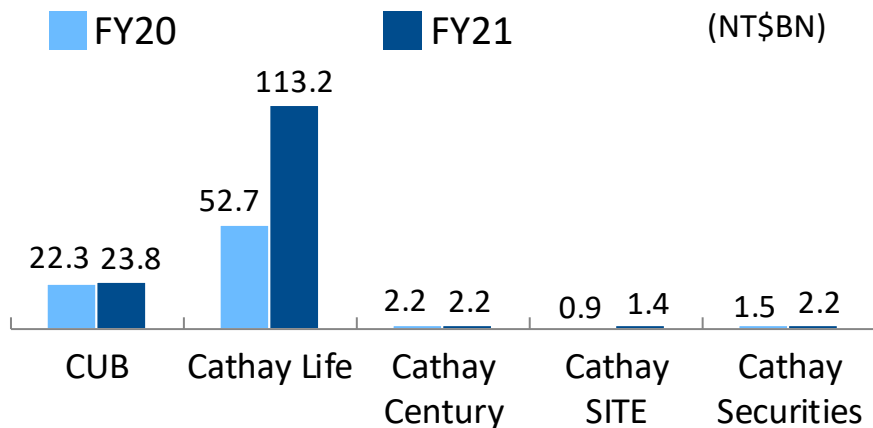
## Net income



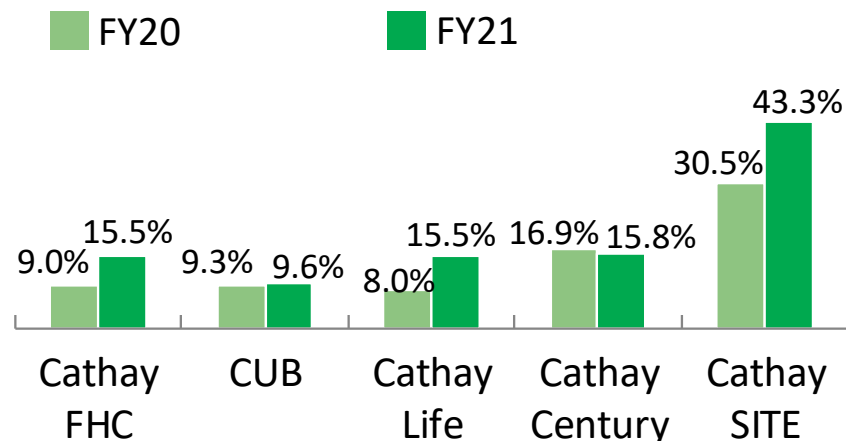
## EPS



## Net income of primary subsidiaries

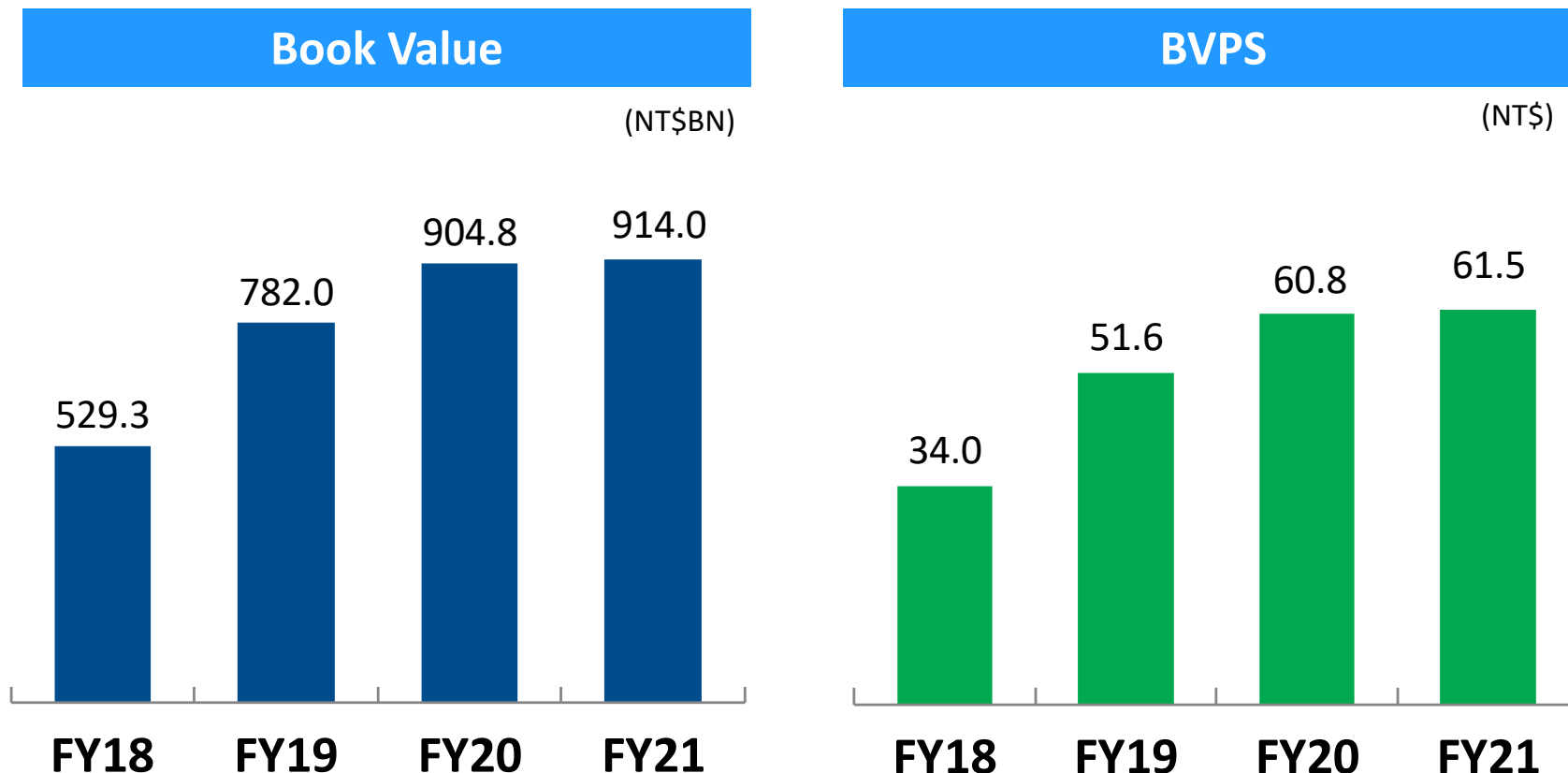


## ROE



# Cathay FHC – Book value & BVPS

- Book value reached a new yearly record, supported by strong earnings contributions.



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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# Cathay FHC in South East Asia

|            | China | Vietnam | Cambodia | Hong Kong | Singapore | Malaysia | Laos | Philippines | Myanmar | Thailand | Indonesia |
|------------|-------|---------|----------|-----------|-----------|----------|------|-------------|---------|----------|-----------|
| Bank       | 7     | 36      | 16       | 1         | 1         | 1        | 1    | 1           | 1       | 1        | 1         |
| Life       | 53    | 146     |          |           |           |          |      |             |         |          |           |
| P&C        | 26    | 2       |          |           |           |          |      |             |         |          |           |
| Asset Mgt. | 1     |         |          | 1         |           |          |      |             |         |          |           |
| Securities |       |         |          | 2         |           |          |      |             |         |          |           |

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



## ■ Banking

- Vietnam: Injected capital into Chu Lai Branch, expected to relocate to Ho Chi Minh City. IVB continued to expand in corporate, consumer, and digital banking business.
- Cambodia: Local subsidiary’s business grew steadily.
- Philippines: Invested in RCBC.<sup>(2)</sup>
- Indonesia: Invested in Bank Mayapada.<sup>(2)</sup>

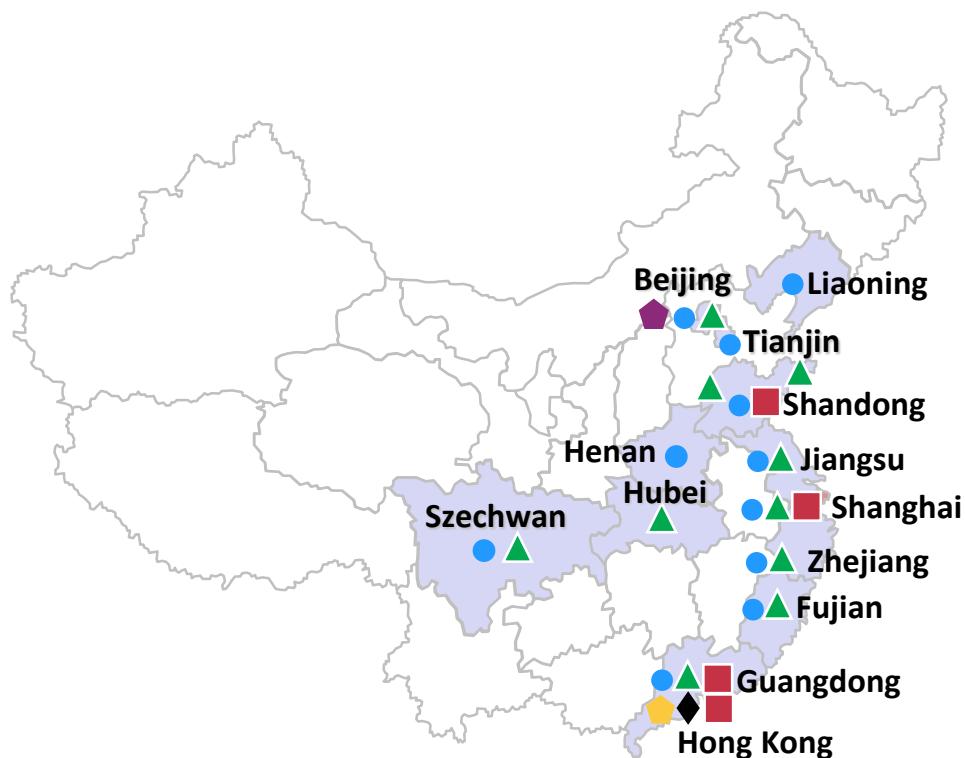
## ■ Cathay Life (Vietnam)

- Total premium grew 38% YoY to 2.2tn VND in FY21.
- Expanded and diversified distribution channels.

## ■ Cathay Century

- 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

- China subsidiary showed steady performance.
- Issued first batch of interbank certificates of deposit in 11M21 to add funding sources and increase market activity.

## ■ Cathay Lujiazui Life

- Total premium grew 14% YoY to 3.4bn RMB in FY21.
- Reinforced mid-to-high-end customer base; enhanced efficiency through digitalization management tools.

## ■ Cathay Century (China)

- Formed a strategic alliance with Ant Group. Actively developed e-commerce financial services.

## ■ Cathay Securities (HK)

- Continued to grow local and cross-border business.

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

- Business remained steady.

## ■ Conning Asia Pacific Limited

- Continued to expand asset management business.

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Cathay United Bank

Cathay Life

Cathay Century

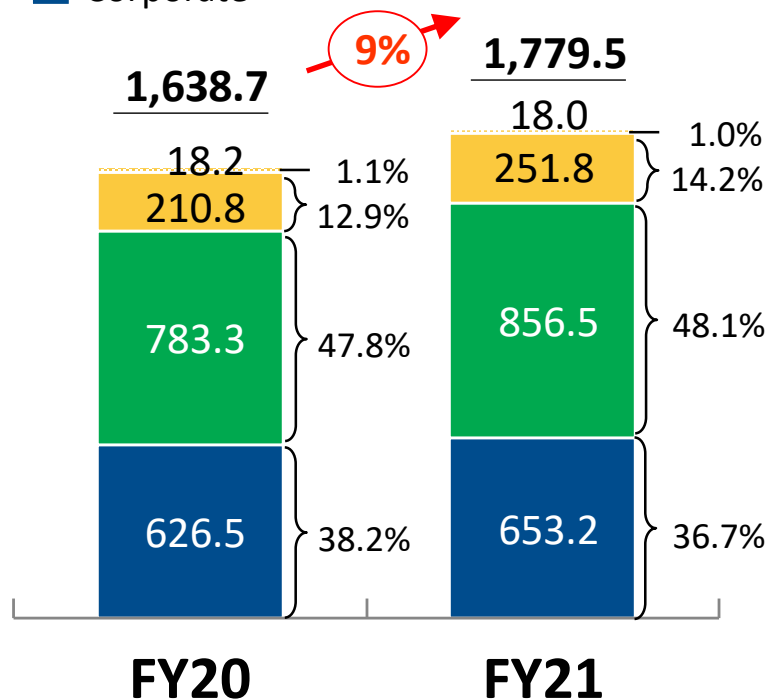
- **Appendix**

# Cathay United Bank – Loan & deposit breakdown

- Robust loan growth across consumer, mortgage, and corporate loans.
- Solid growth in deposits, with higher demand-deposit ratio.

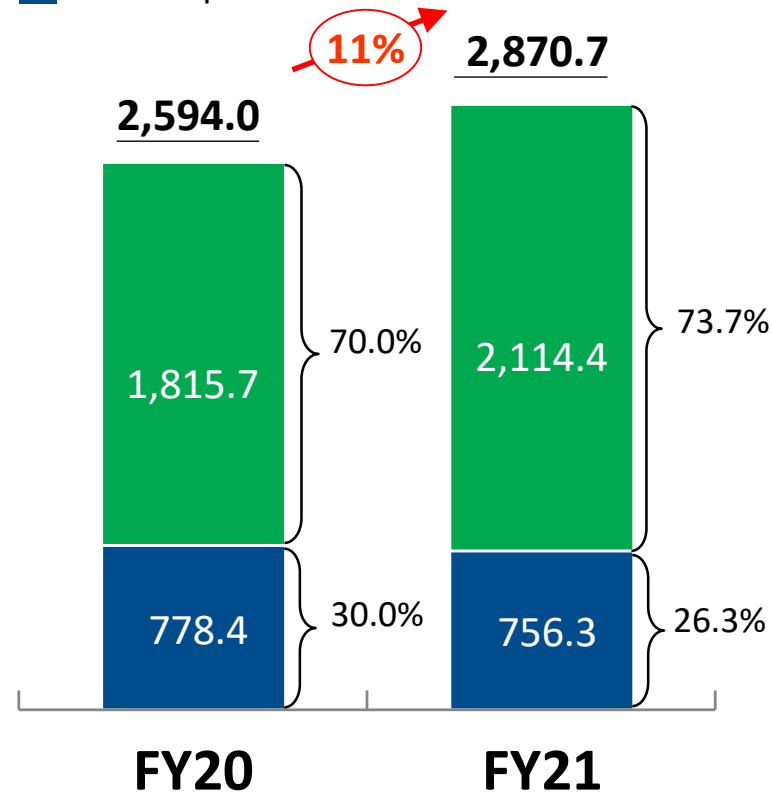
## Loan breakdown

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



## Deposit breakdown

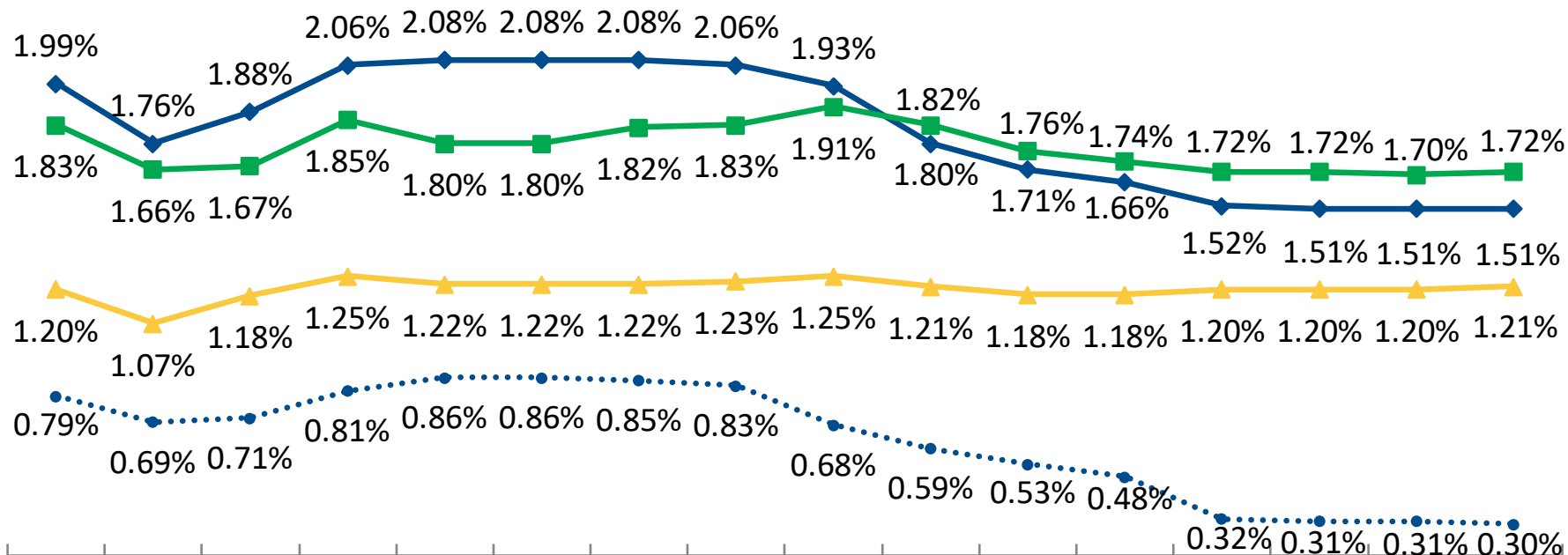
- Demand deposit (NT\$BN)
- Time deposit



# Cathay United Bank – Interest yield

□ NIM and interest spread rebounded, attributable to optimized loan mix and lower funding costs.

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



FY15 FY16 FY17 FY18 1Q19 1H19 9M19 FY19 1Q20 1H20 9M20 FY20 1Q21 1H21 9M21 FY21

| Quarterly | 4Q18  | 1Q19  | 2Q19  | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20  | 4Q20  | 1Q21  | 2Q21  | 3Q21  | 4Q21  |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Spread    | 1.83% | 1.80% | 1.81% | 1.85% | 1.86% | 1.91% | 1.73% | 1.65% | 1.69% | 1.72% | 1.71% | 1.69% | 1.74% |
| NIM       | 1.22% | 1.22% | 1.22% | 1.23% | 1.26% | 1.25% | 1.17% | 1.13% | 1.17% | 1.20% | 1.20% | 1.21% | 1.22% |

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

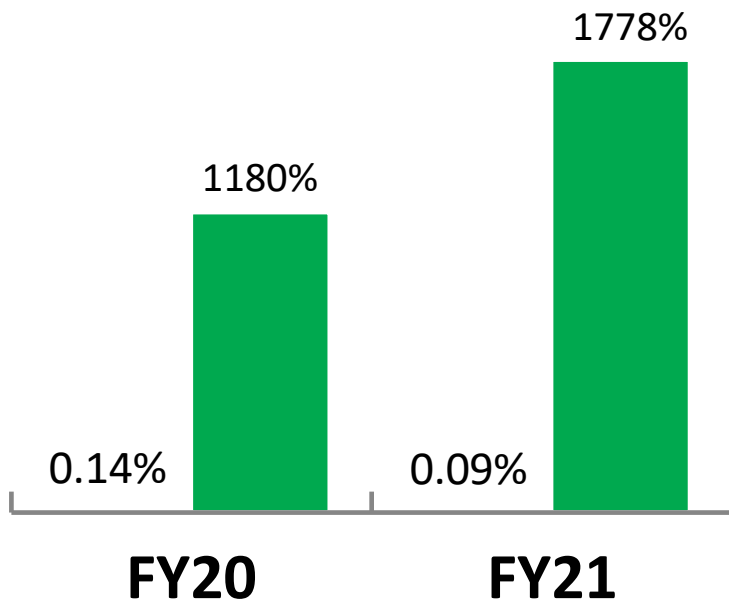
(2) China subsidiary was launched in Sep 2018. Hence, since 9M18, China subsidiary results was excluded.

# Cathay United Bank – Credit quality

- Asset quality remained steady with NPL at 0.09% and coverage ratio at 1778%.

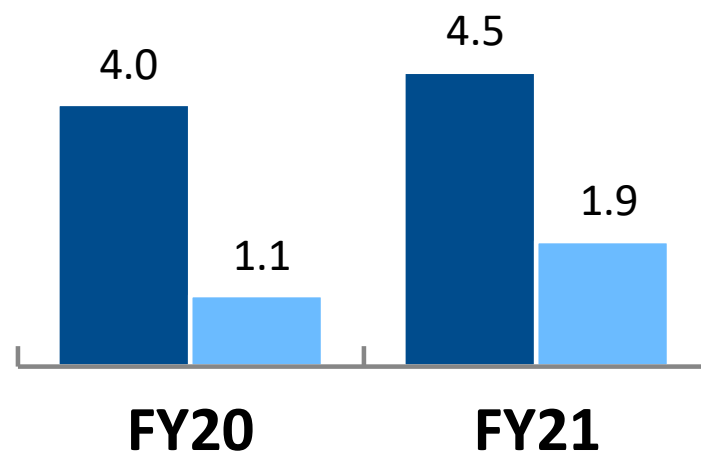
## NPL & Coverage ratio

- NPL ratio
- Coverage ratio



## Gross provision

- Gross provision (NT\$BN)
- Recovery



Mortgage NPL

0.11 %

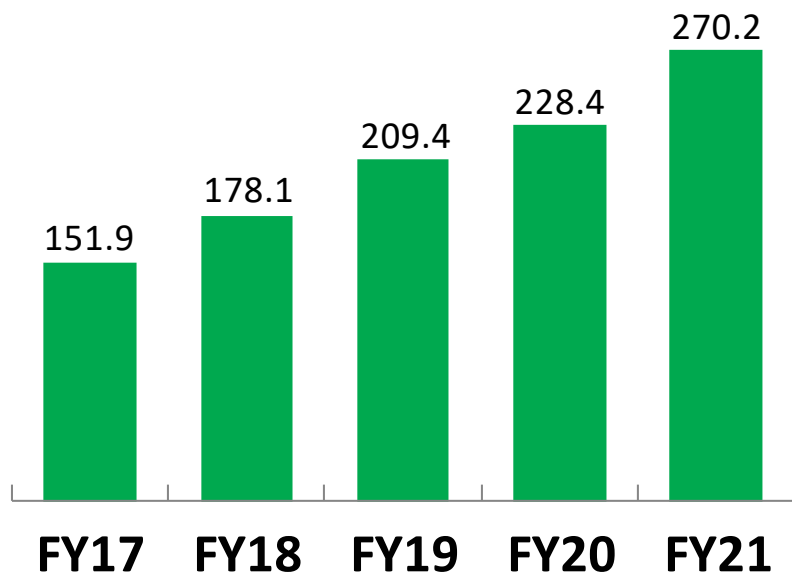
0.08 %

# Cathay United Bank – SME & FX loans

- SME loans grew 18% in FY21 .
- Foreign currency loans slowed down due to pandemic uncertainty and more stringent credit policies overseas.

## SME loans

(NT\$BN)

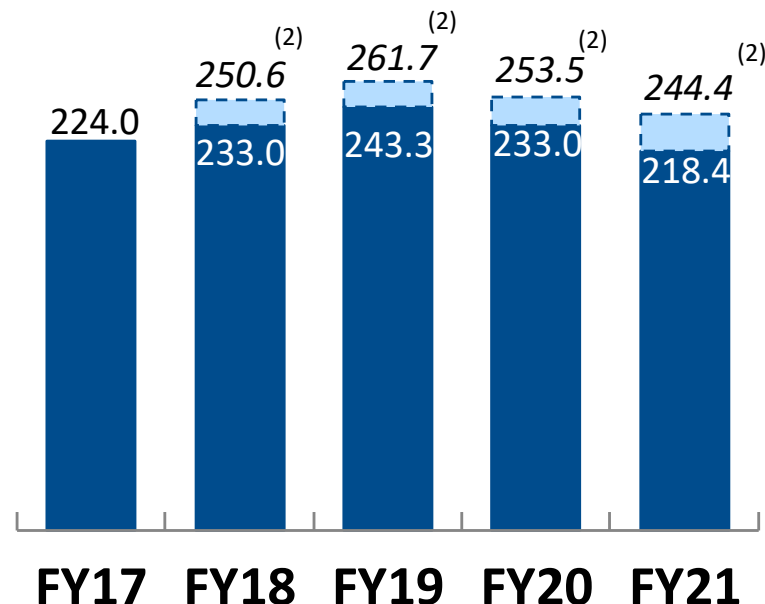


As % of total loans

10.7% 11.4% 13.8% 14.1% 15.3%

## Foreign currency loans

(NT\$BN)



15.8% 15.0% 16.1% 14.4% 12.4%

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

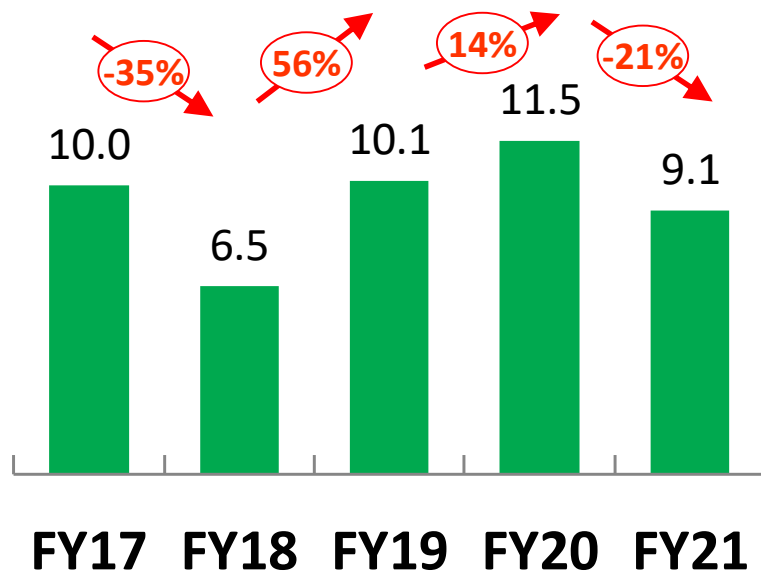
(2) China subsidiary was launched in Sep 2018, hence FY18, FY19, FY20 and FY21 foreign currency loan balance excluded NT\$17.6bn , NT\$18.4bn , NT\$20.5bn and NT\$26.0bn from China subsidiary, respectively. (preliminary)

# Cathay United Bank – Offshore earnings

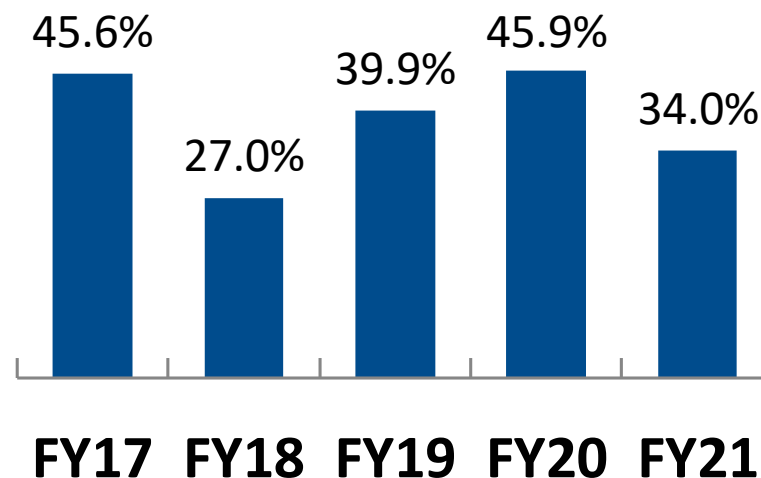
- Offshore earnings declined mainly due to higher FY20 base period for investment gains.

## Offshore earnings

(NT\$BN)



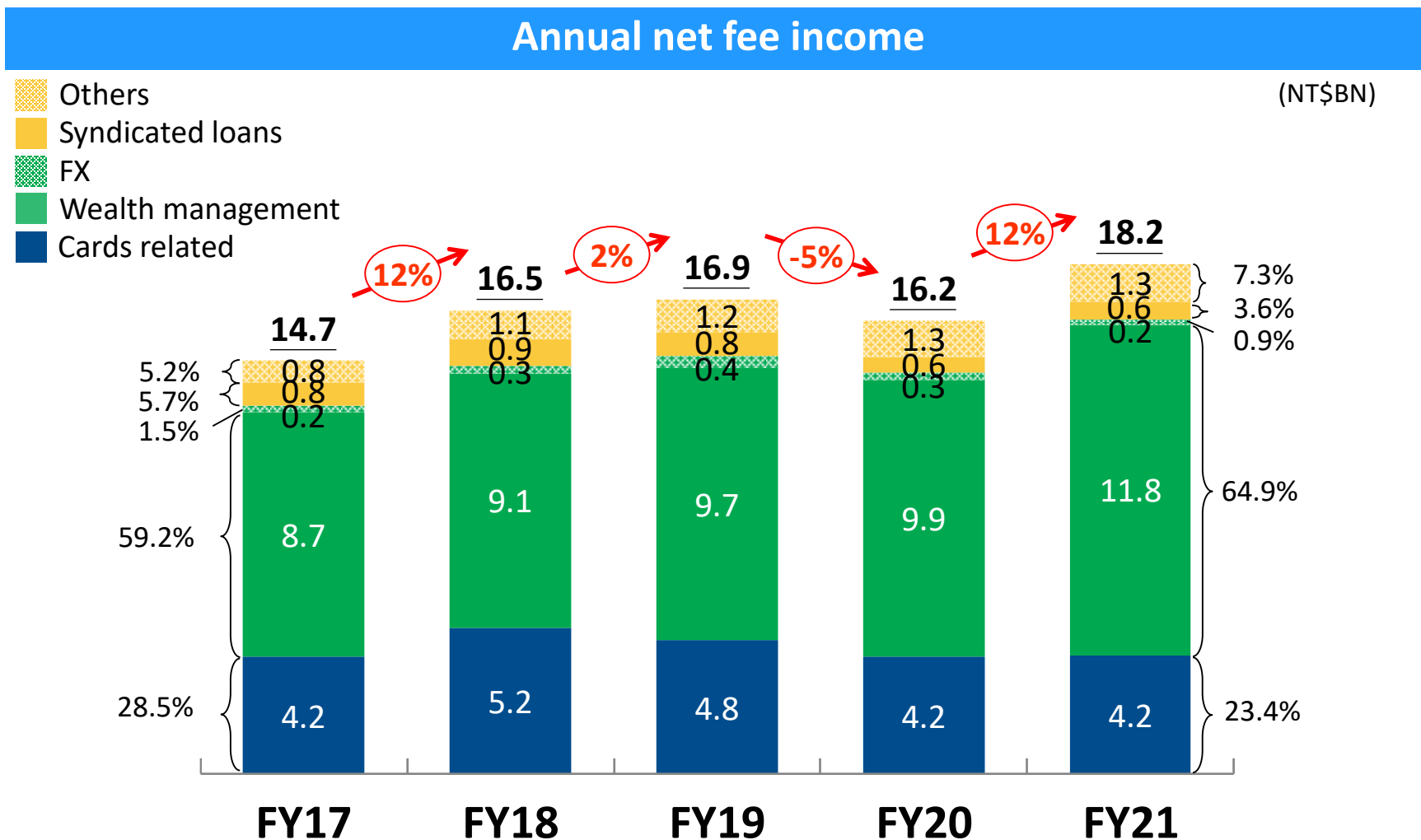
## As % of CUB pre-tax profits





# Cathay United Bank – Net fee income

- Net fee income grew 12% YoY, driven by double-digit growth of wealth management fees.

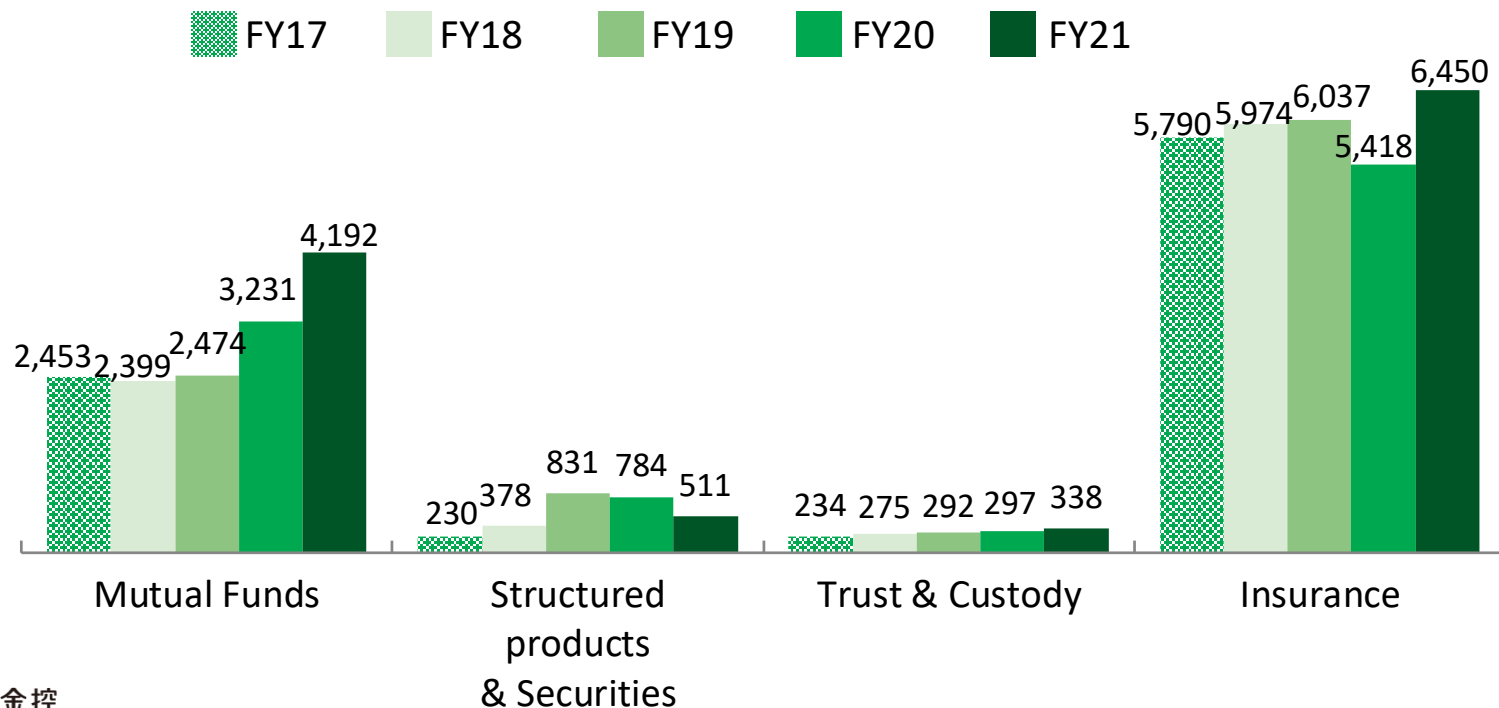


# Cathay United Bank – Wealth management fees

- Wealth management fees increased 19% YoY, supported by double-digit fee income growth in mutual funds and bancassurance.

## Wealth management fees breakdown

| (NT\$MN)               | FY17   | FY18  | FY19  | FY20  | FY21   |
|------------------------|--------|-------|-------|-------|--------|
| Wealth management fees | 8,722  | 9,070 | 9,695 | 9,878 | 11,783 |
| YoY growth (%)         | -10.3% | 4.0%  | 6.9%  | 1.9%  | 19.3%  |



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# Cathay Life – Total premium

- Total premium declined YoY due to lower renewal premium, reflecting the end of regular premium payment terms for certain top-selling products.

## Annual total premium

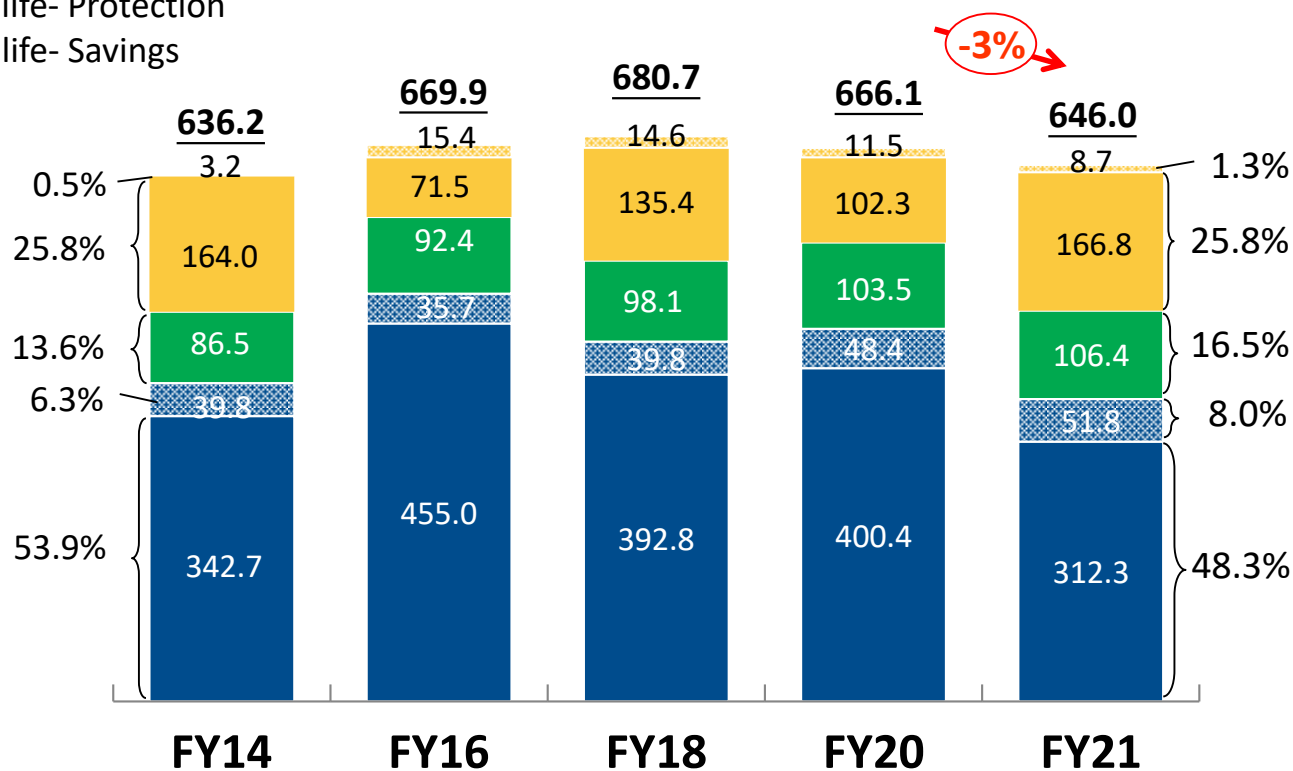
Others

Investment-linked & Interest sensitive annuity

Health and accident

Traditional life- Protection

Traditional life- Savings

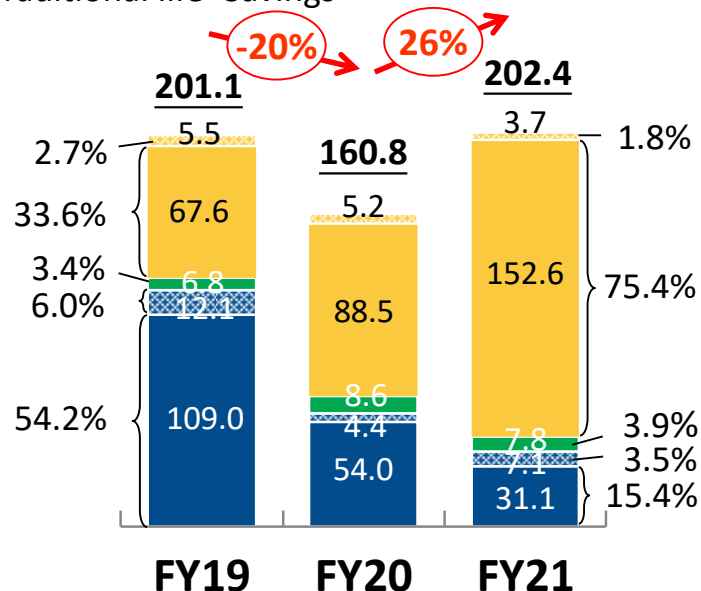


# Cathay Life – Annual FYP & APE

- Substantial growth in investment-linked products (ILPs) led to 26% YoY growth in FYP.
- FYP of protection-type policies grew 15% YoY, supporting the contractual service margin (CSM).
- APE declined YoY, reflecting dominance of single-payment ILPs in FYP.

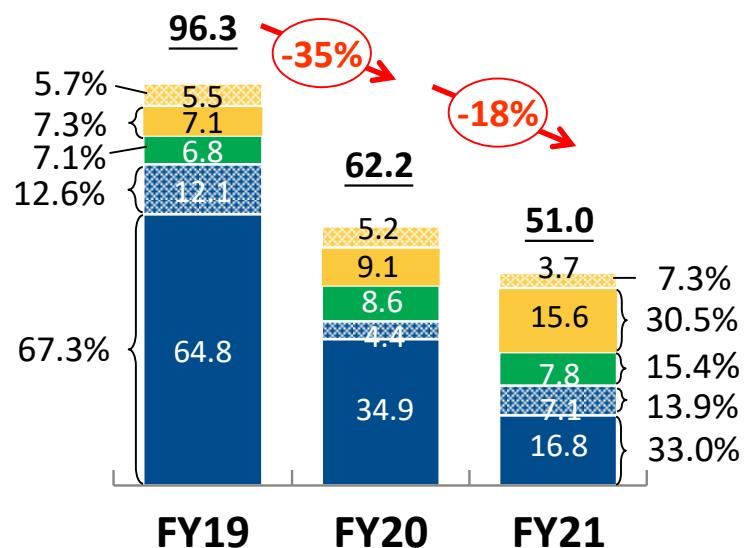
## First Year Premium

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



## Annualized FYP (APE)

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



Note: (1) Protection type policies includes "Traditional life-Protection" and "Health and accident"

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

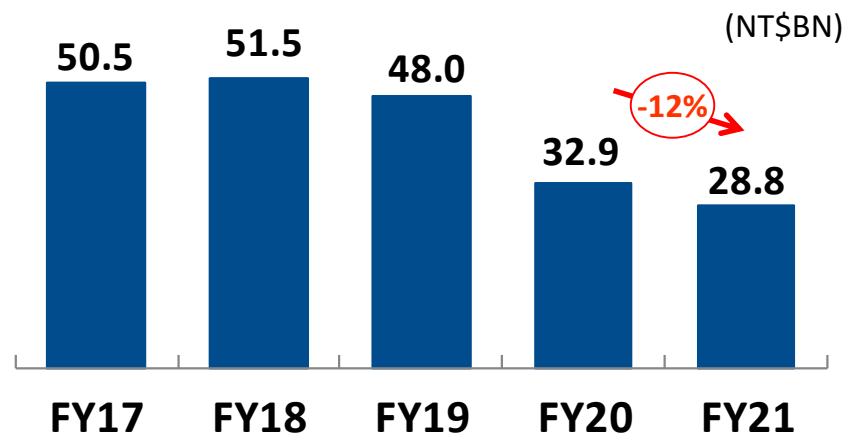
# Cathay Life –Value of new business

- VNB declined YoY due to lower sales volume in mid-2021 amid local Covid-19 outbreak. Sales volume rebounded in 4Q as the local epidemic waned.
- High-CSM protection-type products continued to grow. VNB margin increased to 48% if excl. single-paid ILPs.

## Value for New Business (annual)

| Profit Margin | FY17 | FY18 | FY19 | FY20 | FY21 |
|---------------|------|------|------|------|------|
| VNB/FYP       | 22%  | 24%  | 24%  | 20%  | 14%  |
| VNB/APE       | 64%  | 72%  | 50%  | 53%  | 56%  |

| Profit Margin                                  | FY20 | FY21 |
|--|------|------|
| VNB/FYP  | 20%  | 14%  |
| VNB/FYP<br>(excl. Investment-linked (non-VUL)) | 41%  | 48%  |
| VNB/APE  | 53%  | 56%  |

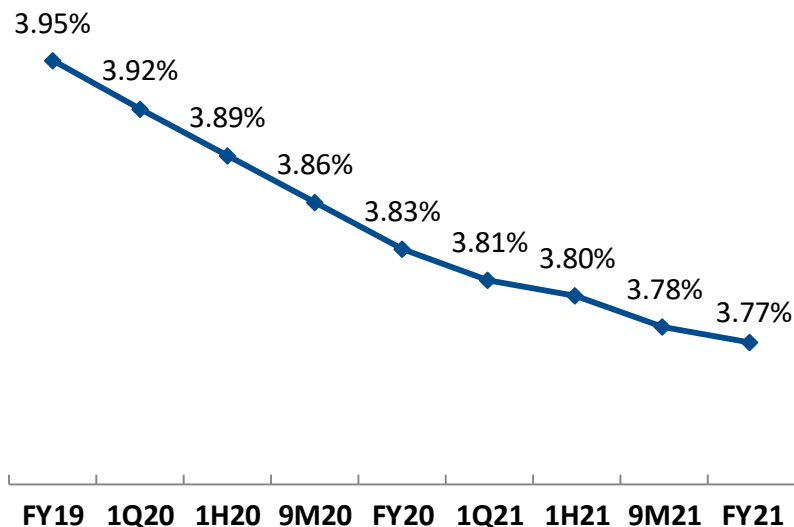


Note : FY20 and FY21 VNB were based on 2020 Embedded Value assumptions. Based on 2019 Embedded Value assumptions, FY20 VNB were NT\$31.8BN, VNB/FYP were 20%, VNB/APE were 51%.

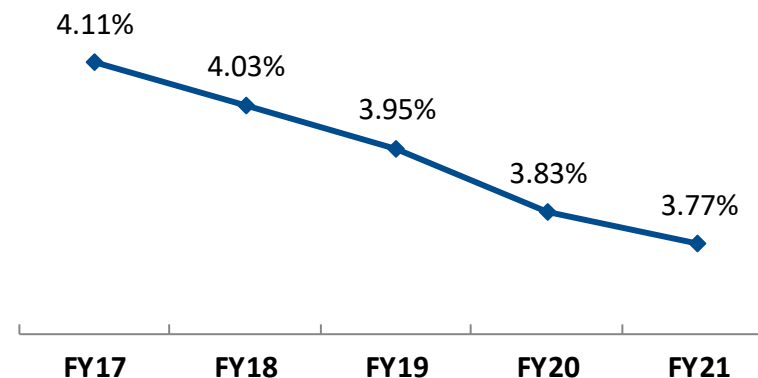
# Cathay Life – Cost of liability and break-even asset yield

- Continued to strengthen value-driven strategy.
- Cost of liability and break-even asset yield continued to improve.

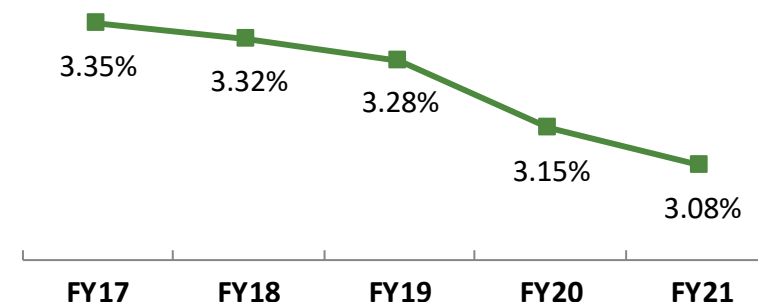
## Cost of liability (quarterly)



## Cost of liability (annual)



## Break-even asset yield



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

# Cathay Life – Investment portfolio

| (NT\$BN)                               | FY18           | FY19           | FY20           |        |        | FY21           |        |        |
|--|----------------|----------------|----------------|--------|--------|----------------|--------|--------|
| <b>Total investments<sup>(1)</sup></b> | <b>5,761.0</b> | <b>6,415.0</b> | <b>6,945.1</b> |        |        | <b>7,254.1</b> |        |        |
|  | Weight         | Weight         | Weight         | Amount | Return | Weight         | Amount | Return |
| Cash & Cash equivalents                | 1.1%           | 3.7%           | 4.8%           | 335    | 0.4%   | 3.2%           | 234    | 0.2%   |
| Equity- Domestic                       | 7.5%           | 5.0%           | 6.3%           | 438    | 13.5%  | 7.2%           | 519    | 20.9%  |
| Equity- International <sup>(2)</sup>   | 6.7%           | 5.8%           | 5.9%           | 407    | 5.5%   | 6.4%           | 465    | 11.6%  |
| Bond- Domestic                         | 5.0%           | 7.9%           | 8.0%           | 553    | 4.6%   | 7.9%           | 572    | 1.7%   |
| Bond- International <sup>(1)(2)</sup>  | 58.6%          | 58.9%          | 58.0%          | 4,028  | 5.5%   | 58.5%          | 4,246  | 5.3%   |
| Mortgage & Secured loans               | 7.1%           | 5.3%           | 4.5%           | 311    | 1.7%   | 4.4%           | 308    | 1.4%   |
| Policy loans                           | 3.0%           | 2.7%           | 2.4%           | 167    | 5.6%   | 2.3%           | 170    | 5.4%   |
| Real estate                            | 8.7%           | 8.2%           | 7.7%           | 537    | 2.9%   | 7.4%           | 548    | 2.4%   |
| Others                                 | 2.4%           | 2.6%           | 2.4%           | 168    |        | 2.6%           | 191    |        |

Note: (1) Total assets excluded separate account assets; international bond includes foreign currency deposit and related adjustments

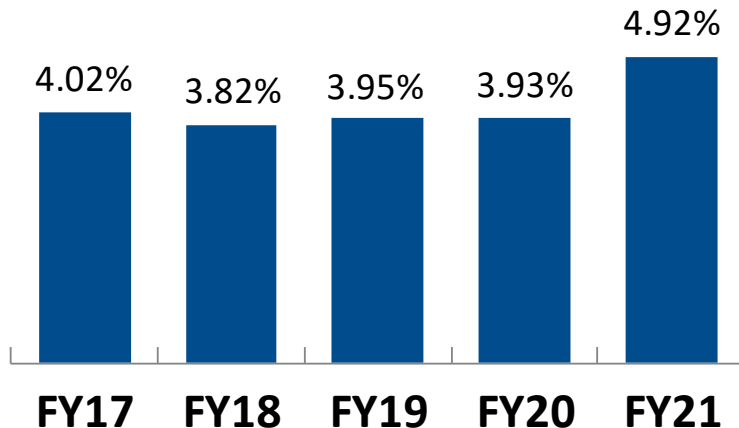
(2) Yields of international equity and international bond are pre-hedge investment yields.



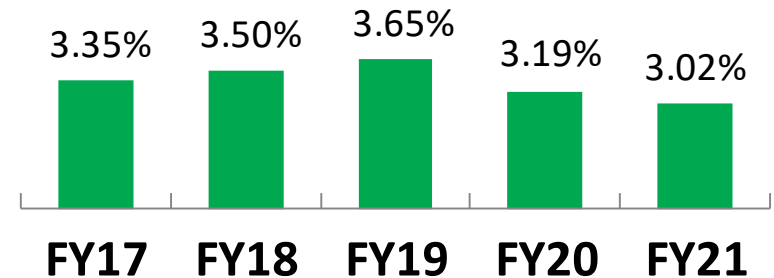
# Cathay Life – Investment performance highlights

- Lower global interest rates in 2020 led to reduction in FY21 pre-hedging recurring yield. Recurring income may increase with higher new money yield amid rate hike cycle playing out in 2022.
- Hedging costs further improved given lower costs of traditional hedging tools and dynamic FX risk management.

## After-hedging investment yield

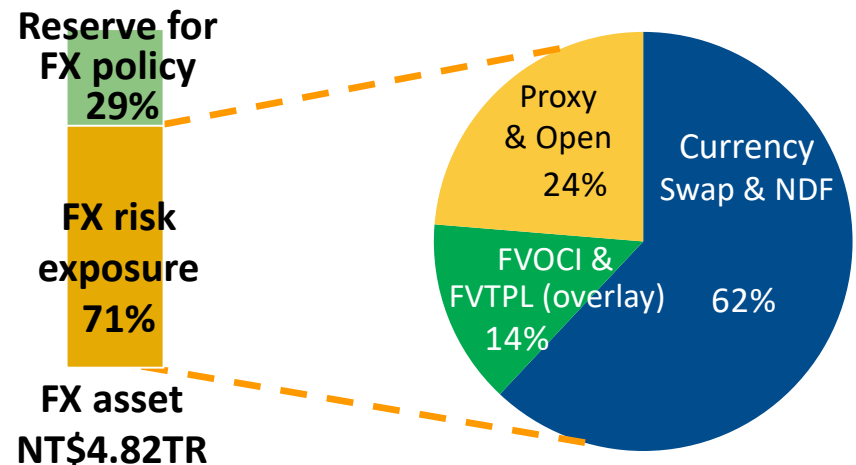


## Pre-hedging recurring yield



## Currency hedging structure

**FY21 Hedging cost 1.10%**



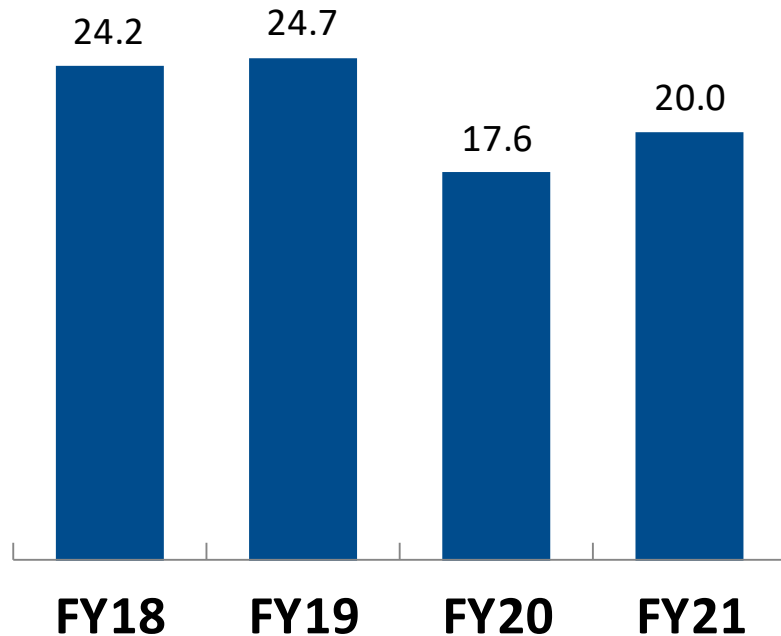
Note: Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend.

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

□ FY21 cash dividend income increased YoY to NT\$20bn.

## Cash dividend income

(NT\$BN)



## Overseas fixed income by region



FY18 FY19 FY20 FY21

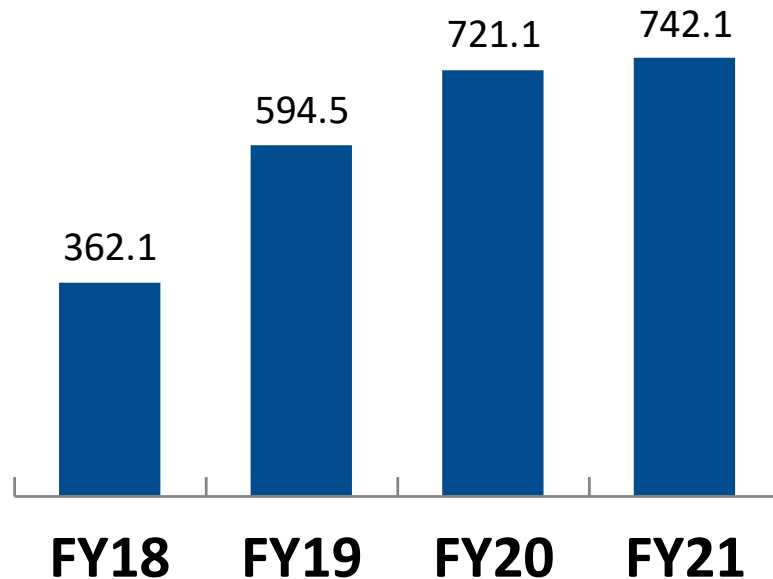
Note: Exclude overseas deposit.

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

- Book value hit new yearly record, supported by strong realized gains.
- Unrealized gains from fixed income declined, reflecting U.S. bond yield rebound.

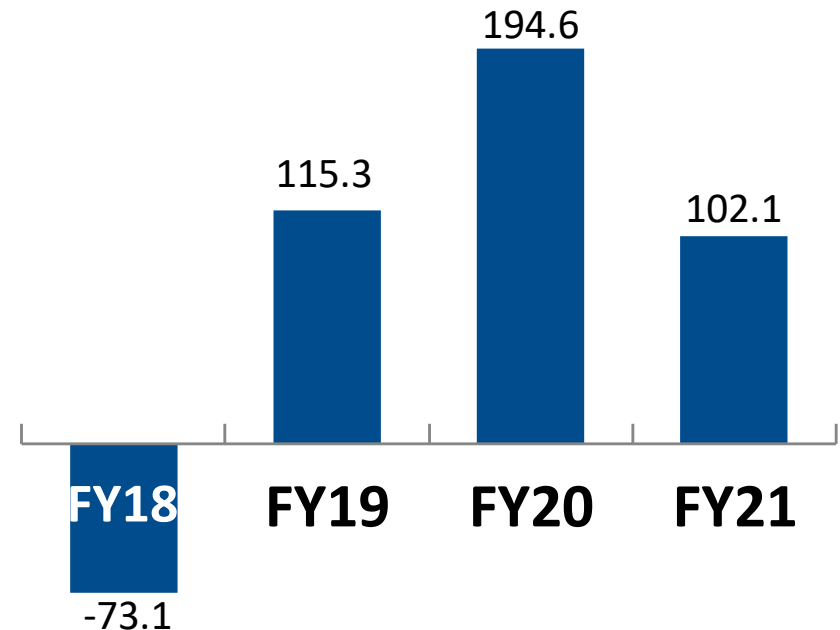
## Book value

(NT\$BN)



## Unrealized G/L of financial assets

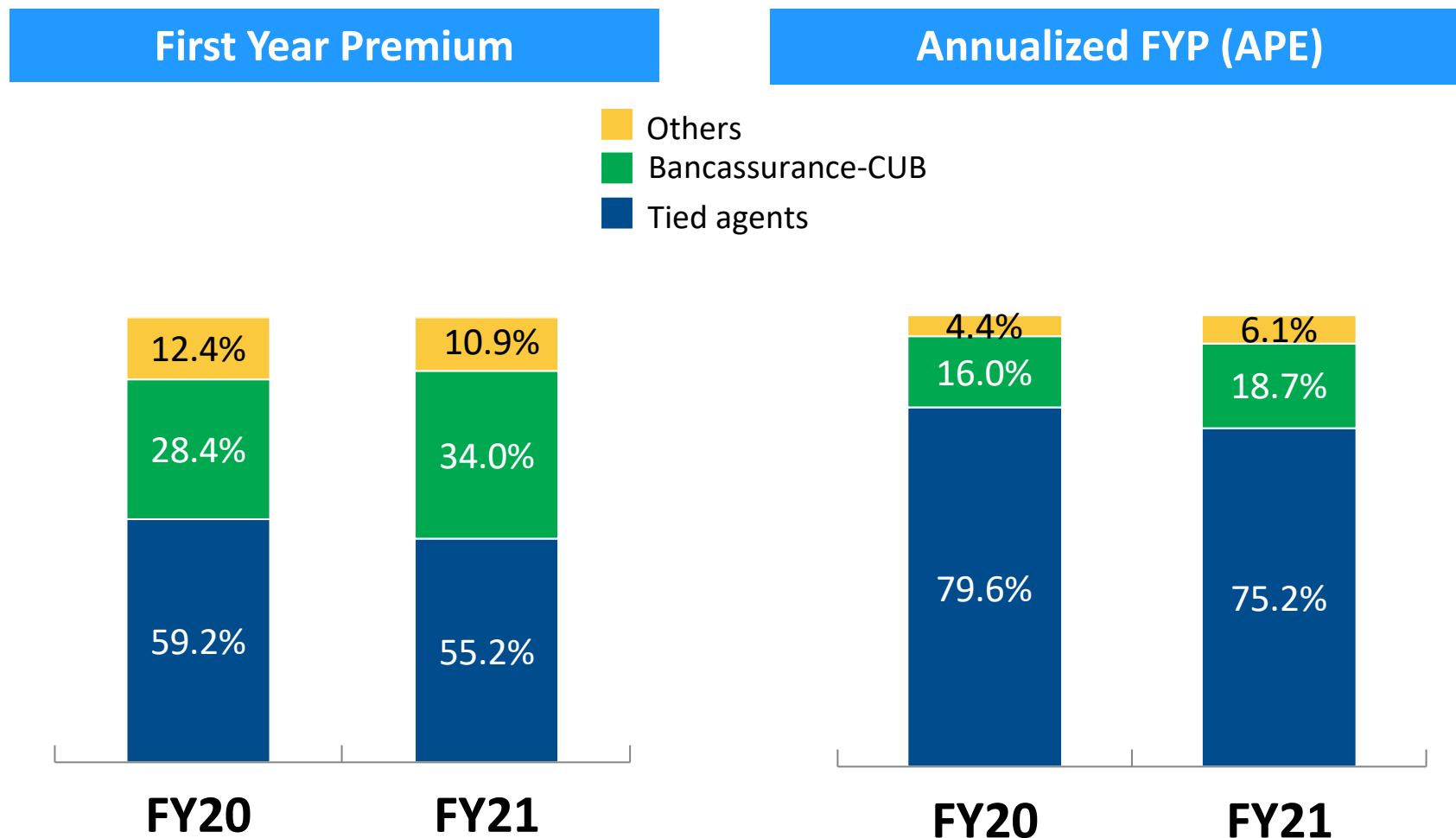
(NT\$BN)



Note: FVOCI & FVTPL (overlay approach)

# Cathay Life – Distribution channels

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



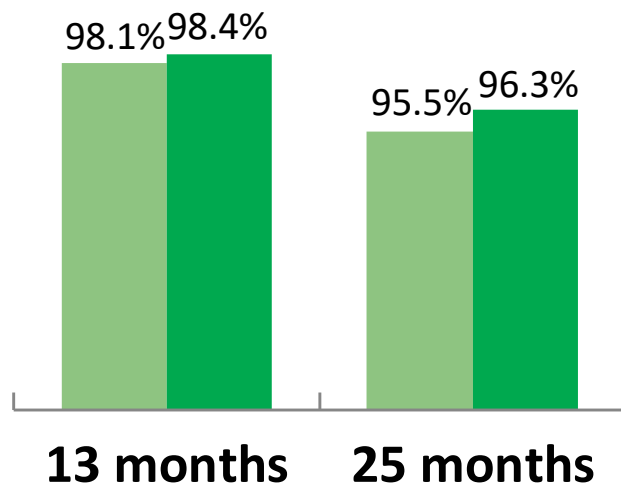
# Cathay Life – Operational indicators

- Total expenses remained steady YoY while total premium declined, resulting in a higher expense ratio.

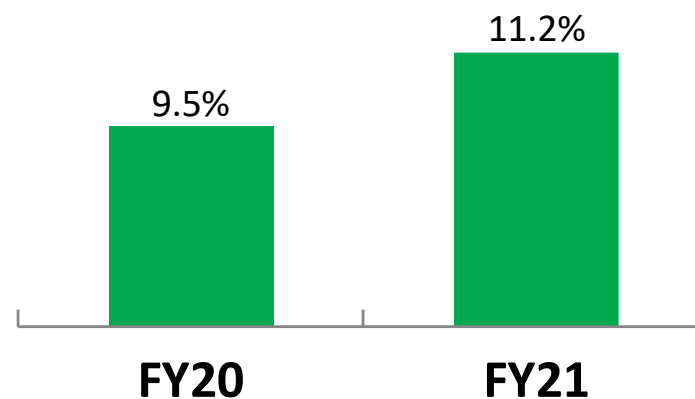
## Persistency ratio

FY20

FY21



## Expense ratio



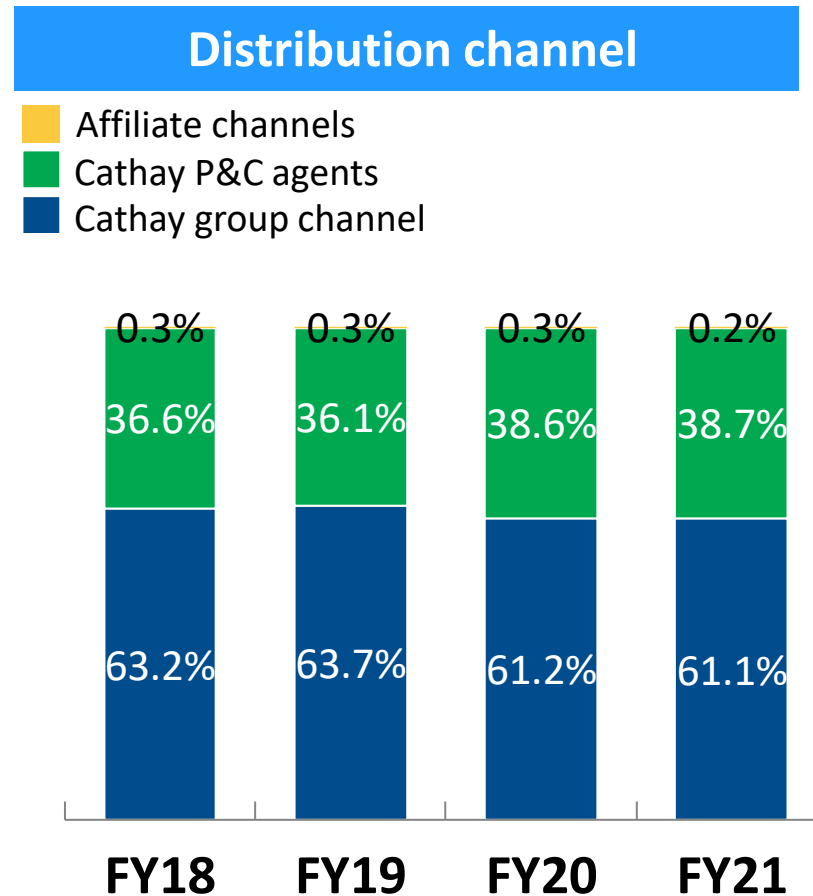
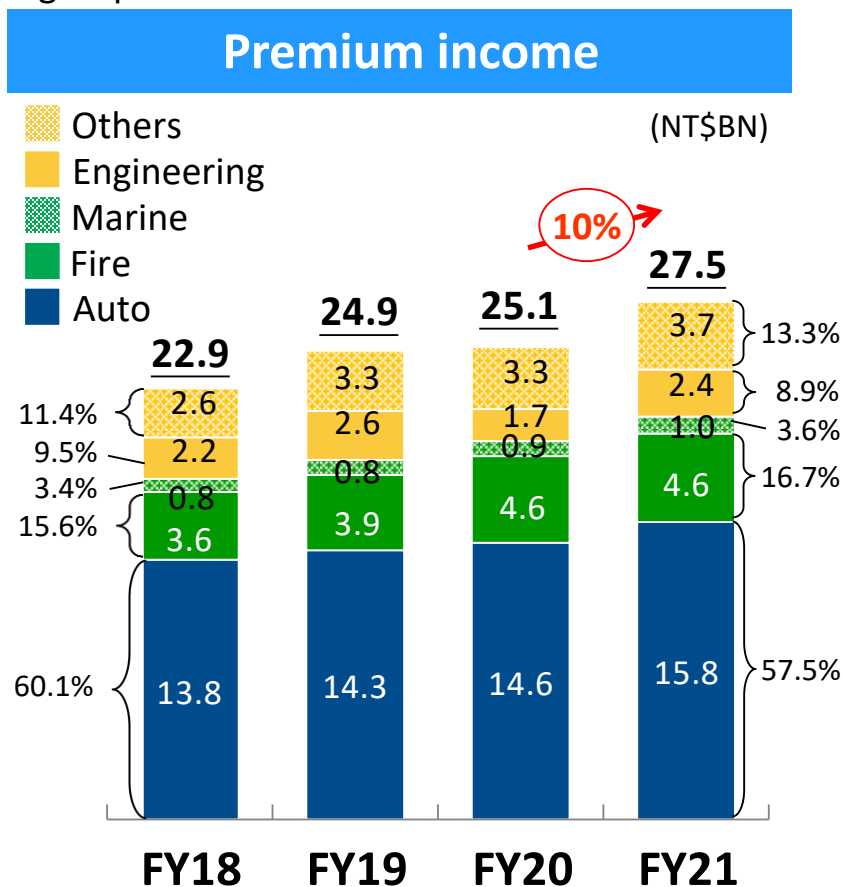
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  - Cathay Century
- **Appendix**

# Cathay Century – Premium income & distribution channels

- Premium income grew steadily. Market share was 12.4%, ranking No. 2 in the industry.
- Benefiting from cross-selling synergy, over 60% of premium income was generated through the group channel.



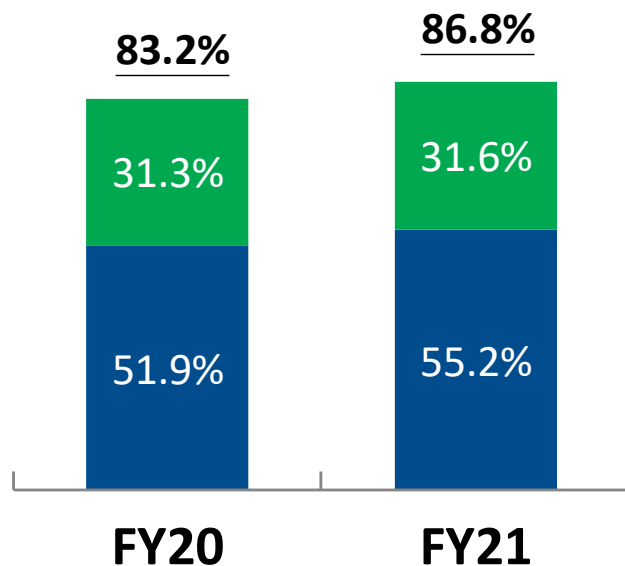
|              |       |       |       |       |
|--------------|-------|-------|-------|-------|
| Market share | 13.0% | 13.1% | 12.3% | 12.4% |
| Retention    | 77.1% | 77.7% | 76.4% | 74.3% |

# Cathay Century – Combined ratio

- Gross combined ratio increased due to relatively large claim events from commercial fire insurance. However, retained combined ratio improved, owing to adequate reinsurance arrangements.

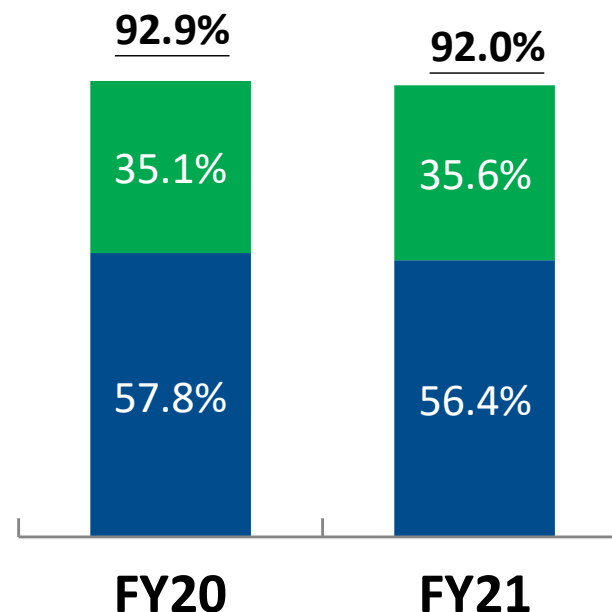
## Gross combined ratio

- Gross expense ratio
- Gross loss ratio



## Retained combined ratio

- Retained expense ratio
- Retained loss ratio





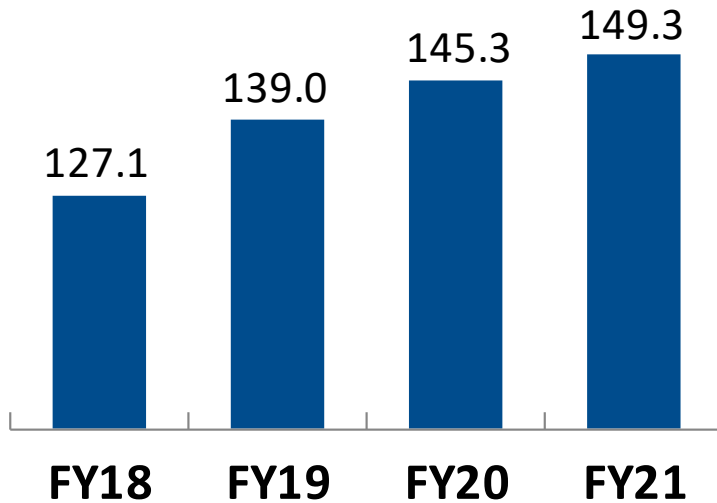
# Agenda

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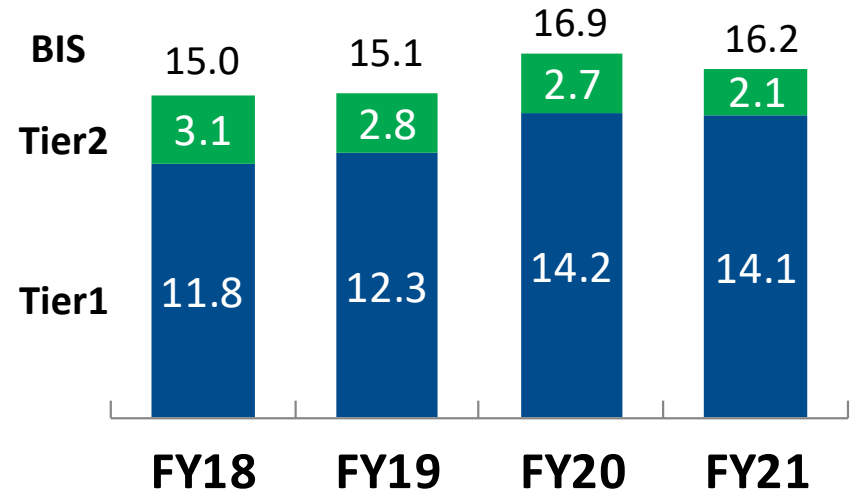
- **2021 Business Overview and 2022 Outlook**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# Capital adequacy

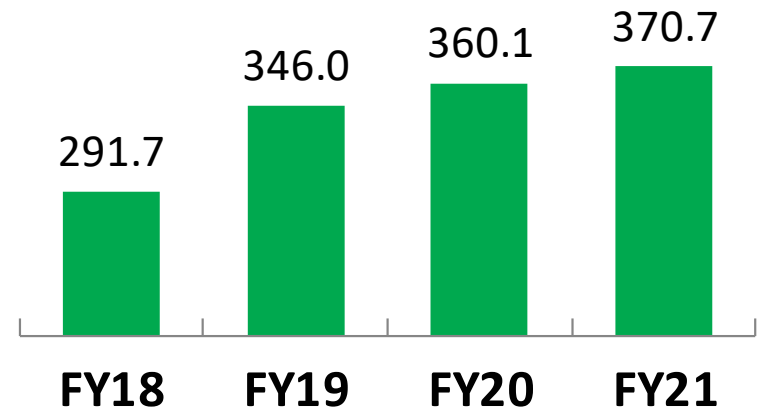
Cathay FHC CAR (%)



CUB Capital Adequacy (%)

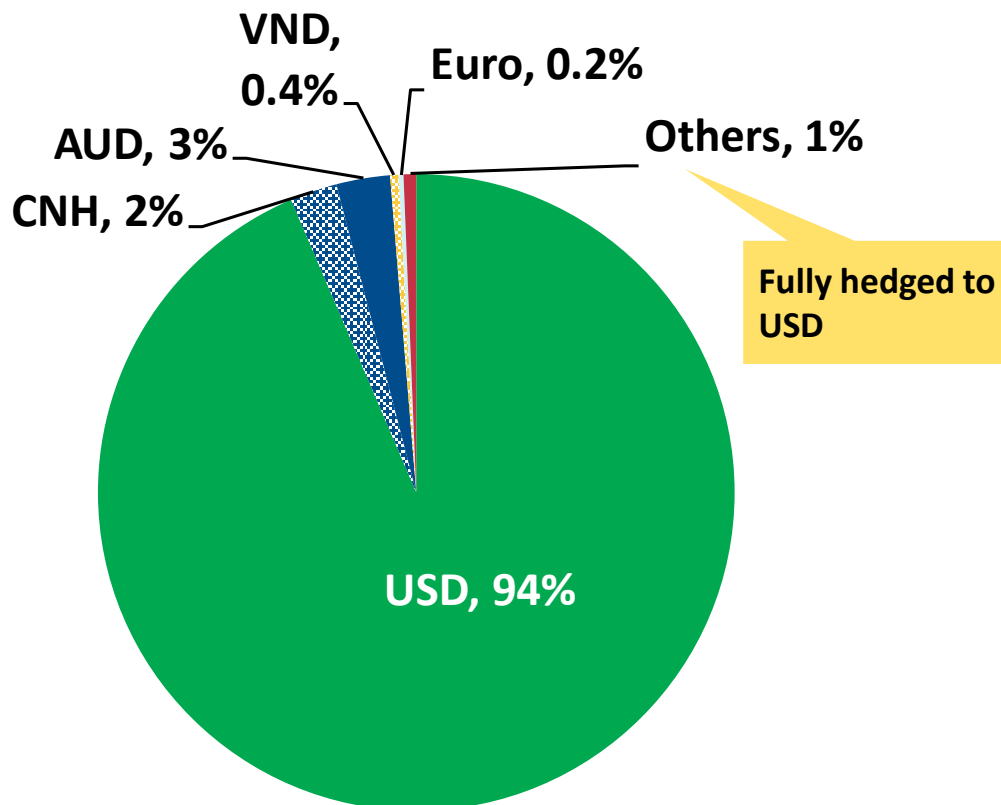


Cathay Life RBC (%)

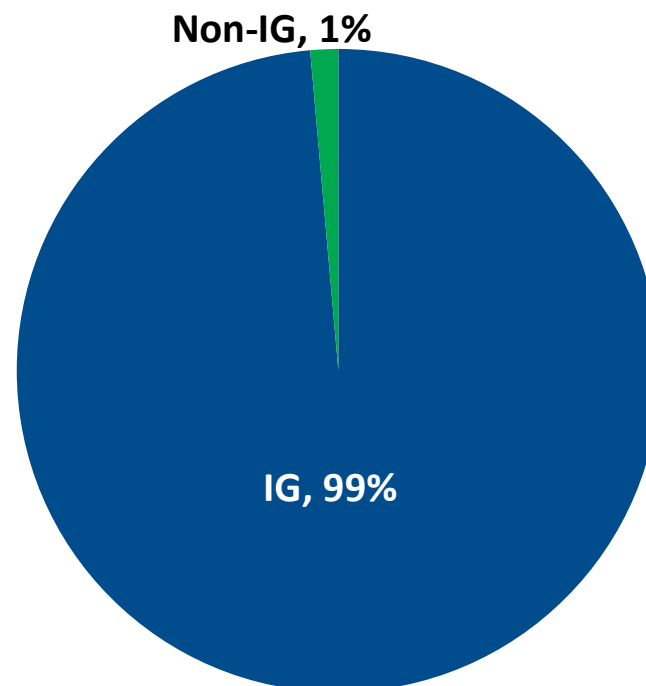


# Cathay Life – Overseas bond breakdown by currency and rating

## Overseas bond by currency (FY21)



## Overseas bond by rating (FY21)



# Cathay FHC's continuous effort in ESG integration



2011

- Established CSR Committee

2014

- Renamed CSR Committee to Corporate Sustainability Committee, supervised by the Board
- Formed Responsible Investment Team

- Included in DJSI Emerging Market Index
- Cathay United Bank signed Equator Principles, a first in Taiwan

2015

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

- Included in DJSI World Index
- Among the first to sign on TCFD initiative
- Cathay United Bank self-compliance with PRB

- The only Taiwan FIG joined **CDP Non-Disclosure Campaign & Climate Action 100+ Initiatives**
- Cathay Century P&C Insurance self-compliance with PSI

- Joined **Asia Investor Group on Climate Change (AIGCC)**
- Cathay Life self-compliance with PSI



2018



2017



2016

2019

- First Taiwan FIG to disclose carbon footprints in investment portfolio
- Active in engagement with government on climate governance

2020

- Joined **Ceres Valuing Water Finance Task Force**
- Launched the Taiwan Sustainable Investment Survey
- Cathay Securities published ESG rating reports on individual listed companies

2021

- Issued ESG integration report certified by third party
- Committed 100% renewable energy by 2030
- Participated **Asian Utilities Engagement Program**



# Renowned corporate sustainability performance

## Recognized by local regulatory authorities

### Top-20% Corporate Governance

Over 1,000 listed companies

TWSE Corporate Governance Evaluation



FTSE4Good  
TIP Taiwan ESG Index

Included in  
**FTSE4Good TIP Taiwan ESG Index**  
since 2017

Note: The FTSE4Good TIP Taiwan ESG Index is maintained by FTSE Russell and Taiwan Index Plus Corp. (TIP), a wholly owned subsidiary of Taiwan Stock Exchange.

## Recognized by ESG ratings agencies

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Included in  
**DJSI World & DJSI EM**



## Recognized by Media



Top-10 World Corporate Citizen  
for **9** consecutive years,  
**Top-3** in 2021



Global Views

**First Prize** in Annual Survey  
for **3** consecutive year  
**(Finance & Insurance)**



2021 Taiwan Corporate  
Sustainability Awards

# Disclaimer

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**Cathay Financial Holdings**  
 (NT\$MMN)

| <b>Income Statement Data (Consolidated)</b>                        | <b>FY19</b>   | <b>FY20</b>   | <b>FY21</b>    | <b>FY21/</b> | <b>4Q20</b>   | <b>4Q21</b>   | <b>4Q21/</b> |
|--|---------------|---------------|----------------|--------------|---------------|---------------|--------------|
|  |               |               |                | <b>FY20</b>  |               |               | <b>% Chg</b> |
| <b>Operating Income</b>  |               |               |                |              |               |               |              |
| Net interest income  | 196,367       | 190,930       | 194,882        | 2%           | 47,945        | 49,709        | 4%           |
| Net commission and fee   | 2,346         | 7,244         | 12,649         | 75%          | 1,909         | 3,340         | 75%          |
| Net earned premium   | 631,487       | 602,806       | 524,187        | -13%         | 165,716       | 149,510       | -10%         |
| Change in liability reserve  | (394,074)     | (462,094)     | (377,408)      | -18%         | (121,746)     | (103,684)     | -15%         |
| Net claims payment   | (365,669)     | (289,808)     | (305,703)      | 5%           | (81,072)      | (86,274)      | 6%           |
| Investment income  | 89,797        | 124,347       | 190,944        | 54%          | 25,266        | 33,260        | 32%          |
| Contribution from associates-equity method                         | 1,149         | (12,085)      | 1,807          | 115%         | 365           | 191           | -48%         |
| Other net non-interest income                                      | 411           | 6,480         | 7,197          | 11%          | (4,365)       | (1,362)       | 69%          |
| Bad debt expense   | (2,205)       | (3,178)       | (3,484)        | 10%          | (1,429)       | (270)         | -81%         |
| Operating expense  | (89,050)      | (83,027)      | (85,543)       | 3%           | (22,262)      | (22,971)      | 3%           |
| <b>Income before taxes</b>   | <b>70,557</b> | <b>81,616</b> | <b>159,526</b> | <b>95%</b>   | <b>10,327</b> | <b>21,448</b> | <b>108%</b>  |
| Income taxes   | (6,698)       | (5,658)       | (18,637)       | 229%         | 1,216         | (2,928)       | 341%         |
| Net income   | 63,859        | 75,958        | 140,889        | 85%          | 11,543        | 18,520        | 60%          |
| EPS (NT\$)   | 4.76          | 5.41          | 10.34          |              | 0.86          | 1.36          |              |
| <b>Dividend Payout</b>   |               |               |                |              |               |               |              |
| Cash dividend per share  | 2.00          | 2.50          |                |              |               |               |              |
| Stock dividend per share   | 0.00          | 0.00          |                |              |               |               |              |
| Weighted average outstanding shares<br>(Millions of common shares) | 12,618        | 13,169        | 13,169         |              |               |               |              |
| <b>Balance Sheet Data (Consolidated)</b>                           |               |               |                |              |               |               |              |
| Total assets   | 10,065,479    | 10,950,472    | 11,594,361     |              |               |               |              |
| Total shareholders' equity   | 782,027       | 904,776       | 914,039        |              |               |               |              |
| <b>Operating Metrics</b>   |               |               |                |              |               |               |              |
| ROAE (Consolidated)  | 9.74%         | 9.01%         | 15.49%         |              |               |               |              |
| ROAA (Consolidated)  | 0.66%         | 0.72%         | 1.25%          |              |               |               |              |
| Double leverage ratio(inc. preferred stock)                        | 110%          | 111%          | 113%           |              |               |               |              |
| <b>Capital Adequacy Metrics</b>                                    |               |               |                |              |               |               |              |
| Capital Adequacy Ratio   | 139%          | 145%          | 149%           |              |               |               |              |

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**Cathay Life**

(NT\$MN)

**Income Statement Data (Consolidated)**

|                                    | FY19      | FY20      | FY21      | FY21/<br>FY20<br>% Chg | 4Q20      | 4Q21      | 4Q21/<br>4Q20<br>% Chg |
|------------------------------------|-----------|-----------|-----------|------------------------|-----------|-----------|------------------------|
| Net written premium                | 608,641   | 580,261   | 499,102   | -14%                   | 159,658   | 142,786   | -11%                   |
| Net earned premium                 | 607,820   | 579,563   | 498,398   | -14%                   | 158,849   | 141,858   | -11%                   |
| Reinsurance commission earned      | 356       | 533       | 388       | -27%                   | 520       | 373       | -28%                   |
| Fee income                         | 8,450     | 8,701     | 10,715    | 23%                    | 2,291     | 2,756     | 20%                    |
| Recurring investment income        | 228,037   | 212,247   | 214,968   | 1%                     | 49,136    | 51,911    | 6%                     |
| Gain on disposal of investment     |           |           |           |                        |           |           |                        |
| Realized gain (loss)-Equity        | 38,929    | 74,997    | 116,191   | 55%                    | 16,488    | 17,987    | 9%                     |
| Realized gain (loss)-Debt          | 36,365    | 64,964    | 63,127    | -3%                    | 10,790    | 8,963     | -17%                   |
| Gain on investment property        | 912       | 1,881     | 1,106     | -41%                   | (1)       | (88)      | -6075%                 |
| FX and others, net                 | (61,689)  | (90,182)  | (46,445)  | 48%                    | (17,099)  | (7,429)   | 57%                    |
| Investment income, net             | 242,553   | 263,907   | 348,947   | 32%                    | 59,313    | 71,344    | 20%                    |
| Other operating income             | 6,107     | 6,978     | 8,754     | 25%                    | 1,560     | 2,779     | 78%                    |
| Separate account revenues          | 63,653    | 73,396    | 77,919    | 6%                     | 40,181    | 18,158    | -55%                   |
| Net claims payment                 | (349,158) | (273,049) | (287,850) | 5%                     | (75,767)  | (80,614)  | 6%                     |
| Changes in liability reserves      | (393,679) | (462,233) | (376,771) | -18%                   | (121,758) | (103,438) | -15%                   |
| Acquisition and commission expense | (43,834)  | (35,815)  | (34,445)  | -4%                    | (9,677)   | (9,200)   | -5%                    |
| Other operating costs              | (6,394)   | (6,635)   | (8,056)   | 21%                    | (1,344)   | (2,089)   | 55%                    |
| Financial cost                     | (2,730)   | (2,501)   | (3,114)   | 25%                    | (734)     | (851)     | 16%                    |
| Separate account expense           | (63,653)  | (73,396)  | (77,919)  | 6%                     | (40,181)  | (18,158)  | -55%                   |
| Operating expense                  | (30,692)  | (29,565)  | (32,448)  | 10%                    | (7,631)   | (8,432)   | 11%                    |
| Net non-operating income           | 1,710     | 1,589     | 1,563     | -2%                    | 392       | 421       | 7%                     |
| Income taxes                       | (2,216)   | 1,209     | (12,916)  | 1168%                  | 1,819     | (1,991)   | 209%                   |
| Net income                         | 38,293    | 52,682    | 113,166   | 115%                   | 7,834     | 12,916    | 65%                    |

**Balance Sheet Data**

|   |           |           |           |
|---|-----------|-----------|-----------|
| Total assets                            | 7,085,624 | 7,675,559 | 8,073,161 |
| General account                         | 6,478,081 | 7,033,875 | 7,348,951 |
| Separate account                        | 607,542   | 641,685   | 724,210   |
| Reserves for life insurance liabilities | 5,683,424 | 6,085,534 | 6,413,221 |
| Total liabilities                       | 6,491,106 | 6,954,433 | 7,331,028 |
| Total shareholders' equity              | 594,518   | 721,126   | 742,133   |

**Operating Metrics (Standalone)**

|                                     |         |         |         |
|-------------------------------------|---------|---------|---------|
| First Year Premium(FYP)             | 201,064 | 160,771 | 202,394 |
| First Year Premium Equivalent(FYPE) | 96,313  | 62,182  | 50,997  |
| Expense ratio                       | 10.6%   | 9.5%    | 11.2%   |
| 13-M persistency ratio              | 98.0%   | 98.1%   | 98.4%   |
| 25-M persistency ratio              | 96.4%   | 95.5%   | 96.3%   |
| ROAE                                | 8.01%   | 8.01%   | 15.47%  |
| ROAA                                | 0.57%   | 0.71%   | 1.44%   |

**Capital Adequacy Metrics (Standalone)**

|           |      |      |      |
|-----------|------|------|------|
| RBC ratio | 346% | 360% | 371% |
|-----------|------|------|------|

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**Cathay United Bank**

| (NT\$MN)                                     |           |           |           | FY21/<br>FY20 |         |         | 4Q21/<br>4Q20 |
|--|-----------|-----------|-----------|---------------|---------|---------|---------------|
| <u>Income Statement Data (Consolidated)</u>  | FY19      | FY20      | FY21      | % Chg         | 4Q20    | 4Q21    | % Chg         |
| <b>Operating Income</b>                      |           |           |           |               |         |         |               |
| Net interest income                          | 36,446    | 35,223    | 38,539    | 9%            | 8,938   | 10,051  | 12%           |
| Fee income                                   | 17,090    | 16,331    | 18,346    | 12%           | 3,697   | 4,260   | 15%           |
| Investment income                            | 8,996     | 9,482     | 6,956     | -27%          | 934     | 934     | 0%            |
| Other income                                 | 594       | 855       | 502       | -41%          | 205     | 139     | -32%          |
| <b>Net operating income</b>                  | 63,126    | 61,891    | 64,342    | 4%            | 13,774  | 15,384  | 12%           |
| Operating expenses                           | (33,806)  | (32,686)  | (33,877)  | 4%            | (8,622) | (9,367) | 9%            |
| <b>Pre-provision profit</b>                  | 29,320    | 29,205    | 30,466    | 4%            | 5,152   | 6,017   | 17%           |
| Net provisions for possible losses           | (2,853)   | (3,382)   | (2,986)   | -12%          | (1,475) | (243)   | -84%          |
| <b>Income before taxes</b>                   | 26,467    | 25,823    | 27,480    | 6%            | 3,677   | 5,774   | 57%           |
| Income tax                                   | (3,981)   | (3,512)   | (3,671)   | 5%            | (574)   | (805)   | 40%           |
| <b>Net income</b>                            | 22,486    | 22,311    | 23,808    | 7%            | 3,104   | 4,969   | 60%           |
| <b>Balance Sheet Data</b>                    |           |           |           |               |         |         |               |
| Total assets                                 | 2,973,496 | 3,229,460 | 3,499,323 |               |         |         |               |
| Loans, net                                   | 1,553,151 | 1,661,296 | 1,807,077 |               |         |         |               |
| Financial assets                             | 897,677   | 1,028,595 | 1,110,788 |               |         |         |               |
| Total liability                              | 2,741,601 | 2,982,805 | 3,248,596 |               |         |         |               |
| Deposits                                     | 2,335,331 | 2,648,995 | 2,935,694 |               |         |         |               |
| Financial Debenture Payable                  | 53,900    | 53,800    | 46,800    |               |         |         |               |
| Total shareholders' equity                   | 231,895   | 246,656   | 250,727   |               |         |         |               |
| <b>Operating Metrics</b>                     |           |           |           |               |         |         |               |
| Cost income ratio                            | 53.55%    | 52.81%    | 52.65%    |               |         |         |               |
| ROAE   | 10.27%    | 9.32%     | 9.57%     |               |         |         |               |
| ROAA   | 0.77%     | 0.72%     | 0.71%     |               |         |         |               |
| <b>Assets Quality (Standalone)</b>           |           |           |           |               |         |         |               |
| NPL  | 2,286     | 2,274     | 1,578     |               |         |         |               |
| NPL ratio                                    | 0.15%     | 0.14%     | 0.09%     |               |         |         |               |
| NPL provisions                               | 25,983    | 26,846    | 28,064    |               |         |         |               |
| Coverage ratio                               | 1137%     | 1180%     | 1778%     |               |         |         |               |
| <b>Capital Adequacy Metrics (Standalone)</b> |           |           |           |               |         |         |               |
| BIS ratio                                    | 15.1%     | 16.9%     | 16.2%     |               |         |         |               |
| Tier I Ratio                                 | 12.3%     | 14.2%     | 14.1%     |               |         |         |               |
| <b>LDR (Standalone)</b>                      |           |           |           |               |         |         |               |
| LDR  | 65.5%     | 62.5%     | 61.4%     |               |         |         |               |
| TWD LDR                                      | 70.1%     | 69.7%     | 69.2%     |               |         |         |               |
| FX LDR                                       | 48.8%     | 38.7%     | 34.1%     |               |         |         |               |

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**Cathay Century**

| (NT\$MM)   |              |              |              | FY21/<br>FY20<br>% Chg | 4Q20       | 4Q21      | 4Q21/<br>4Q20<br>% Chg |
|--|--------------|--------------|--------------|------------------------|------------|-----------|------------------------|
| <b><u>Income Statement Data (Consolidated)</u></b> |              |              |              |                        |            |           |                        |
| Premium income                                     | 25,343       | 25,498       | 28,015       | 10%                    | 7,062      | 7,790     | 10%                    |
| Net written premium                                | 19,550       | 19,413       | 20,718       | 7%                     | 5,281      | 5,706     | 8%                     |
| Net earned premium                                 | 19,077       | 18,848       | 19,903       | 6%                     | 4,762      | 5,304     | 11%                    |
| Reinsurance commission earned                      | 572          | 572          | 857          | 50%                    | 160        | 181       | 13%                    |
| Fee income   | 42           | 45           | 46           | 1%                     | 10         | 10        | 1%                     |
| Investment   | 1,020        | 1,254        | 1,363        | 9%                     | 304        | 108       | -65%                   |
| Interest income                                    | 555          | 546          | 539          | -1%                    | 129        | 131       | 1%                     |
| Other investment income, net                       | 465          | 708          | 824          | 16%                    | 175        | (23)      | -113%                  |
| Other operating income                             | 0            | 0            | 0            | 0%                     | 0          | 0         | 0%                     |
| Net claims payment                                 | (10,321)     | (10,669)     | (10,470)     | -2%                    | (2,732)    | (2,875)   | 5%                     |
| Changes in liability reserves                      | (395)        | 139          | (637)        | 558%                   | 12         | (246)     | 2138%                  |
| Commissions and other operating costs              | (3,409)      | (3,411)      | (3,765)      | 10%                    | (966)      | (958)     | -1%                    |
| Operating expenses                                 | (4,097)      | (4,224)      | (4,772)      | 13%                    | (1,192)    | (1,457)   | 22%                    |
| <b>Operating income</b>                            | <b>2,490</b> | <b>2,553</b> | <b>2,525</b> | <b>-1%</b>             | <b>360</b> | <b>68</b> | <b>-81%</b>            |
| Net non-operating income                           | 5            | 5            | 42           | 671%                   | 5          | 44        | 785%                   |
| Income taxes                                       | (389)        | (385)        | (392)        | 2%                     | (58)       | (46)      | -21%                   |
| Net income   | 2,106        | 2,174        | 2,175        | 0%                     | 307        | 65        | -79%                   |
| <b><u>Balance Sheet Data</u></b>                   |              |              |              |                        |            |           |                        |
| Total assets                                       | 43,008       | 44,298       | 49,900       |                        |            |           |                        |
| Total stockholders' equity                         | 12,656       | 13,130       | 14,447       |                        |            |           |                        |
| <b><u>Operating Metrics</u></b>                    |              |              |              |                        |            |           |                        |
| Gross Combined ratio                               | 84.8%        | 83.2%        | 86.8%        |                        |            |           |                        |
| Net Combined ratio                                 | 93.0%        | 92.9%        | 92.0%        |                        |            |           |                        |
| ROAE   | 18.57%       | 16.86%       | 15.78%       |                        |            |           |                        |
| ROAA   | 5.19%        | 4.98%        | 4.62%        |                        |            |           |                        |
| <b><u>Capital Adequacy Metrics</u></b>             |              |              |              |                        |            |           |                        |
| RBC ratio (Standalone)                             | 339%         | 323%         | 284%         |                        |            |           |                        |

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