



國泰金控

Cathay Financial Holdings

2026 First Quarter Briefing

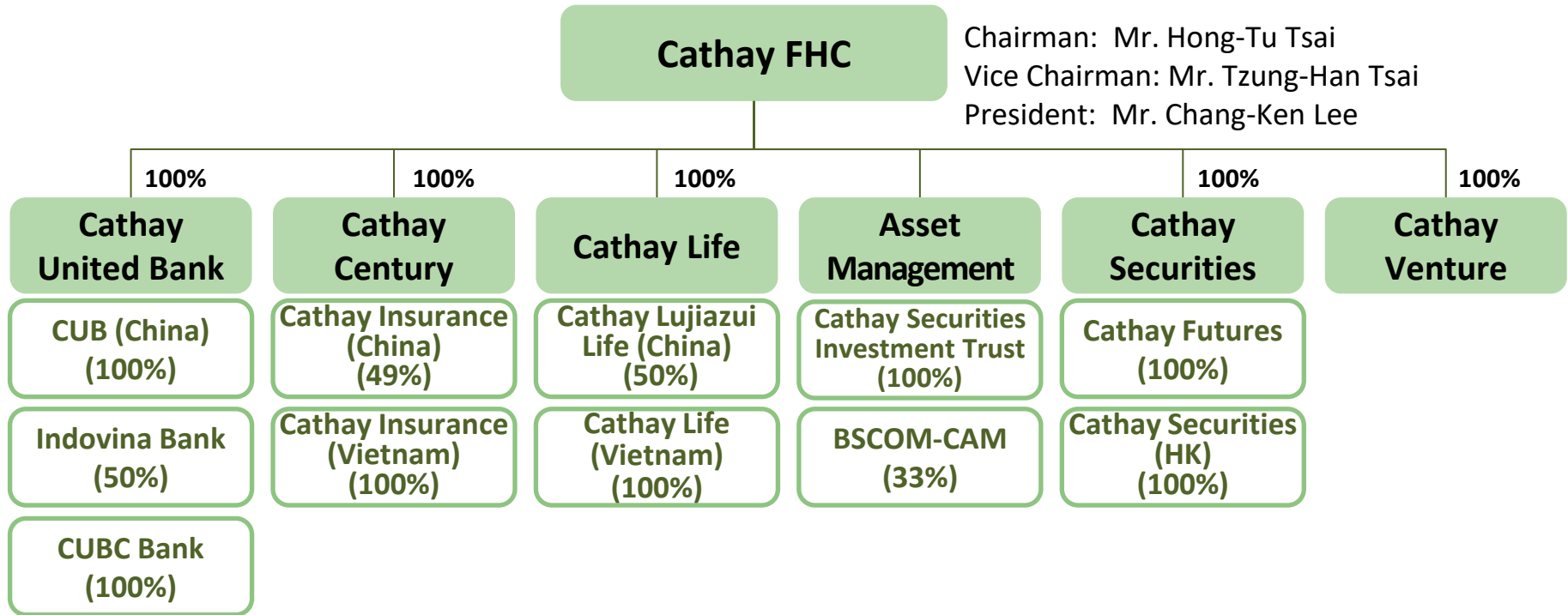
May 2026



Agenda

- **Introduction of Cathay FHC**
- **Business overview**
- **Business performance summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay Life IFRS 17 transition reference and TIS**
- **Cathay's ESG efforts**
- **Appendix**

Cathay FHC: largest FHC, integrated financial platform



- #2 private bank by total assets
- Strong retail & wealth management franchise

- #2 non-life insurer
- ~14% market share by premium income

- #1 life insurer by total assets & total premium
- ~20% market share by total premium

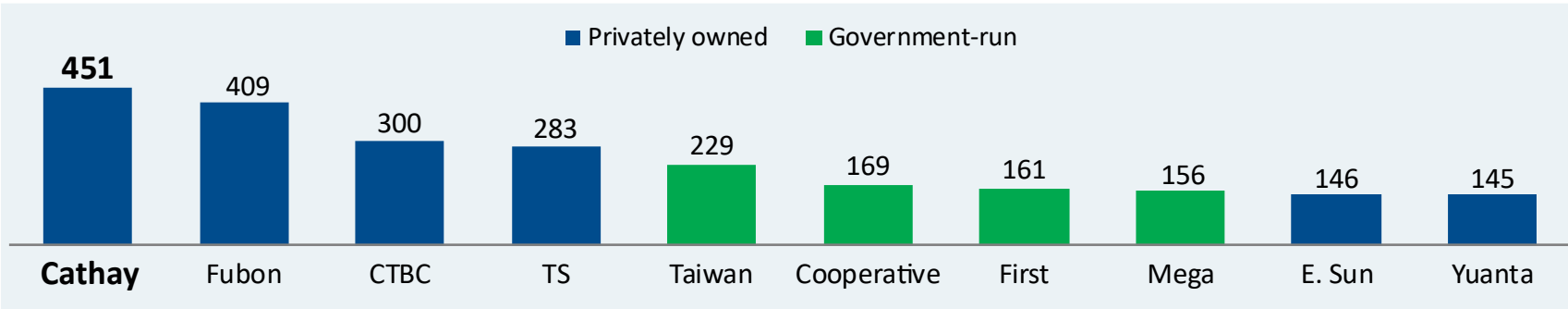
- Leading asset manager by AUM
- Diversified product offering

- Digital-driven business model
- Strong growth in domestic brokerage market share

Market leader in Taiwan's FIG sector

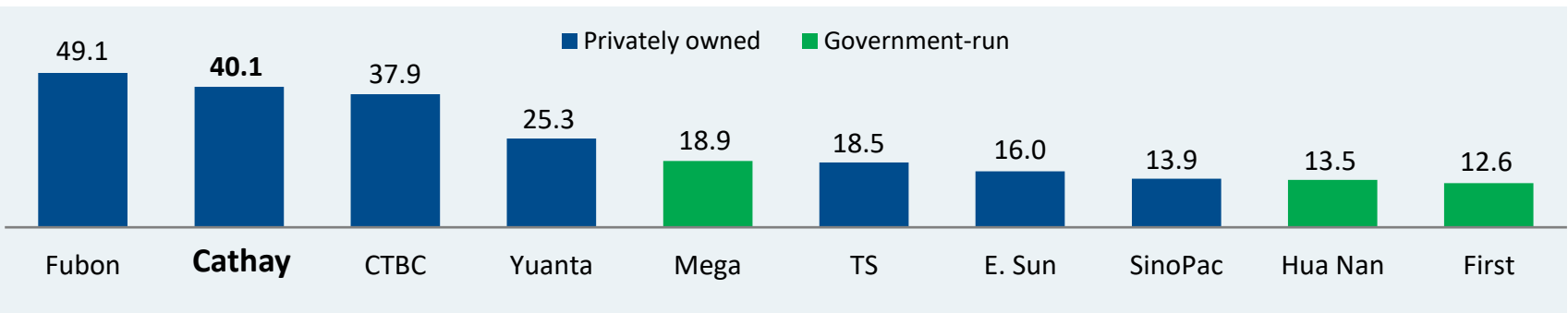
- Largest listed financial group by assets.

Ranking of total assets (US\$BN)



Note: Total assets as of March 31, 2026

Ranking of market cap (US\$BN)



Note: Market capitalization as of May 29, 2026

Cathay FHC's efforts on ESG integration & climate actions



2011

- Established CSR Committee

- Formed Responsible Investment Team

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

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

2014

2015

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

2016

- Joined **Ceres Valuing Water Finance Task Force**
- Cathay Securities published ESG rating reports on individual listed companies

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

- 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**

2020

2019



2018



2017



- Issued ESG integration report certified by third party
- Participated in **Asian Utilities Engagement Program**

2021



2023



2024



2025

avpn

- Became an **RE100 member**, the first financial institution in Taiwan
- Received **SBTi validation of decarbonization targets**
- Participated in **TNFD, Ceres Valuing Water Finance Initiative**, The Partnership for Biodiversity Accounting Financials (**PBAF**)

- Participated in **Business For Nature**
- Participated in **Nature Action 100**

- Joined Global Impact Investing Network (**GIIN**) and **AVPN**

- Established board level Corporate Sustainability Committee

Renowned corporate sustainability performance

Global

Member of
Dow Jones Best-in-Class Indices
Included in DJBIC World
& DJBIC EM



FTSE4Good



Gender-Equality Index



First Taiwan FI



2022 & 2023 ICAPs

Global best practice



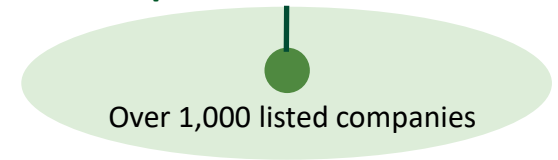
1st in Asia



Asia 6th approval

Taiwan

Top-20%
Corporate Governance



TWSE Corporate Governance Evaluation



No. 1 Large Cap & Financial in 2025



Top 2 in Finance & Insurance
in 2026

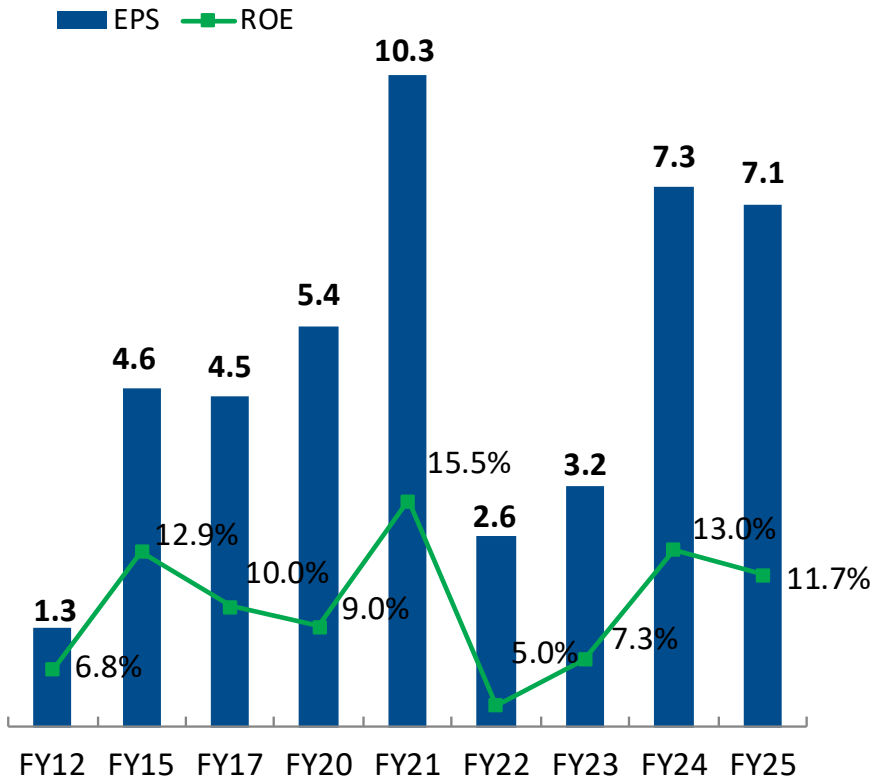


2025 Taiwan Corporate
Sustainability Awards

Cathay FHC continued to deliver solid earnings

EPS & ROE

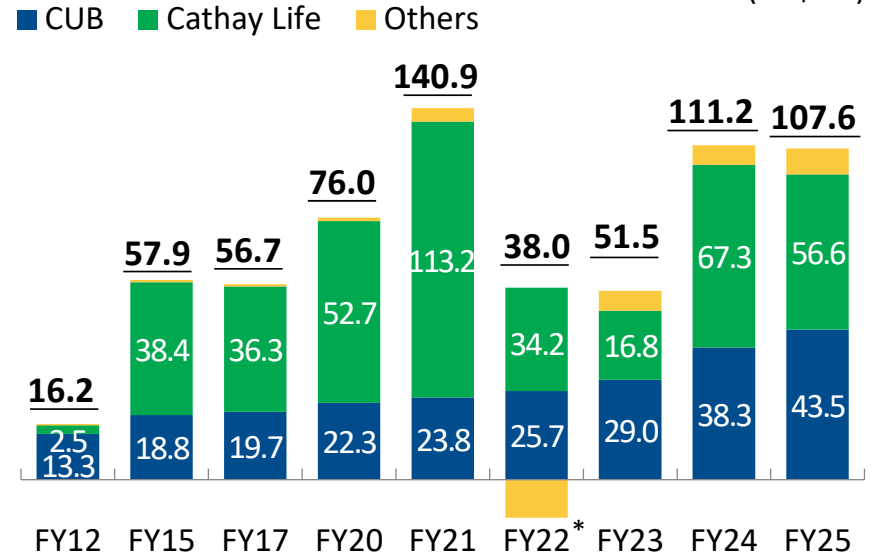
(NT\$/%)



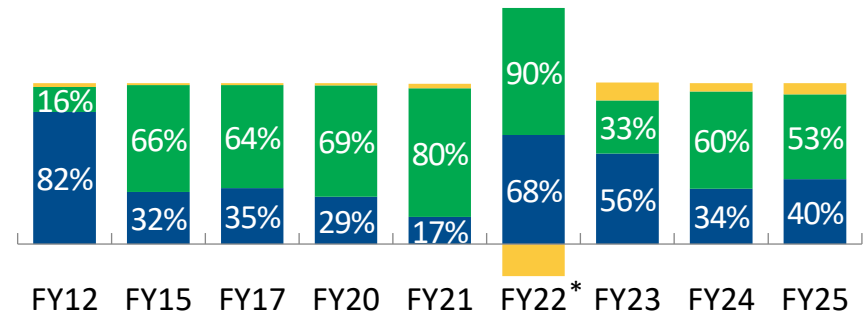
Note: EPS has been adjusted for stock dividend (stock split).

Profit contribution

(NT\$BN)



■ CUB ■ Cathay Life ■ Others



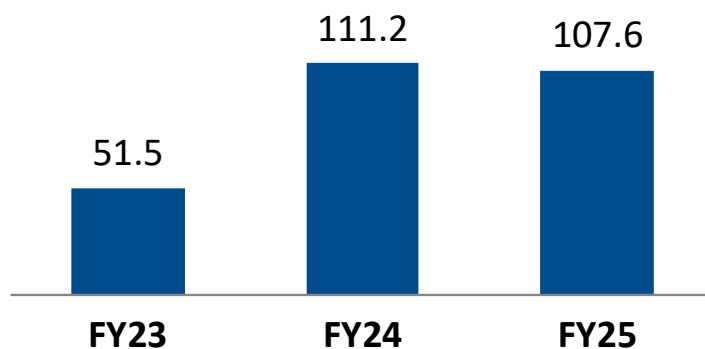
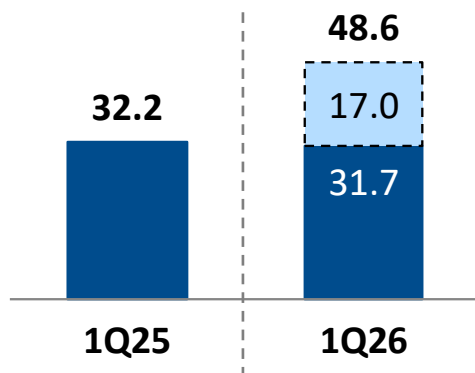
* Cathay Century reported a net loss of NT\$19.6bn due to pandemic insurance losses.

Cathay FHC – Net income & EPS

- 1Q26 net income reached NT\$31.7bn. Adjusted net income totaled NT\$48.6bn, including FVOCI equity disposal gains. Core business momentum remained strong across all subsidiaries.

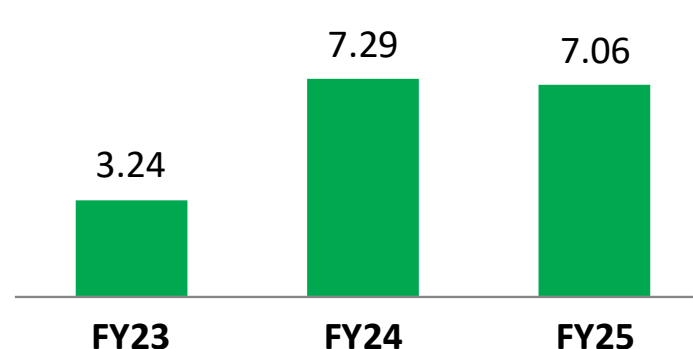
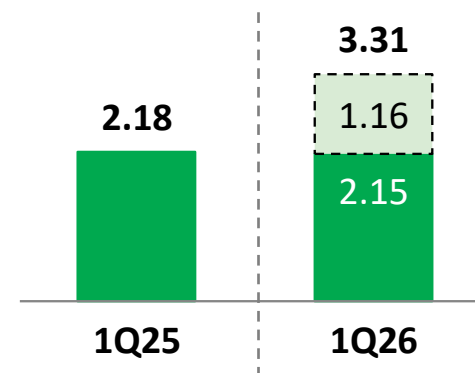
Net income and adjusted net income

FVOCI equity disposal gains/losses (NT\$BN)



EPS & adjusted EPS

FVOCI equity disposal gains/losses (NT\$)



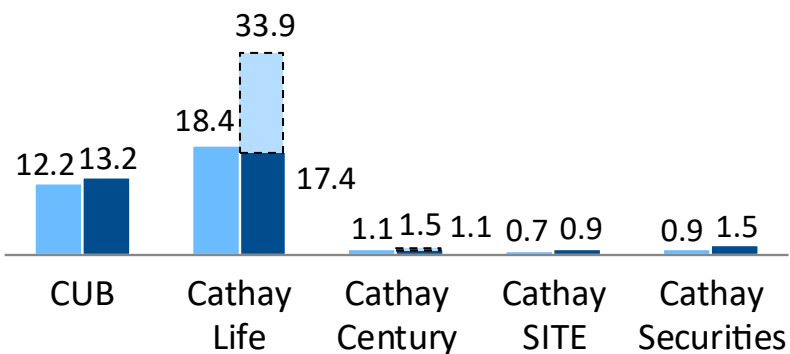
Note: Effective Jan. 1, 2026, following IFRS 17 adoption, the overlay approach no longer applies, and certain financial assets were redesignated as FVOCI. FVOCI equity disposal gains/losses are not recognized in P&L but are reflected directly in retained earnings and remain distributable. Adjusted net income and adjusted EPS include such gains/losses.

Cathay FHC – Net income & ROE

- CUB, Cathay Century, Cathay SITE and Cathay Securities each delivered first-quarter record-high earnings; Cathay Life’s adjusted net income, including FVOCI equity disposal gains/losses, reached the second-highest level for the same period.

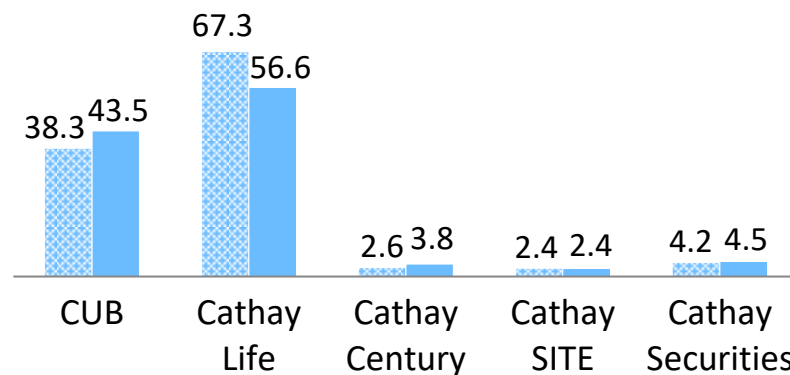
Net income & adjusted net income

1Q25 1Q26 FVOCI equity disposal gains/losses (NT\$BN)



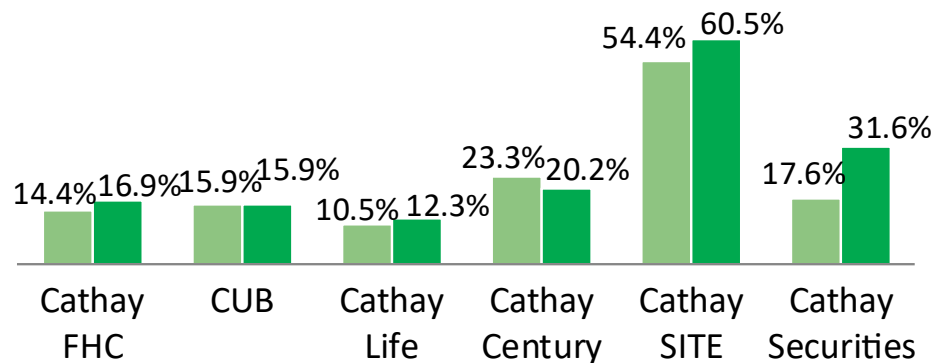
FY24

FY25



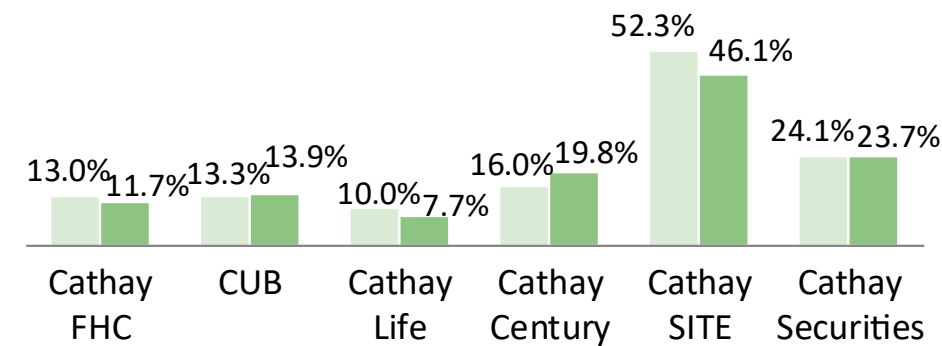
ROE

1Q25 1Q26



FY24

FY25



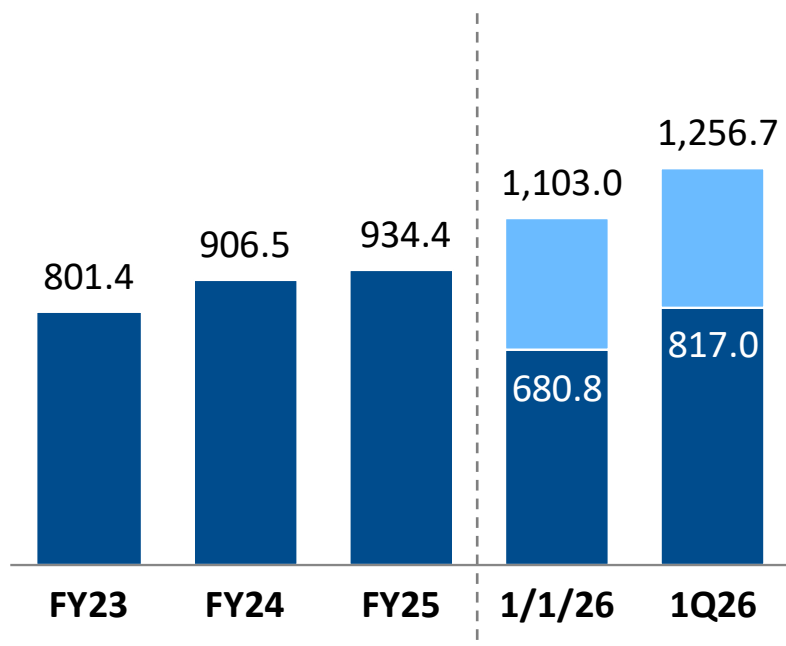
Cathay FHC – Net worth & BVPS

- 1Q26 net worth increased significantly, supported by solid earnings contribution and a recovery in OCI asset and liability valuations.

Net worth & adjusted net worth⁽¹⁾

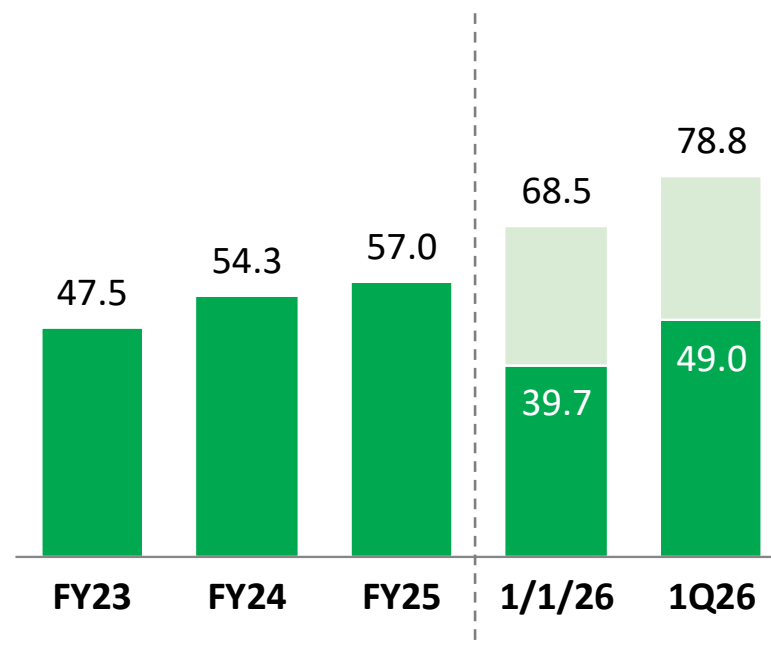
(NT\$BN)

- After-tax CSM
- Net worth



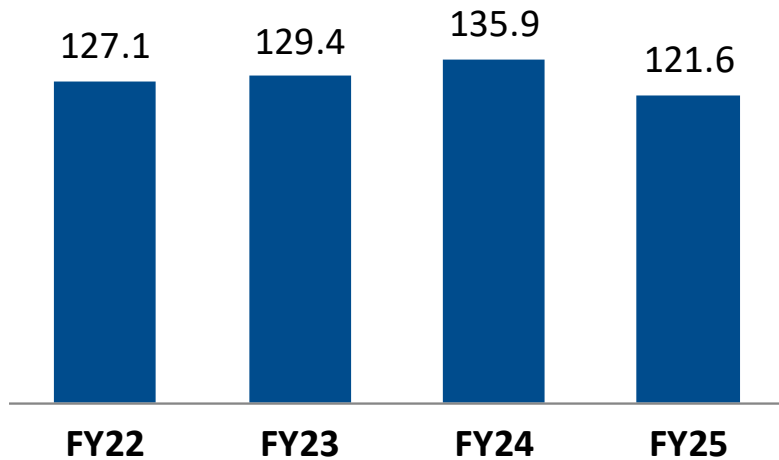
BVPS & adjusted BVPS⁽²⁾

(NT\$)

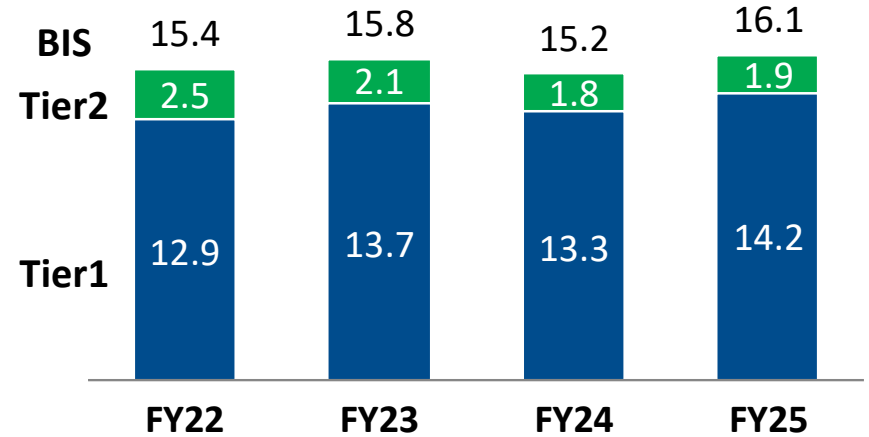


Cathay FHC – Strong capital position

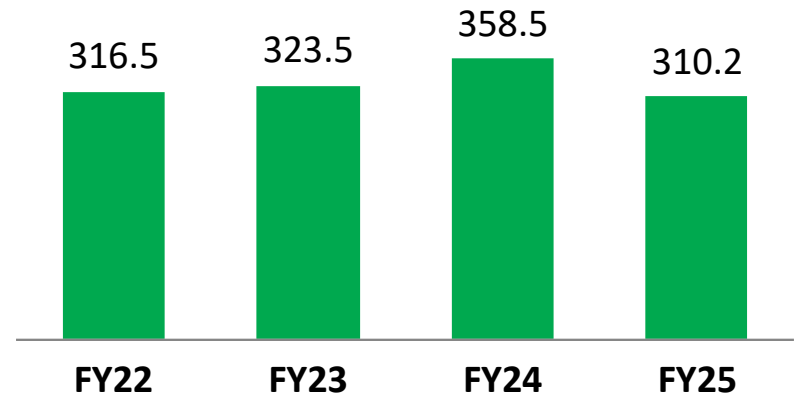
Cathay FHC CAR (%)



CUB capital adequacy (%)



Cathay Life RBC (%)



Cathay FHC's ongoing overseas expansion in 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	49	112									
▲ P&C	25	2									
◆ Asset Mgt.	1										
◆ Securities				2							

Note: (1) Footprints in Thailand and Indonesia are rep. offices.

(2) Cathay FHC owns 49% stake in Cathay Insurance (China), and 33% stake in BSCOM Cathay Asset Management.



Banking

- Strengthen regional presence via localization, digitalization, and green finance.
- CUBC launched the Merchant APP to support merchants in customer management and payment integration.
- Ho Chi Minh City branch topped Vietnam Loans Bookrunner League Table. China subsidiary's syndicated loan project received the Best Green Loan – Financial Leasing.

Life Insurance

- China: 1Q26 total premium surged 80% YoY to RMB 3.1bn; expanded channels and scale while driving value growth.
- Vietnam: 1Q26 total premium reached VND 0.7tn; sales force optimization to drive premium growth.

P&C Insurance

- Vietnam: 1Q26 premium totaled VND 125bn; advancing digitalization and mobile insurance applications.

1Q26 Business overview

Cathay United Bank

- 1Q26 net income rose 8% YoY, marking another first-quarter record high.
- Deposits and loans delivered solid growth. Net interest income increased 13% YoY. Asset quality remained sound.
- Wealth management fees grew solidly, up 13% YoY.

Cathay Life

- New business CSM reached NT\$27.1bn, with CSM balance increasing to NT\$532.4bn.
- Liability interest cost declined significantly to 2.11%, supporting a stable positive spread.
- Net worth rebounded by NT\$121.0bn on favorable equity markets and sound asset-liability management, with adjusted equity-to-asset ratio reaching 13.5%.

Cathay Century

- Written premiums grew steadily, with market share reaching 12.8%, ranking No.2 in the industry.
- 1Q26 net income reached a first-quarter record, supported by continued business growth and well-contained loss ratios. The retained combined ratio declined YoY.

Cathay SITE

- Launched Cathay's first active ETF, 00400A, in March, with both AUM and beneficiaries showing solid growth.
- AUM reached NT\$2.8tn; mandate AUM totaled NT\$1.3tn, ranking No.1 in the industry.
- Received the "Best Institutional Asset Manager – Taiwan" from Asia Asset Management for the 10th consecutive year.

Cathay Securities

- Strengthened digital operating edge through data analytics to optimize customer experience; leveraged group synergies to expand customer base, supporting continued gains in domestic brokerage market share.
- Expanded sub-brokerage product offerings and optimize platform functions.

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- Business overview
- Business performance summary

Cathay United Bank

Cathay Life

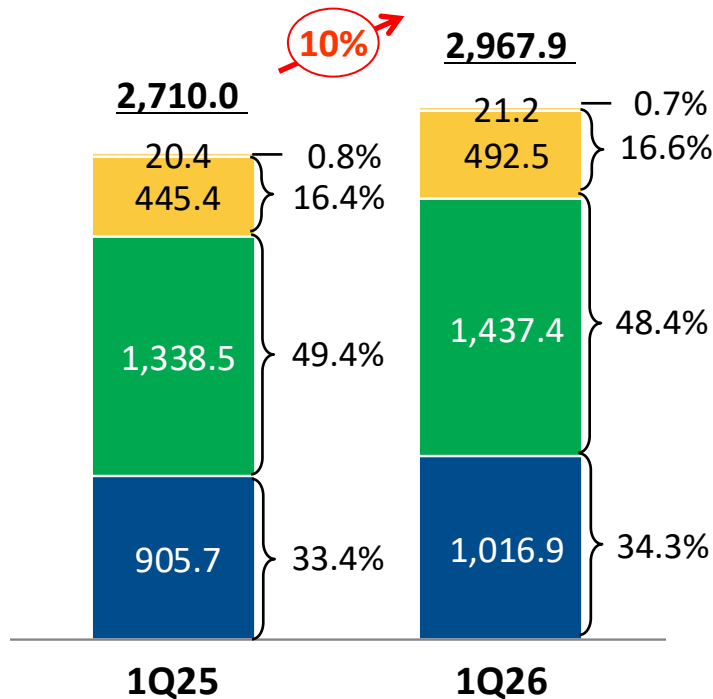
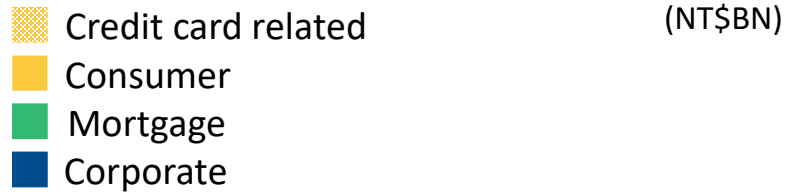
Cathay Century

- Cathay Life IFRS 17 transition reference and TIS
- Cathay's ESG efforts
- Appendix

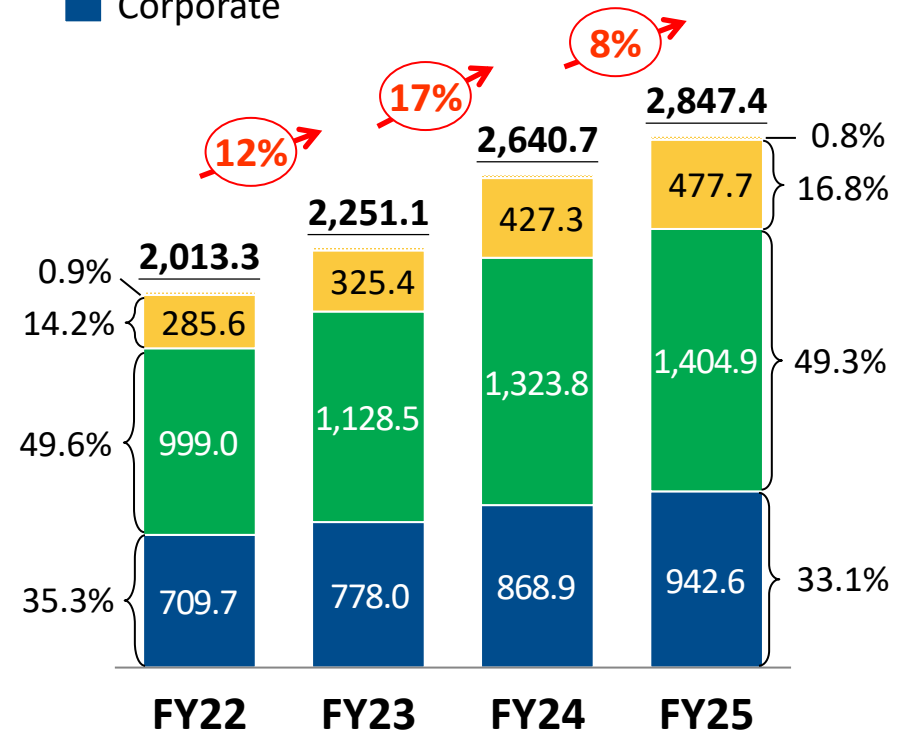
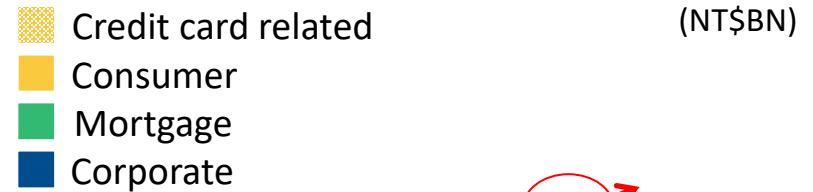
Cathay United Bank – Loan breakdown

Loans grew 10% YoY, with solid growth across all segments.

Loan breakdown



Annual loan breakdown

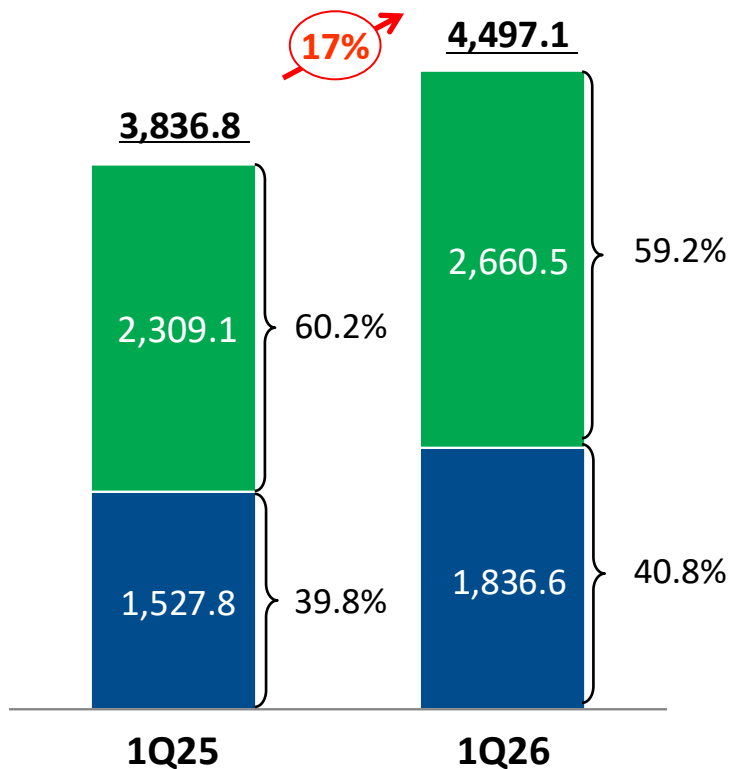


Cathay United Bank – Deposit breakdown

- Deposits rose 17% YoY; maintained a high demand deposit ratio advantage.

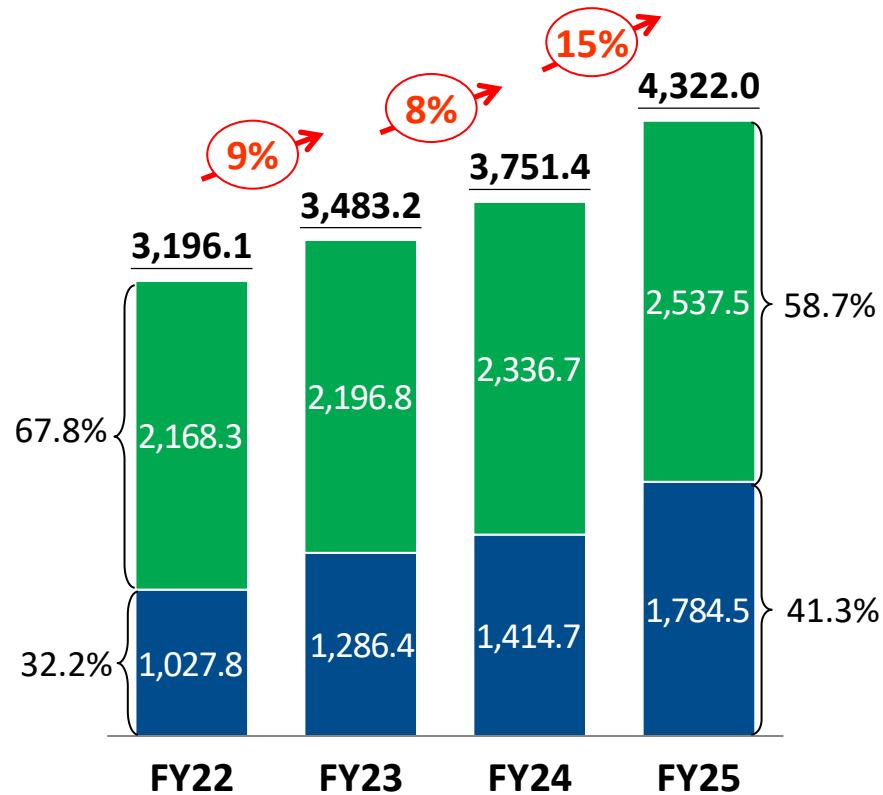
Deposit breakdown

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



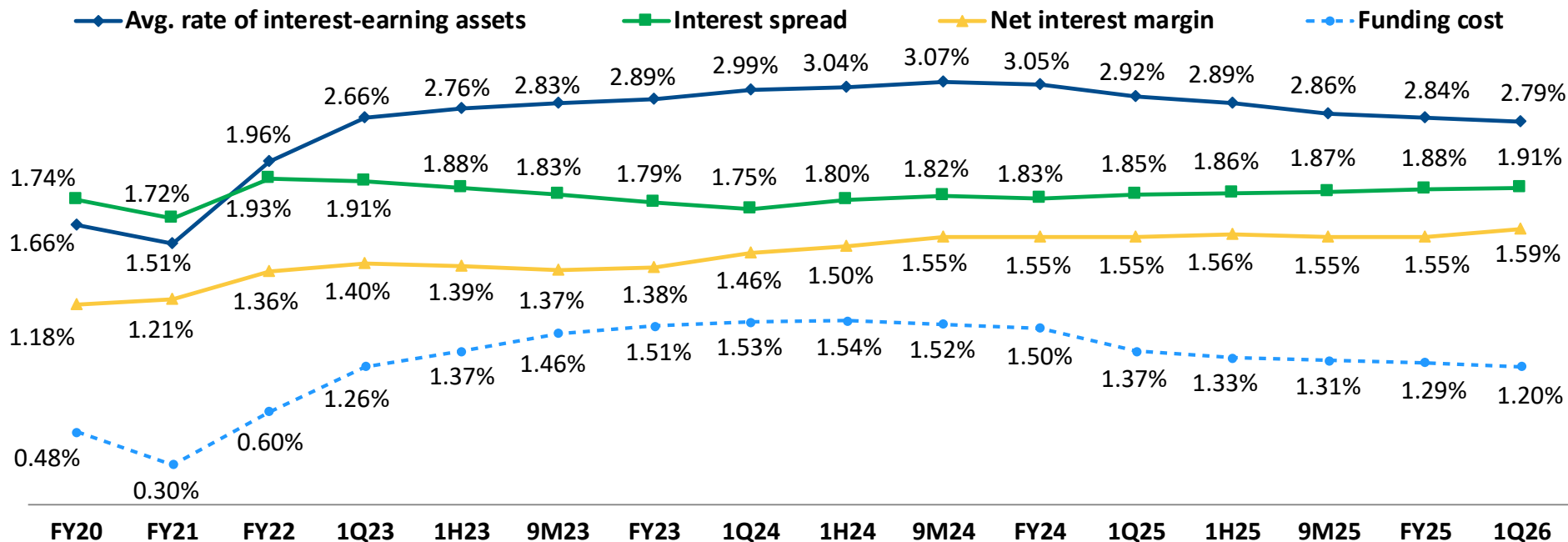
Annual deposit breakdown

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



Cathay United Bank – Interest yield

█ 1Q26 interest spread and NIM both expanded, driven by U.S. rate cuts and well-contained funding costs.



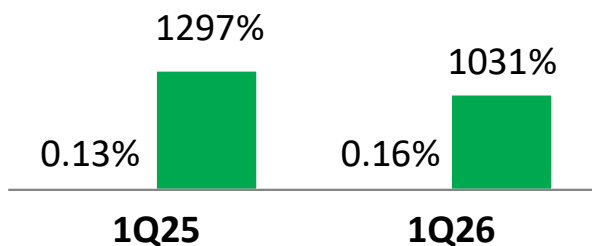
Quarterly	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Spread	1.91%	1.84%	1.73%	1.70%	1.75%	1.83%	1.86%	1.87%	1.85%	1.86%	1.89%	1.90%	1.91%
NIM	1.40%	1.37%	1.36%	1.40%	1.46%	1.55%	1.61%	1.57%	1.55%	1.57%	1.54%	1.56%	1.59%

Cathay United Bank – Credit quality

- Asset quality remained benign, with NPL at 0.16% and coverage ratio at 1031%.

NPL & Coverage ratio

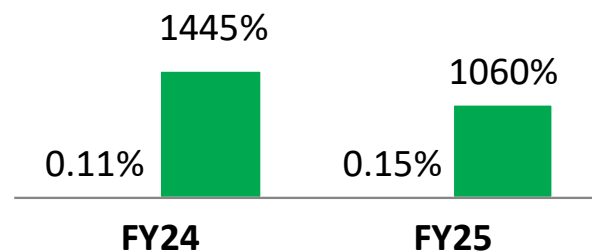
- NPL ratio
- Coverage ratio



Mortgage NPL

0.13 %

0.20 %



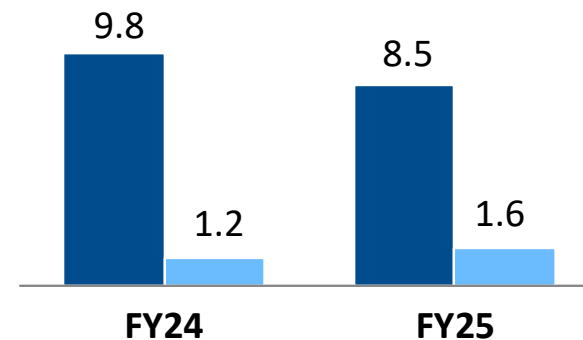
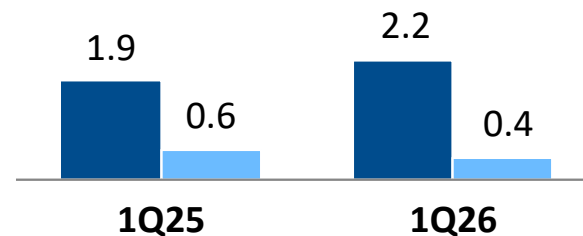
Mortgage NPL

0.11 %

0.19 %

Gross provision

- Gross provision (NT\$BN)
- Recovery



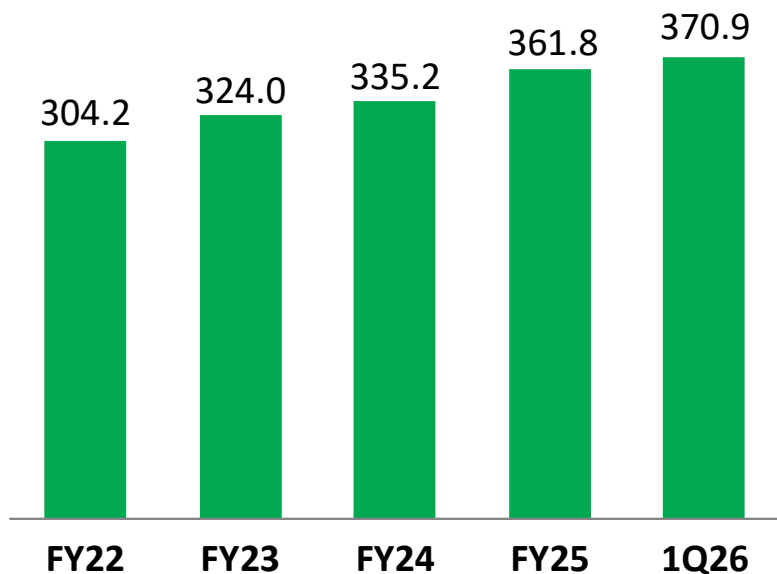
Cathay United Bank – SME & FX loans

- SME loans grew 9% YoY, sustaining solid growth.
- FX loans grew 21% YoY, balancing profitability and asset quality.

SME loans

(NT\$BN)

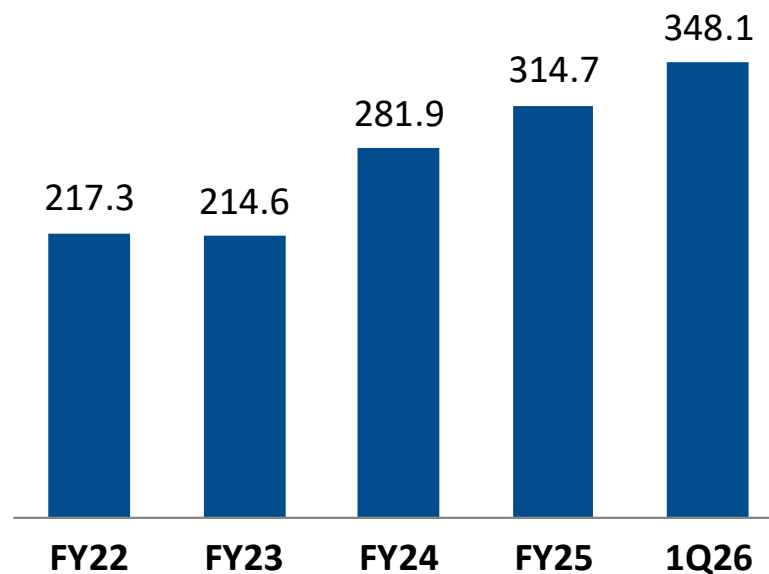
+9% YoY



Foreign currency loans

(NT\$BN)

+21% YoY



As % of total loans

15.3% 14.5% 12.8% 12.8% 12.6%

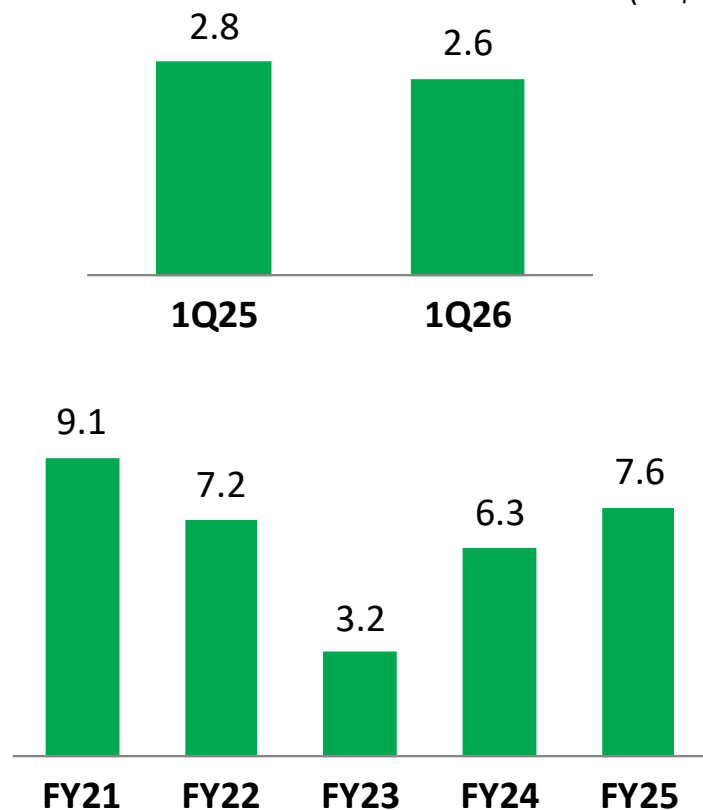
10.9% 9.6% 10.8% 11.1% 11.8%

Cathay United Bank – Offshore earnings

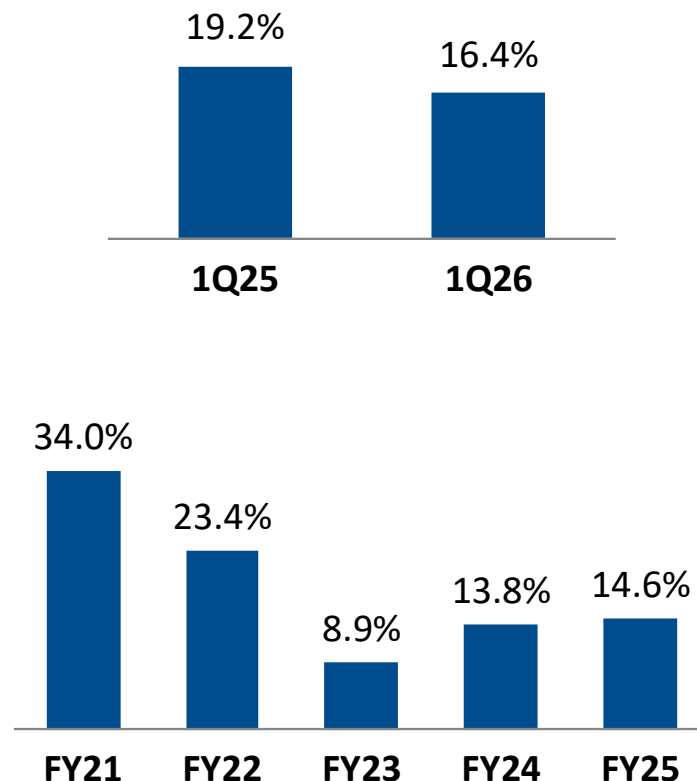
- Offshore earnings declined, mainly due to a higher investment income base in 1Q25.

Offshore earnings

(NT\$BN)



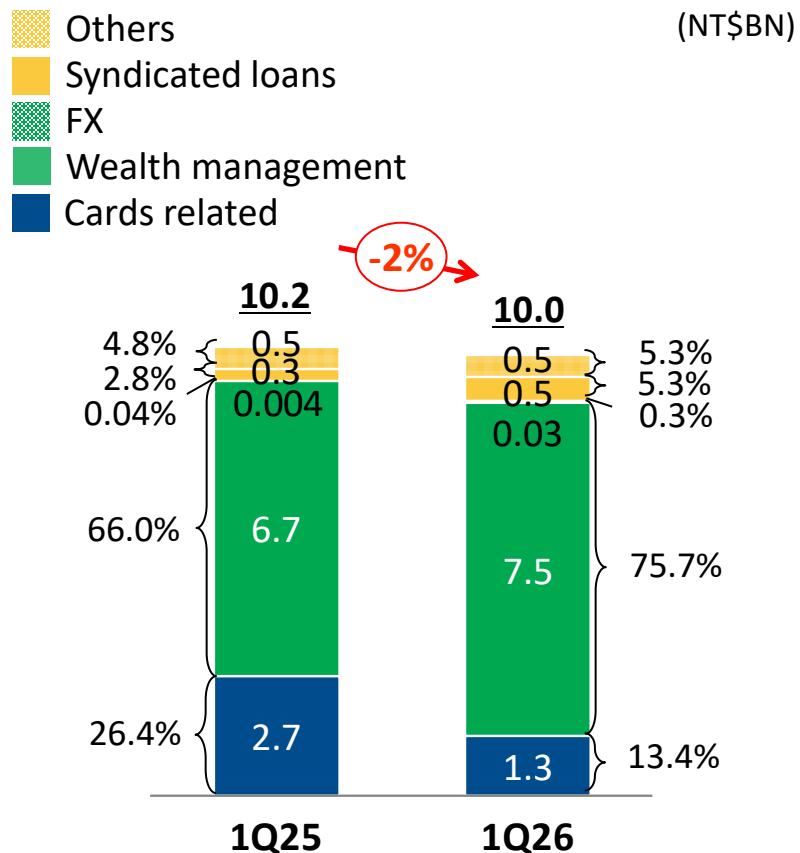
As % of CUB pre-tax profits



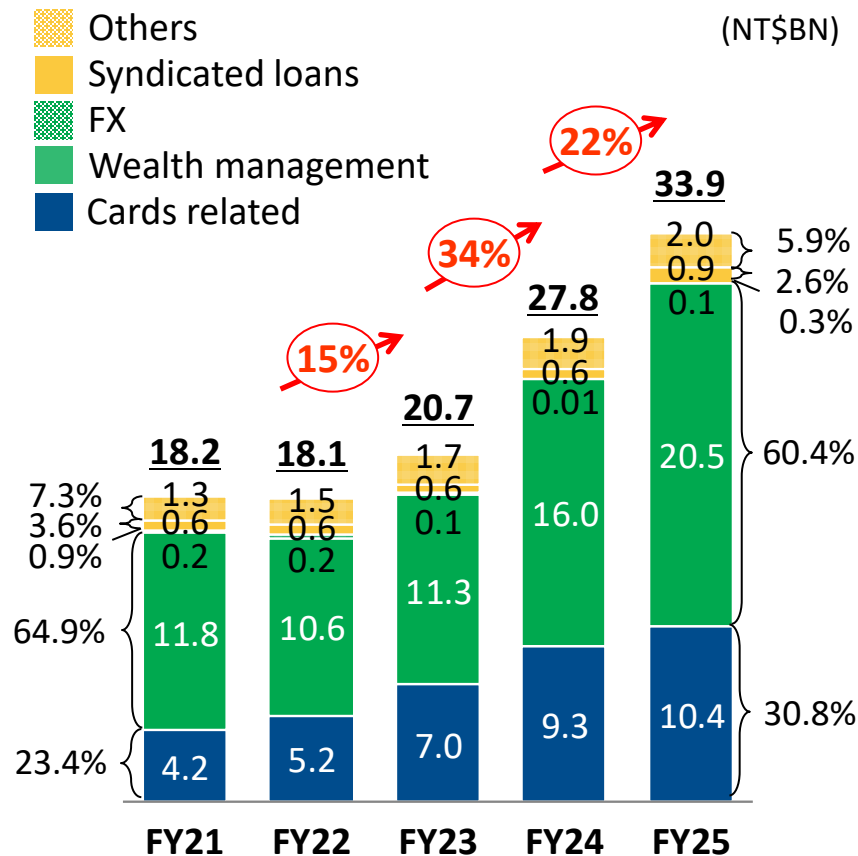
Cathay United Bank – Net fee income

- Net fee income slightly declined YoY due to lower credit card fee income from a one-off adjustment related to higher credit card reward redemption rates; card spending remained strong and wealth management fees grew 13% YoY.

Quarterly net fee income



Annual net fee income



Cathay United Bank – Wealth management fees

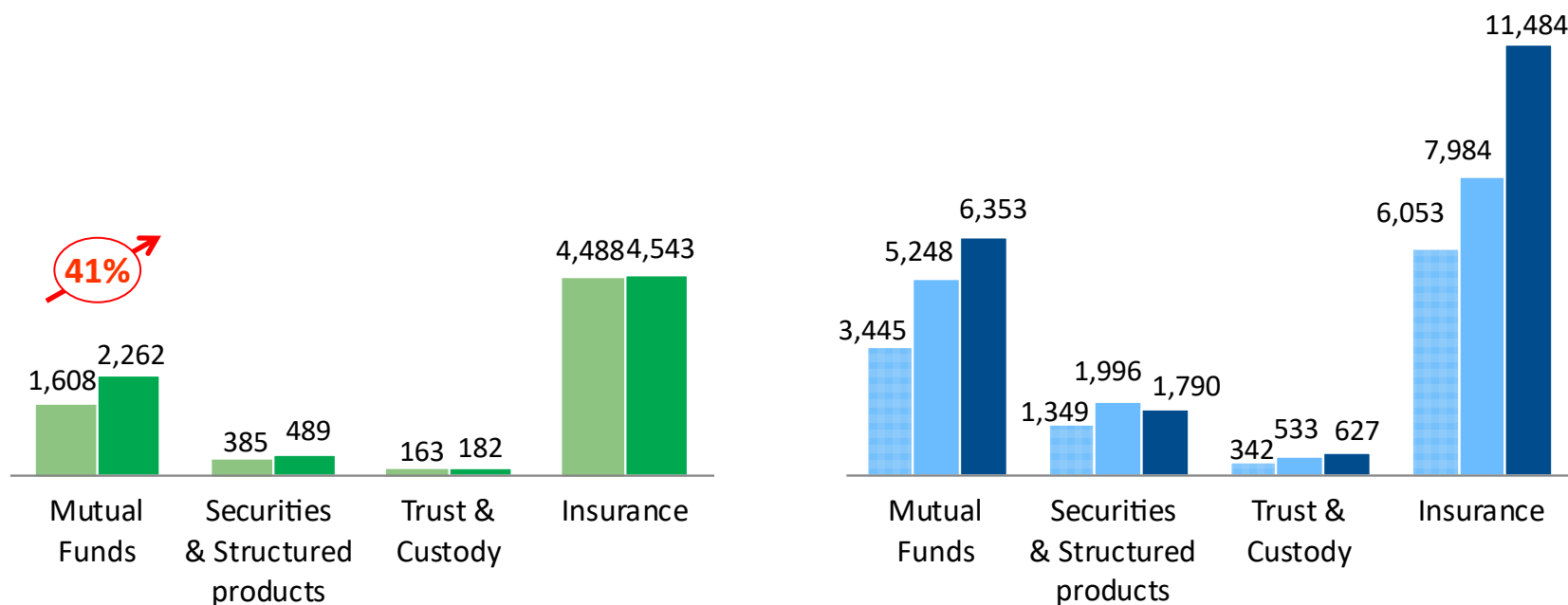
- WM fees grew 13% YoY, driven by strong sales in mutual funds.
- WM customers and AUM continued to show steady growth.

Wealth management fees breakdown

(NT\$MN)	1Q25	1Q26	FY23	FY24	FY25
Wealth management fee income	6,700	7,549	11,344	15,963	20,483
YoY growth (%)	46.1%	12.7%	7.1%	40.7%	28.3%

■ 1Q25 ■ 1Q26

■ FY23 ■ FY24 ■ FY25



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- ❑ Appendix

Cathay Life – Earnings breakdown

- Steady CSM release supported insurance service result, while positive recurring spread drove financial result.
- Net income reached NT\$17.4bn; adjusted net income (incl. FVOCI equity disposal gains/losses) reached NT\$33.9bn, the second-highest level historically.

Earnings breakdown

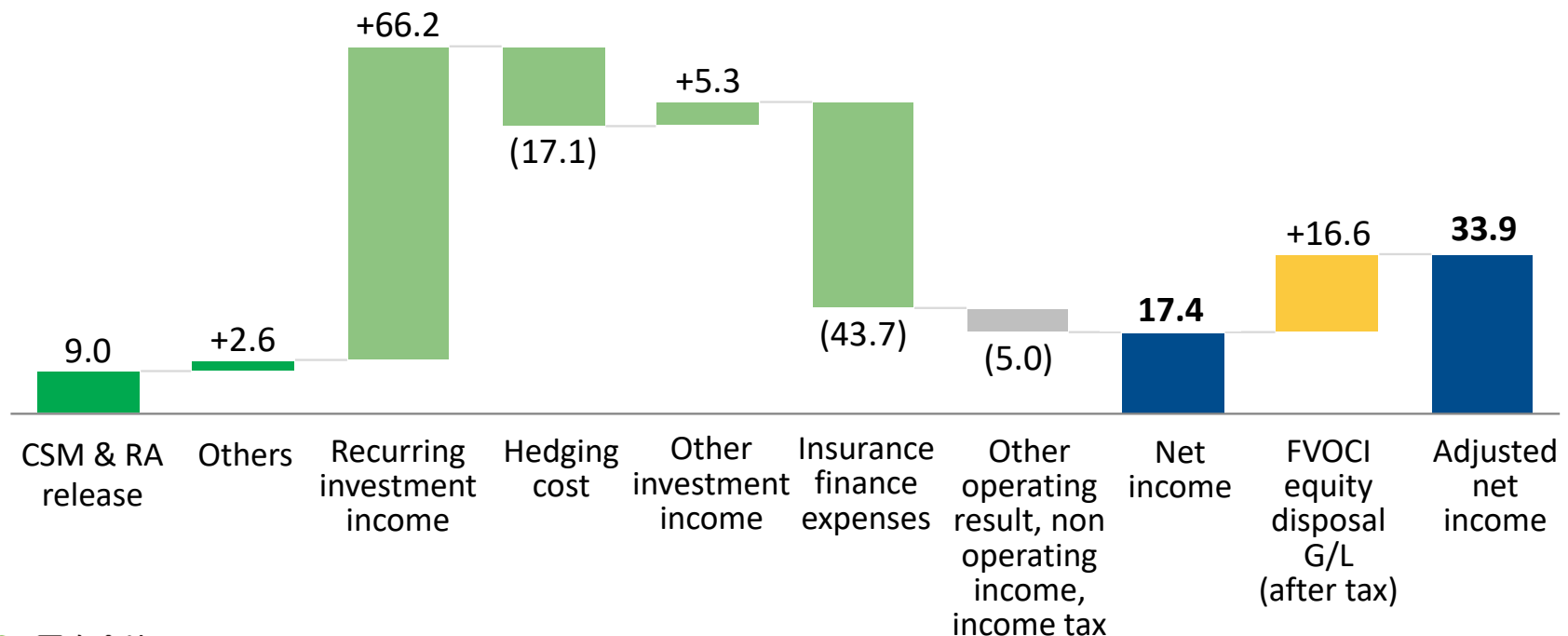
(NT\$BN)

Insurance service result

11.6BN

Financial result

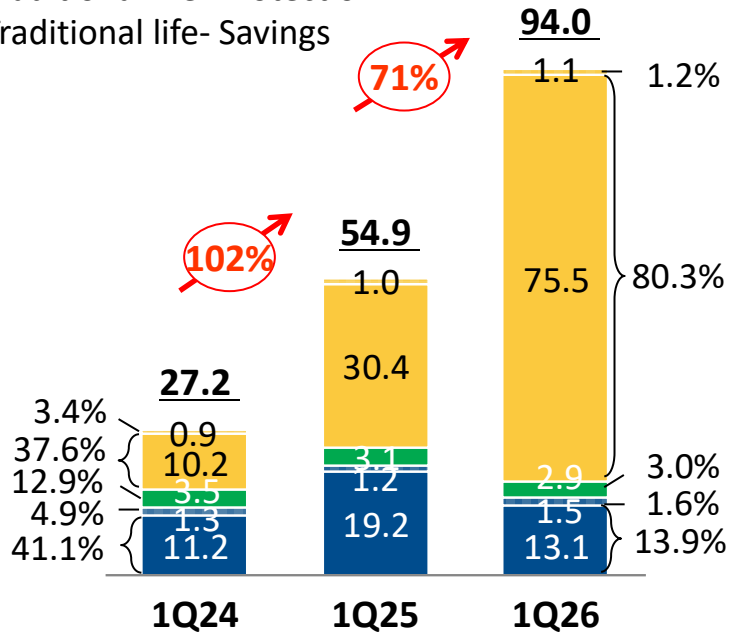
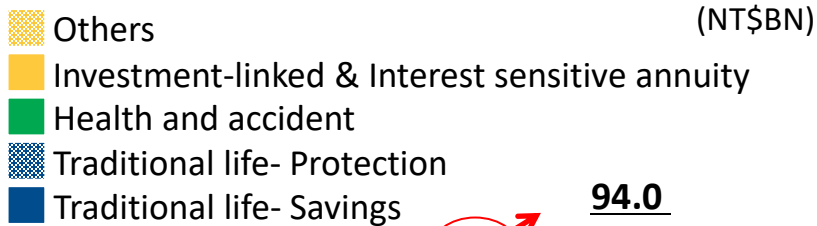
10.8BN



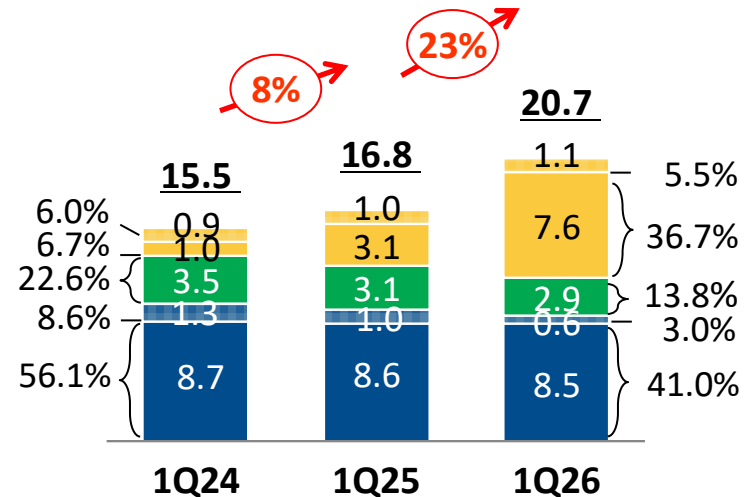
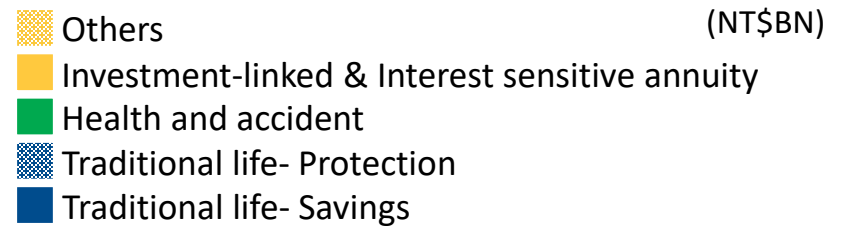
Cathay Life – FYP & APE

- FYP and APE rose 71% and 23%, respectively, driven by robust sales momentum in investment-linked products amid favorable financial markets.

First Year Premium



Annualized FYP (APE)

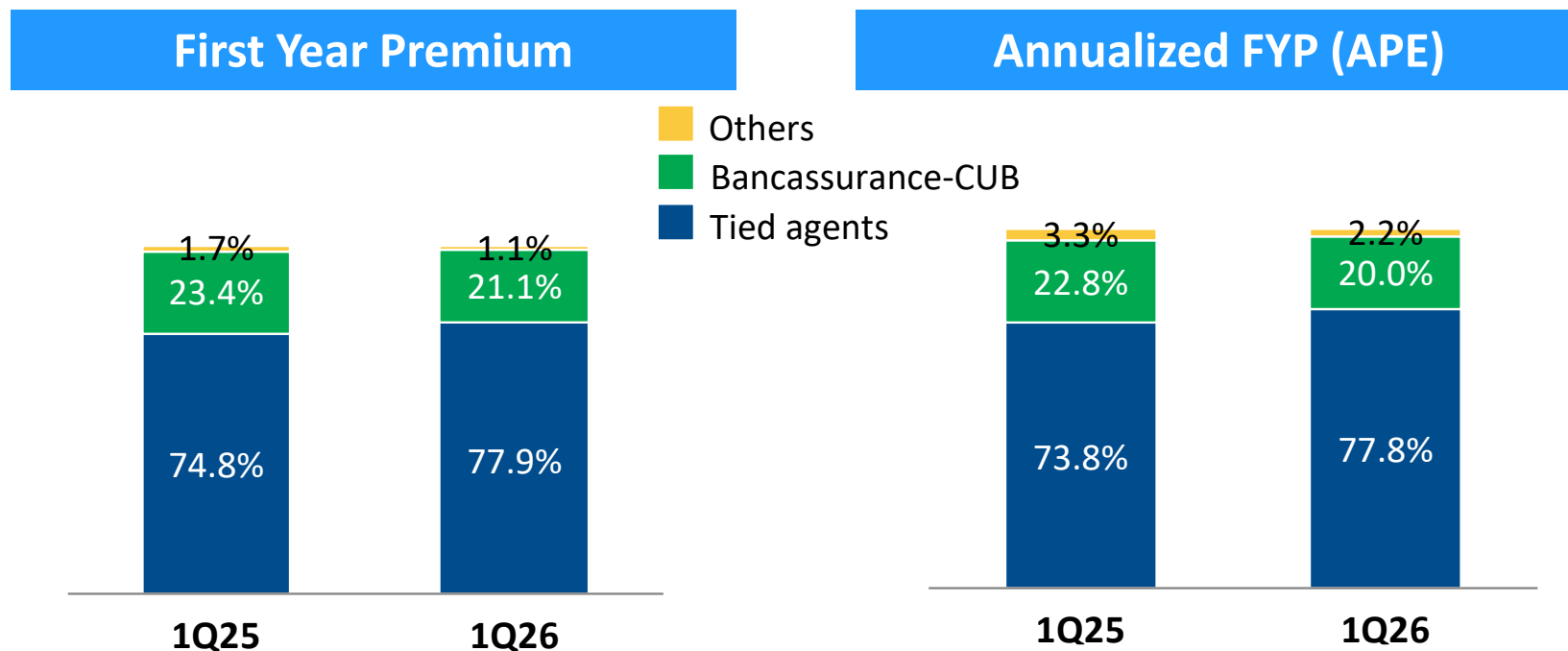


FX policies %
(excl. Investment-linked)

Note: 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 – Distribution channels & persistency ratios

- ❑ Premiums were mainly generated through Cathay Life agency force and Cathay United Bank. The group's strong channel capabilities provided solid support to premiums and new business CSM.
- ❑ Persistency ratio remained high, exceeding 95%.



Persistency ratios	1Q25	1Q26
13 months	97.7%	97.7%
25 months	95.5%	95.3%

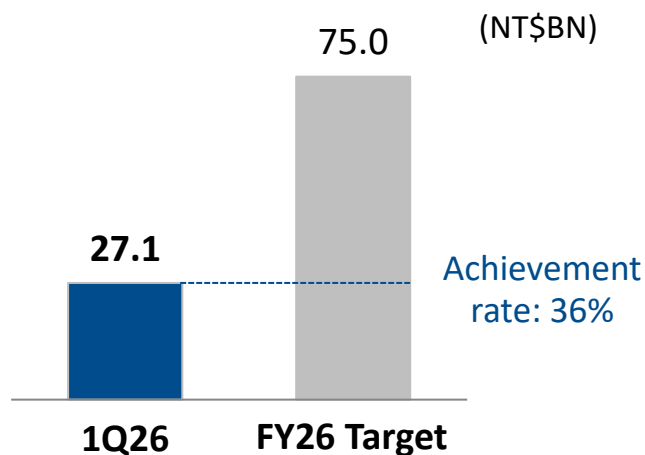
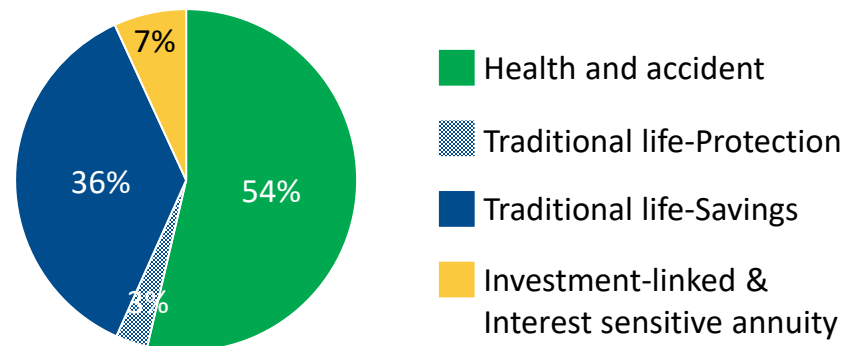
Cathay Life – New business CSM

- New business CSM reached NT\$27.1bn, with health and accident products contributing over 50% and around 90% generated through the tied agent channel.

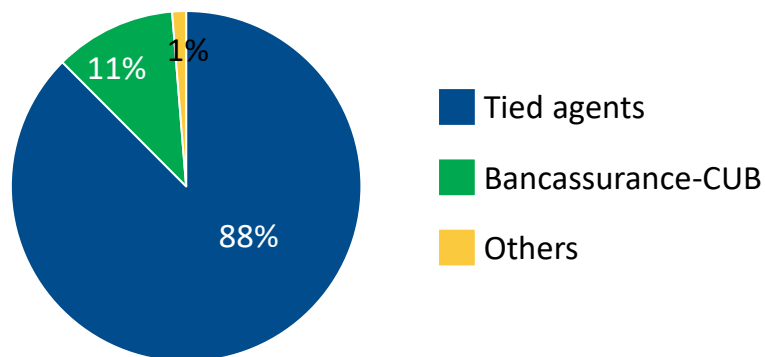
New business CSM

CSM margin	1Q26
CSM/FYP*	63%
CSM/APE*	188%

New business CSM by product



New business CSM by channel

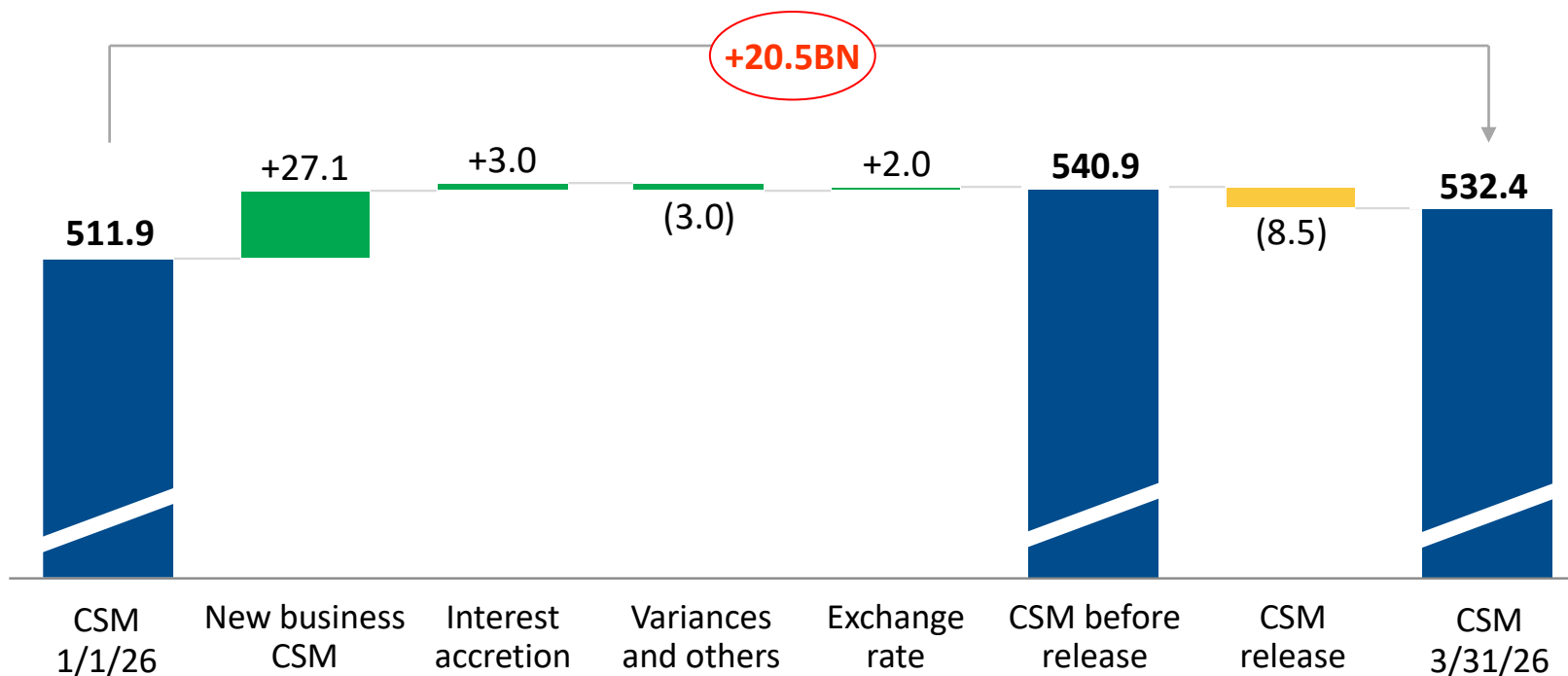


Cathay Life – CSM movement

- 1Q26 CSM balance reached NT\$532.4bn, up NT\$20.5bn YTD, mainly driven by new business CSM.
- 1Q26 CSM release was NT\$8.5bn, with an annualized release rate of approximately 6%, providing stable support to insurance service result.

CSM movement

(NT\$BN)

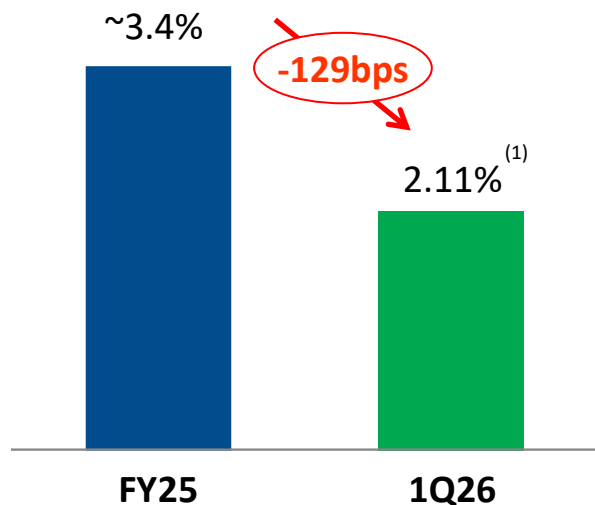


Cathay Life – Liability interest cost & break-even asset yield

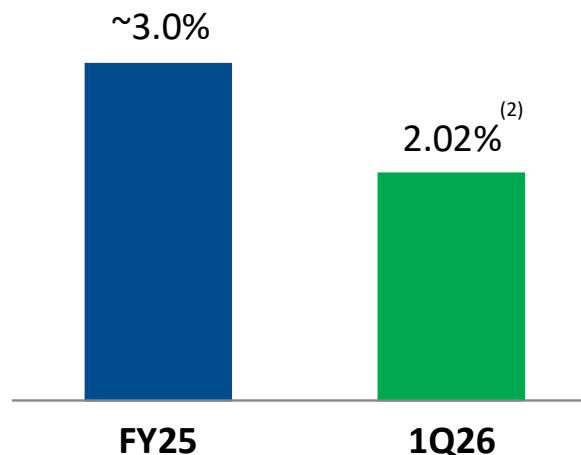
- Following IFRS 17 adoption in 2026, 1Q26 liability interest cost and break-even asset yield declined significantly, reflecting market-based discount rates for insurance liabilities.

Liability interest cost

(Asset-based)



Break-even asset yield



Cathay Life – Investment portfolio

(NT\$BN)	FY23	FY24	FY25			1Q26		
Total investments⁽¹⁾	7,638.1	7,990.6	8,083.8			7,736.7		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	2.6%	1.9%	2.3%	187	2.3%	3.5%	271	1.6%
Equity- Domestic	6.6%	7.2%	6.7%	544	16.1%	6.9%	531	15.4% ⁽⁵⁾
Equity- International ⁽²⁾	5.6%	5.5%	5.2%	417	12.0%	5.1%	391	6.7% ⁽⁵⁾
Bond- Domestic ⁽³⁾	8.1%	8.3%	9.1%	734	5.3%	9.6%	744	5.3%
Bond- International ⁽²⁾	61.8%	62.0%	61.5%	4,971	4.0%	61.2%	4,738	4.1%
Mortgage & Secured loans	3.0%	2.9%	3.2%	255	2.0%	3.5%	268	2.1%
Policy loans	2.2%	2.1%	2.1%	166	5.4%	0.05%	4 ⁽⁴⁾	3.7%
Real estate	7.5%	7.5%	7.7%	622	3.9%	8.1%	626	2.5%
Others	2.5%	2.6%	2.3%	189	1.2%	2.1%	164	1.4%

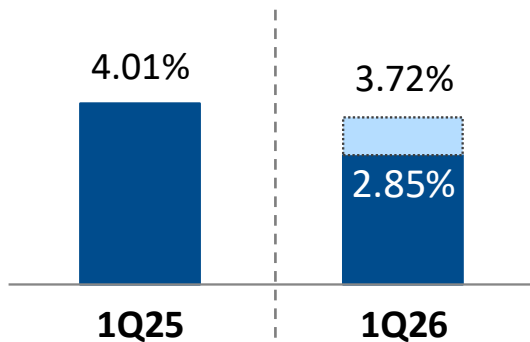
Note: (1) Total investments exclude separate account assets. (2) Returns on international equities and international bonds are on a pre-hedging investment basis. (3) Includes TWD-denominated bond ETFs. (4) Policy loans related to investment contracts. (5) 1Q26 equity investment returns include FVOCI equity disposal gains/losses.

Cathay Life – Investment performance

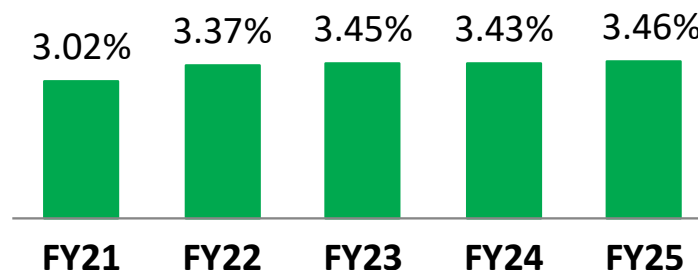
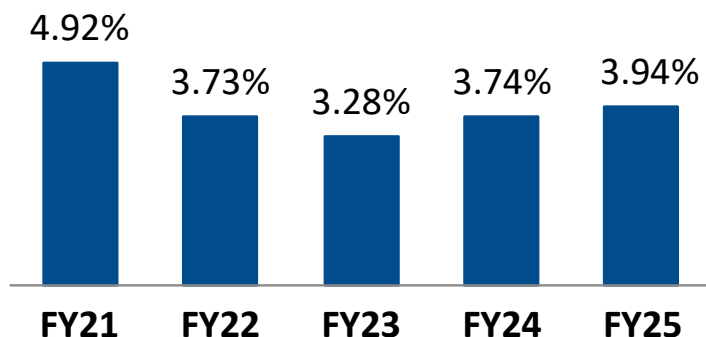
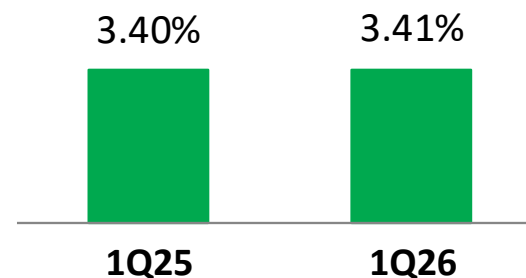
- 1Q26 after-hedging investment yield was 3.72% including FVOCI equity disposal gains/losses, while the P&L-based after-hedging investment yield was 2.85%.
- 1Q26 pre-hedging recurring yield was 3.41%.

After-hedging investment yield

■ FVOCI equity disposal gains/losses



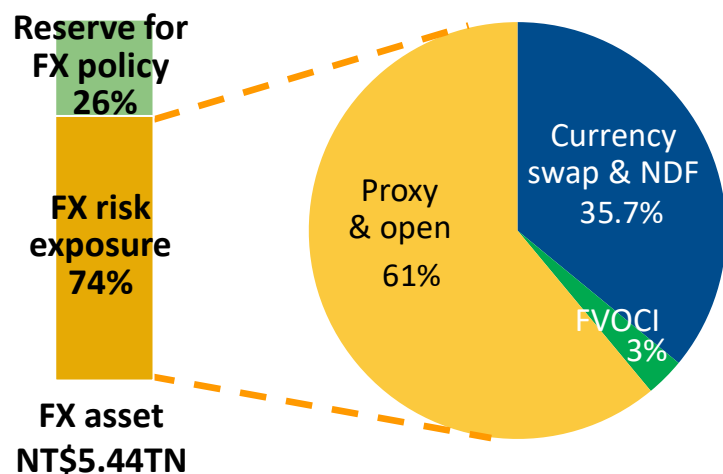
Pre-hedging recurring yield



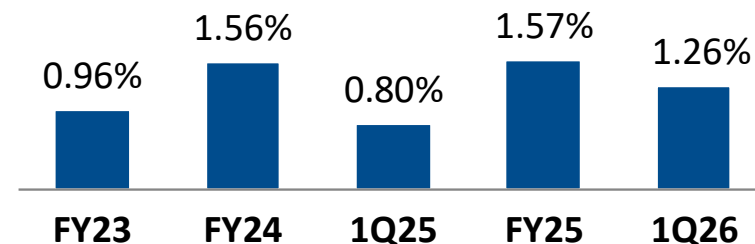
Cathay Life – FX hedging strategy

- Proxy & open positions were mainly AC bonds. FX gains/losses volatility declined significantly following the new AC FX accounting treatment from 1M26.
- 1Q26 hedging cost was 1.26%; FX volatility reserve increased by NT\$10.1bn YTD to NT\$123.9bn.

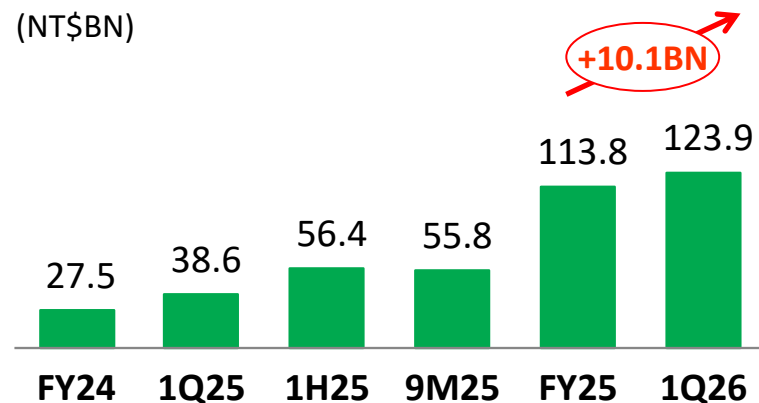
FX asset hedging structure



Hedging cost



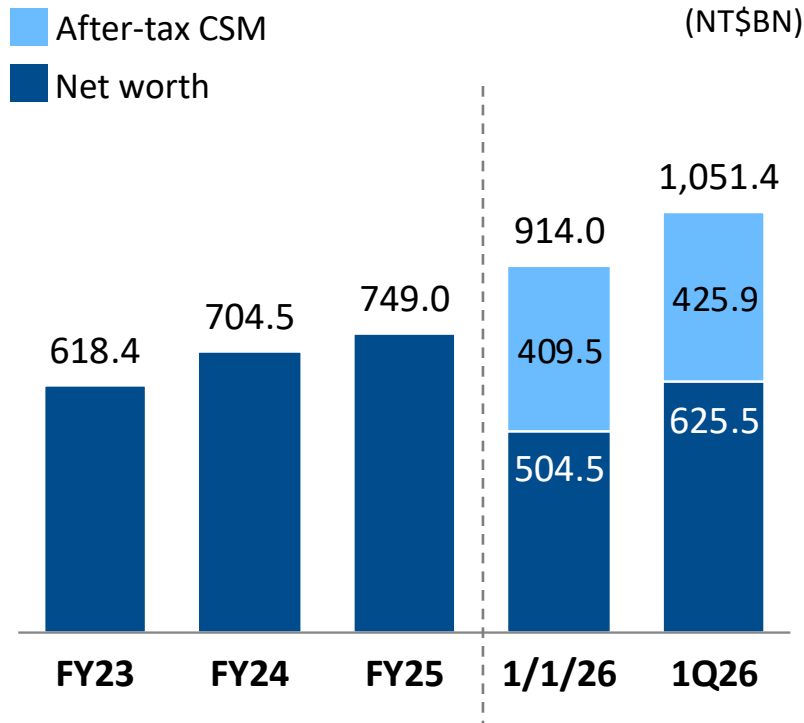
FX volatility reserve



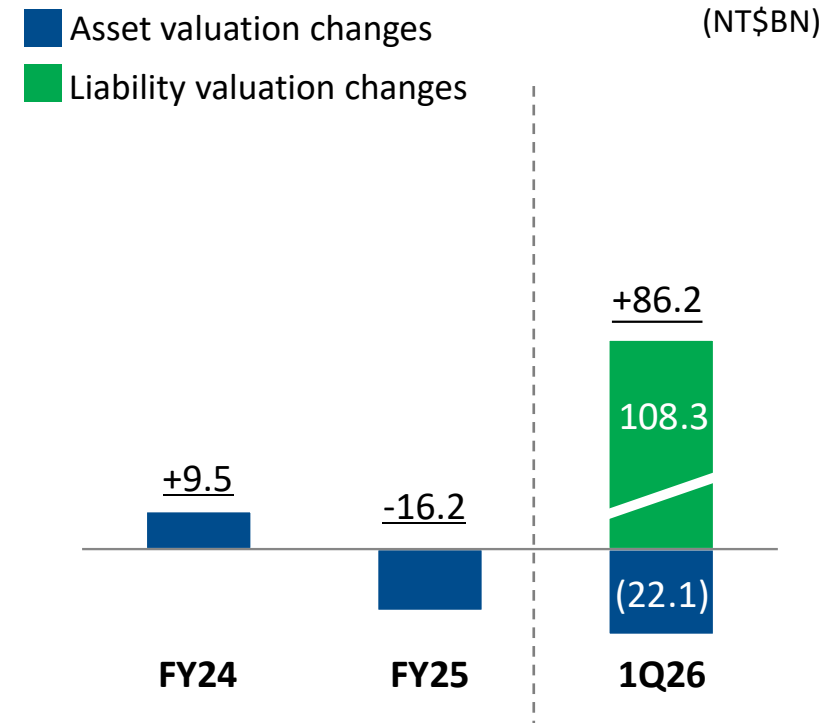
Cathay Life – Net worth & OCI asset/liability valuation changes

- 1Q26 net worth rebounded significantly, driven by earnings contribution and recovery in OCI asset/liability valuations.
- Recovery in OCI asset/liability valuations reflected favorable equity markets, and lower liability valuations from rising Taiwan interest rates, offsetting the impact of higher U.S. rates on bond valuations.
- E/A ratio and adjusted E/A ratio reached 8.2% and 13.5%, respectively, indicating a solid capital position.

Net worth & adjusted net worth



OCI asset/liability valuation changes



Cathay Life – Key operating & financial metrics

(NT\$)

Business performance	FYP 94.0BN (+71% YoY)	New business CSM 27.1BN	CSM Balance 532.4BN (+20.5BN YTD)
Spread & investment yield	Recurring yield 3.41%	Hedging cost 1.26%	Liability interest expense 2.11%
Financial performance	Insurance service result 11.6BN	Financial result 10.8BN	Net income/ Adjusted net income 17.4BN / 33.9BN
Net worth	Net worth 625.5BN (+121BN YTD)	Adjusted net worth 1,051.4BN (+137BN YTD)	E/A ratio/ Adjusted E/A ratio 8.2% / 13.5%

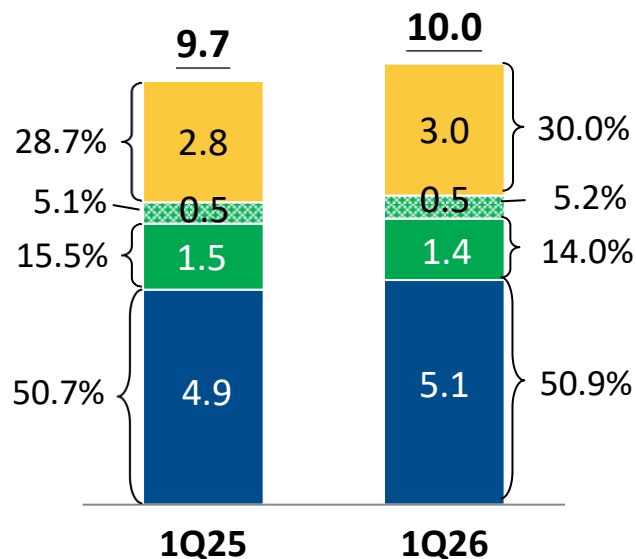
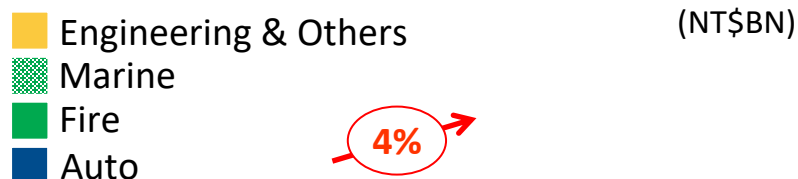
Agenda

- **Introduction of Cathay FHC**
- **Business overview**
- **Business performance summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century**
- **Cathay Life IFRS 17 transition reference and TIS**
- **Cathay's ESG efforts**
- **Appendix**

Cathay Century – Written premium & distribution channels

Written premiums grew steadily, with market share reaching 12.8%, ranking No. 2 in the industry.

Written premium

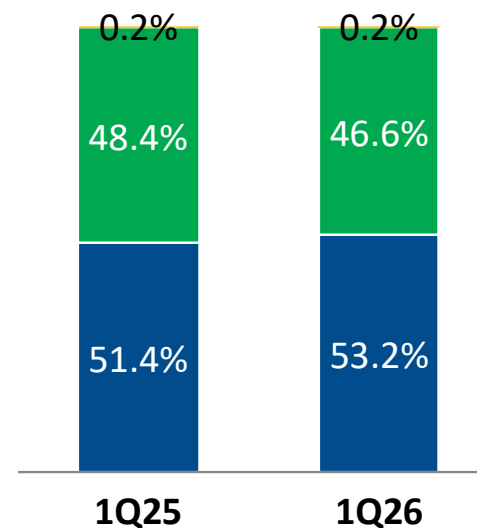
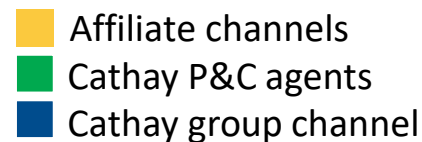


Market share

12.7%

12.8%

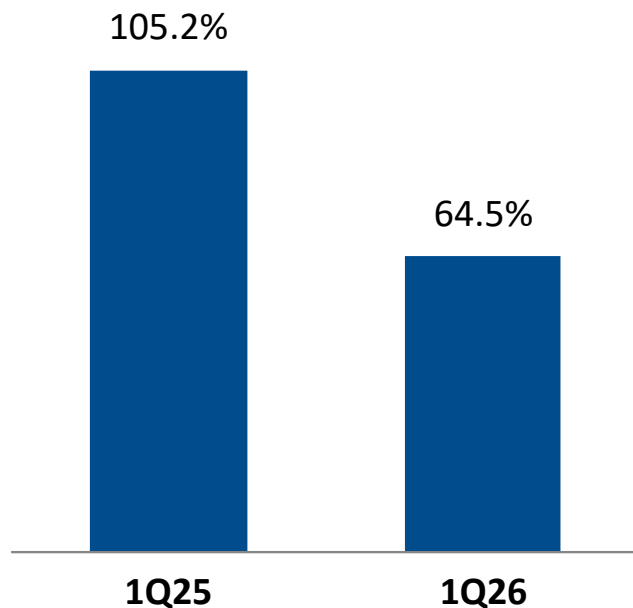
Distribution channels



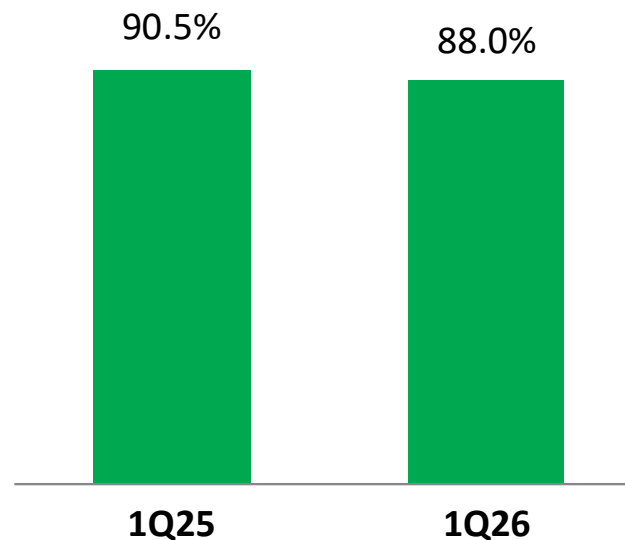
Cathay Century – Combined ratios

- Retained combined ratio declined YoY, mainly due to lower loss ratios across product lines and higher insurance revenue supported by enhanced underwriting capacity.

Combined ratio



Retained combined ratio

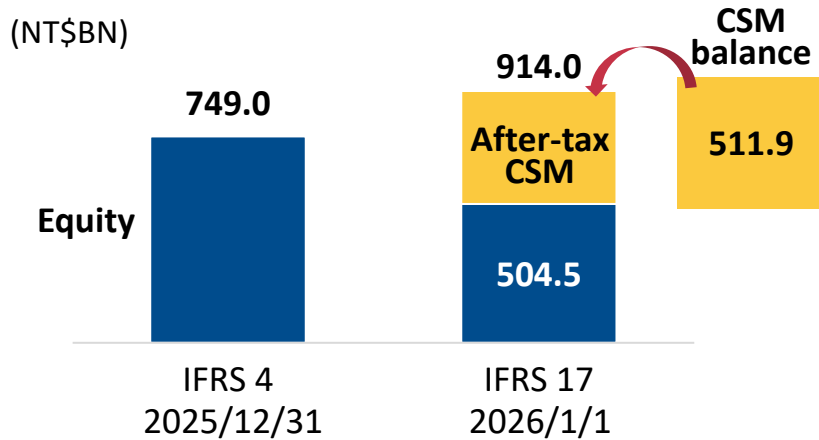


Agenda

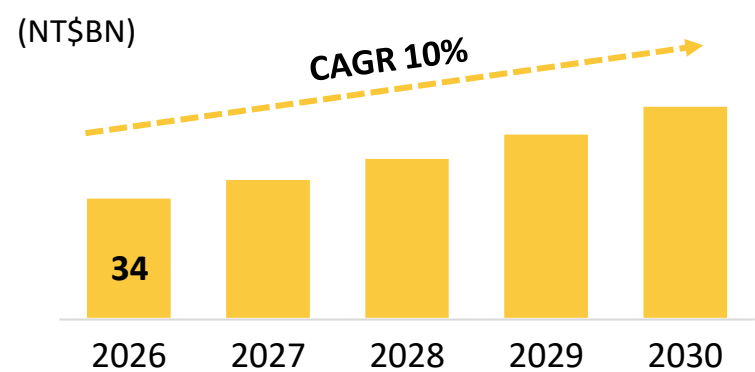
- Introduction of Cathay FHC
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Cathay Life – IFRS 17 transition highlights

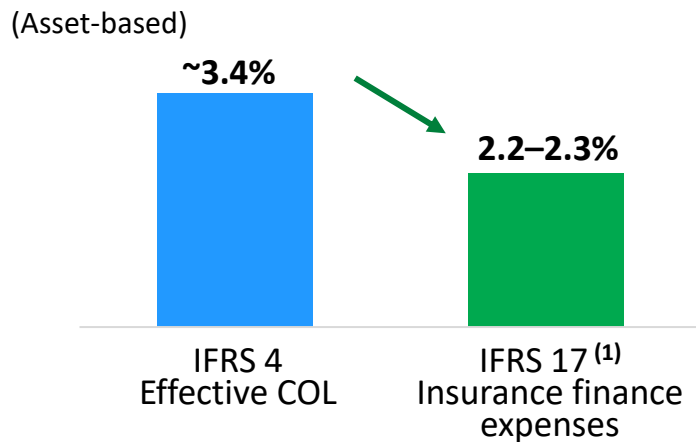
One-off equity impact; adjusted equity (incl. after-tax CSM) exceeds IFRS 4 equity



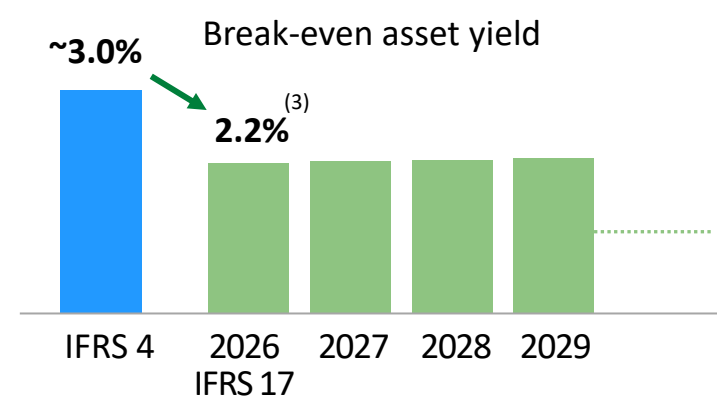
Growing CSM⁽²⁾ release supports future earnings



Lower liability costs support a stable positive spread

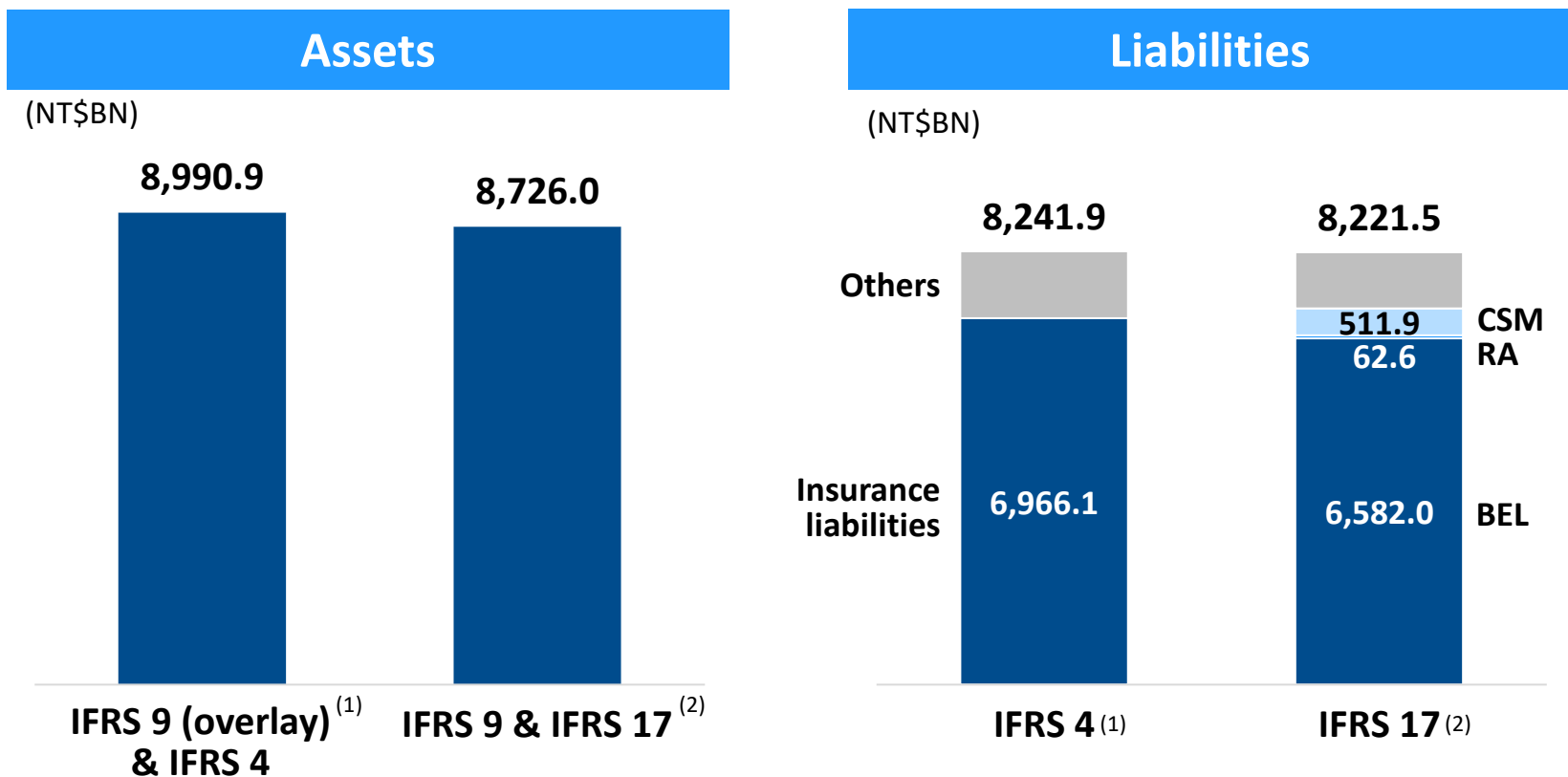


Increasing CSM release helps stabilize break-even asset yield



Key balance sheet changes at transition

- Insurance liabilities are measured using market-based discount rates. Future profits from insurance contracts are recognized as CSM within liabilities, amounting to NT\$511.9bn, and are released to P&L over the coverage period.
- Changes in assets mainly reflect financial asset redesignation and the reclassification of policy loans into insurance liabilities.



Note: (1) As of 2025/12/31; (2) 2026/1/1

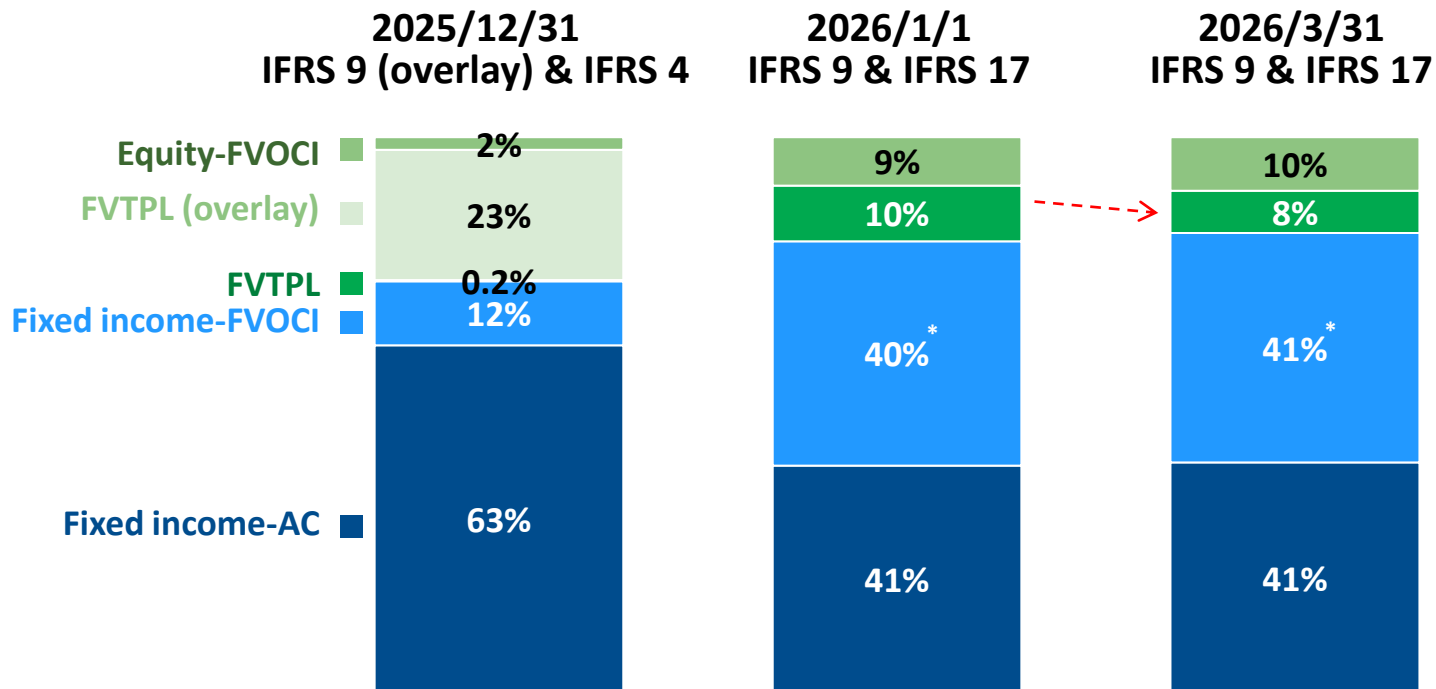
BEL (Best Estimate Liability): Present value of future fulfillment cash flows, based on current market interest rates and current estimates.

RA (Risk Adjustment): Compensation for bearing uncertainty arising from non-financial risks in insurance contracts.

Financial asset redesignation to align with liabilities & ALM

- Financial assets were redesignated to align with liabilities, considering NTD-USD interest rate dynamics.
 - USD liability portfolio: USD assets aligned under ALM, with the majority classified as FVOCI.
 - TWD liability portfolio: certain fixed-income assets remained at AC to mitigate equity volatility.
- FVTPL equity previous under the overlay approach were redesignated to FVOCI to reduce earnings volatility.
- Selective redesignation to FVTPL for portfolio repositioning, followed by redeployment into higher-quality assets to enhance recurring income and capital efficiency.

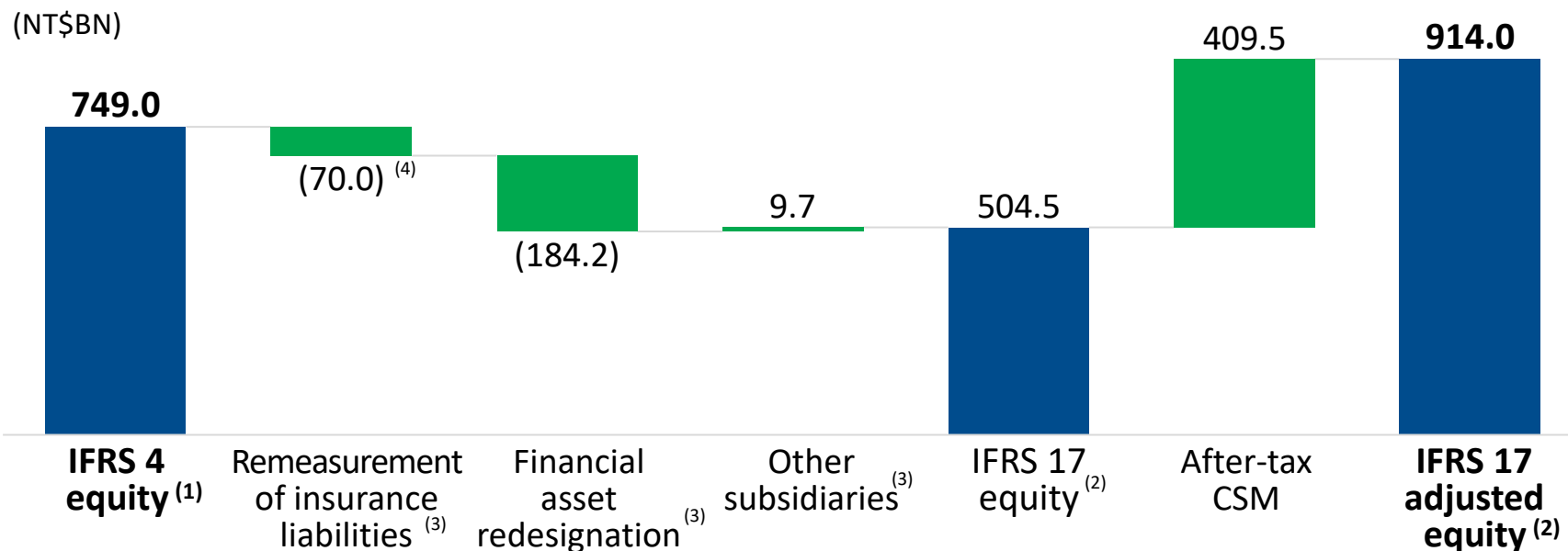
Financial asset redesignation



Adjusted equity better reflects economic value

- The one-off equity impact mainly reflects the remeasurement of NTD high-guaranteed-rate policies using current market interest rates.
- CSM represents future insurance profits. Adjusted equity (incl. after-tax CSM) better reflects economic value.
- Adjusted equity totals NT\$914.0bn, exceeding the IFRS 4 level.

Changes in equity at IFRS 17 transition



E/A ratio 9.4%

6.8%

11.9%

IFRS 17 enhances earnings transparency and predictability

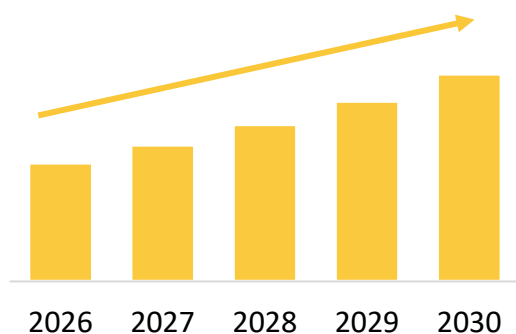
- ❑ CSM release becomes a key driver of earnings.
- ❑ Liability interest costs (insurance finance expenses) decline to ~2.2–2.3% (asset-based), supporting a positive spread.
- ❑ FVOCI equity realized gains are recognized in retained earnings, continuing to support dividend capacity.
- ❑ Overall earnings predictability and stability improve under IFRS 17.

IFRS 9 (Overlay) & IFRS 4		IFRS 9 & IFRS 17		
Revenues	<ul style="list-style-type: none"> Premium income Investment income (incl. realized gains of equity investment w/overlay) 	Insurance service result	<ul style="list-style-type: none"> CSM & risk adjustment (RA) release Expected claims and expenses paid Actual claims and expenses paid 	1 CSM recognized as profit over the contract coverage period
Expenses	<ul style="list-style-type: none"> Incurred claims Changes in insurance policy reserves Expenses 	Financial result	<ul style="list-style-type: none"> Investment income (net of hedging cost) Insurance finance expenses 	2 Interest spread
Net income		Other operating result	<ul style="list-style-type: none"> Other income Other expenses 	3 ILP fee income, indirect expenses, and mortality–interest spread offset reserve
OCI	<ul style="list-style-type: none"> Changes in FVOCI assets 	Net income		
		OCI	<ul style="list-style-type: none"> Effect of changes in discount rates on insurance liabilities Changes in FVOCI assets 	4 Changes in financial assets and discount rate effects on insurance liabilities
		Retained earnings		5 Net income and FVOCI equity realized gains

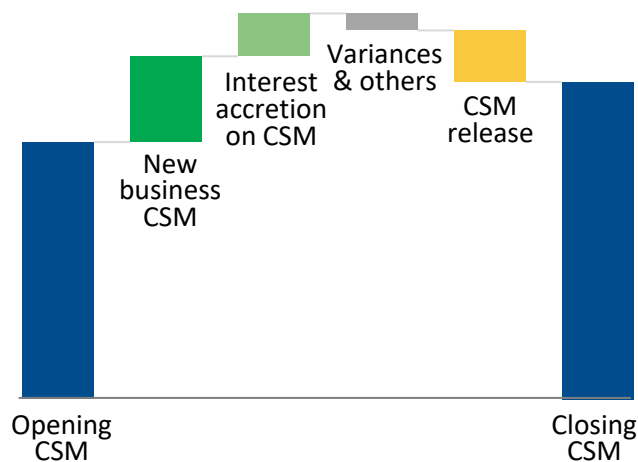
CSM contribution to earnings increase over time

- Strong new business CSM generation supports earnings and capital strength.
- CSM balance grows as new business CSM generation exceeds CSM release.
- CSM contribution to earnings increases over time.

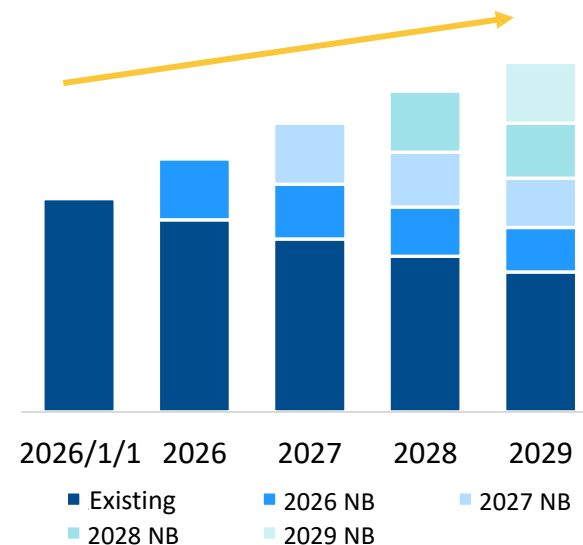
Illustrative underwriting profit*
(% of earnings)



Illustrative CSM movement



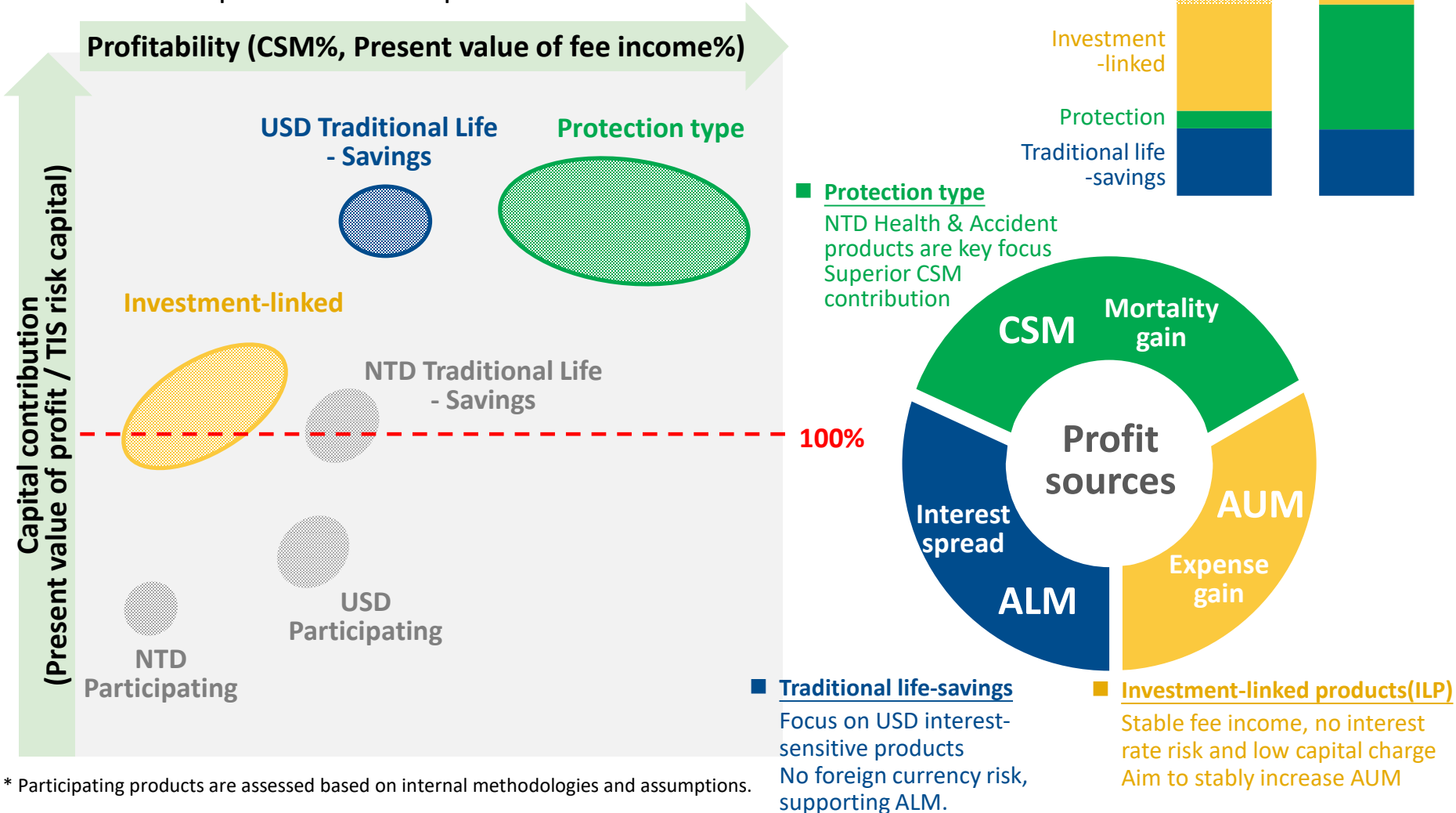
Illustrative CSM balance



Note: Underwriting profit includes insurance service result and other operating result.
Existing refers to existing business; NB refers to new business.

Product strategy focused on CSM and capital contribution

- CSM accumulation remains a top priority; health products account for over 60% of new business CSM.
- Focus on products with capital contribution above 100%.

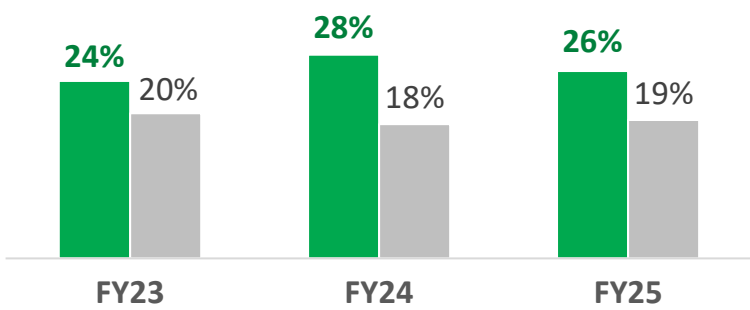


Distribution strength and health ecosystem support NB CSM

- Strong distribution supports high-quality new business CSM generation.
- All health insurance products integrate spillover mechanisms, supported by the health ecosystem to enhance customer engagement.

Health insurance* sales support NB CSM

■ Health insurance FYP market share ■ Total FYP market share



FitBack health promotion program

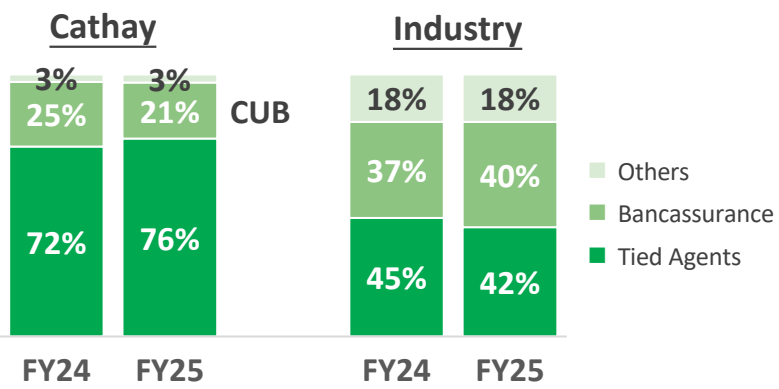
Compensation >>> Prevention

Members > 1.7mn

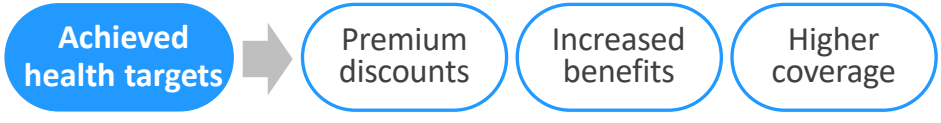
Health goal tracking: steps, heart rate, sleep, fitness

Health ecosystem: Nutrition & dietary, Fitness programs, Health advisory, Long-term care

Strong distribution (FYP by channel)



Industry-leading scale in spillover insurance products



All health products integrate spillover mechanisms
 585k policies; NT\$34.8bn FYP (2025)



Strengthening ALM to manage balance sheet volatility



Asset allocation strategy

- ✓ Liability-driven investments, aligning asset allocation with insurance liabilities.
- ✓ **Increase allocation to fixed-income assets** to strengthen ALM and reduce equity volatility.
- ✓ **Enhance recurring income**, including interest and dividend income.
- ✓ **Gradual increase in NTD-denominated assets** to reduce currency mismatch.



ALM & risk management

USD liability portfolio:

- ✓ **Redesignation of AC assets to FVOCI** to better align with liability measurement.
- ✓ **Minimize dollar duration (DV01) gap** between assets and liabilities to reduce interest-rate-induced equity volatility.

NTD liability portfolio:

- ✓ **Partial redesignation of AC assets to FVOCI** based on historical Taiwan-U.S. interest rate dynamics to mitigate MTM volatility on equity.
- ✓ **Focus on USD interest-sensitive life products** to reduce currency mismatch exposure.

Note: Dollar Duration (DV01) measures the change in the market value of assets or liabilities for a 1bp change in interest rates. A smaller asset-liability DV01 indicates stronger ALM and lower equity sensitivity to interest rate movements.

Cathay Life – Key messages from IFRS 17 transition

CSM & Equity

- CSM represents future profits from insurance contracts, amounting to NT\$511.9bn.
- Adjusted equity (incl. after-tax CSM) better reflects economic value, reaching NT\$914.0bn and exceeding IFRS 4 equity.

Profitability

- Strong new business CSM generation supports earnings.
- Cost of liabilities (insurance finance expenses) declines to market interest rate levels, supporting a stable positive spread.
- Earnings are primarily driven by CSM release and recurring spread, supporting more predictable and stable earnings and improved ROE.

ALM & Risk management

- Strengthened ALM and risk management capabilities support financial resilience and mitigate equity volatility.

Capital

- Strong new business CSM generation strengthens capital position, providing a stable buffer against volatility.

New solvency regime TIS: Higher capital requirements

- TIS requires higher capital, with stricter risk-based assessments, market-consistent liability valuation, and higher capital charges for various risks.

		RBC	Taiwan Insurance Solvency (TIS)
Adopted framework		RBC (NAIC)	ICS (IAIS)
Valuation	Fixed income	Amortized cost	Mark-to-market (market adjusted value)
	Stock	Average market value over half-year period	
	Insurance liability	Locked-in basis	
Capital resources		Tiering	Tiering CSM 100% recognized as capital
Risk measurement		VaR 95%	VaR 99.5%
Risk calculation		Factor-based	<ul style="list-style-type: none"> Stress approach (primarily), factor-based Broader risks (longevity/lapse/expense/catastrophe/non-default spread risks)

TIS: Transitional measures ease capital pressure

Transitional measures on Capital Resource

- **Gradual phase-in of the net fair value impact from assets and liabilities of legacy portfolios** ⁽¹⁾, based on insurers' RBC levels; subject to adjustment if capital strengthening progress falls short
 - RBC \geq 250%: base TIS ratio up to 125%; the gap up to 125% phased-in over 15 years, the portion above 125% over 5 years
 - 200% \leq RBC < 250%: base TIS ratio up to 50% of RBC; the gap up to base ratio phased-in over 15 years, the portion above base ratio over 5 years
 - RBC < 200%: subject to regulatory approval

Transitional measures on Required Capital

- **Linear increase of the capital requirement over a 15-year phase-in period**
 - Interest rate risk: from initial 50% to 100%
 - Longevity/lapse/expense/catastrophe/non-default spread risks: from initial 0% to 100%
 - Domestic stocks and real estate risk factors linearly converge to TIS from RBC

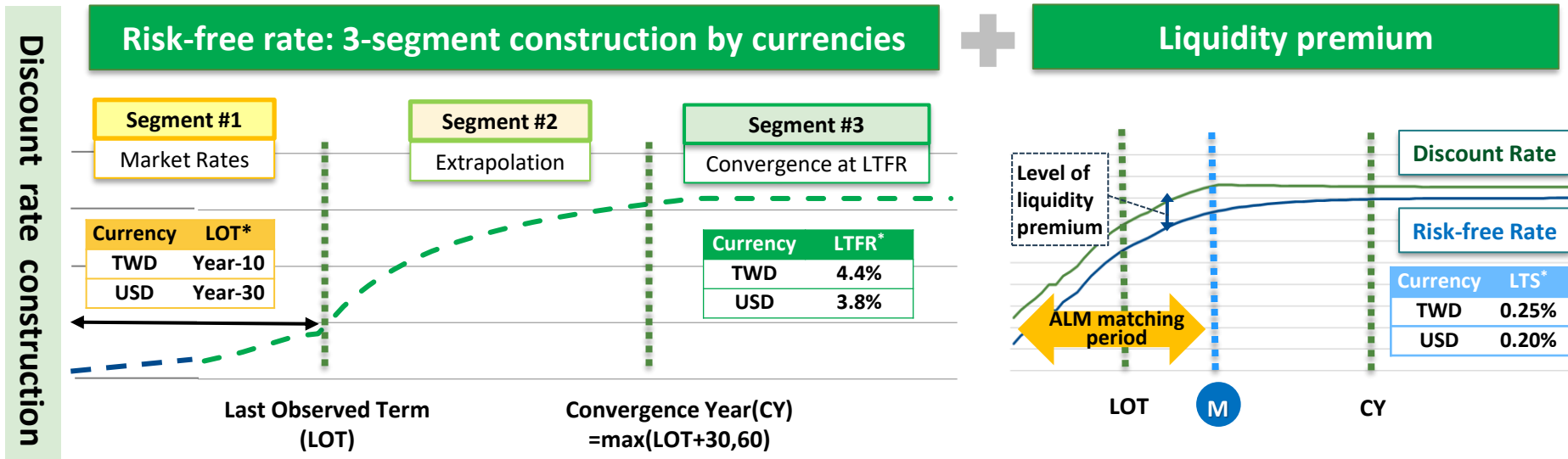
Localization

- **Morbidity/mortality/longevity/lapse/expense risk stress factors adjusted based on localized data**
- **Localization equity and real estate risk factors**

Risk factor	RBC	ICS (IAIS)	TIS
Taiwan listed stocks	21.65% (TWSE), 30% (OTC)	48% (EM)	35%
Domestic real estate	7.81%	25%	15%
Domestic public infrastructure ⁽²⁾	1.28%	37% (EM infrastructure equity)	1.28%

IFRS 17 liability discount rate

- IFRS 17 does not prescribe a specific discount rate methodology. In Taiwan, the approach follows ICS guidelines as required by the FSC and is consistently applied to all insurers.
- Considering the low-liquidity nature of high guaranteed-rate policies (NTD reserve rate $\geq 6\%$), FSC allows an additional liquidity premium of up to 50 bps applied across the full tenor, also reflected in the Taiwan Insurance Solvency (TIS) framework.



Note: (1) Last Observed Term (LOT) is determined according to the observable and liquid term for each currency in the capital market.
 (2) Long-term Forward Rate (LTFR) is determined based on the sum of long-term real rate and inflation rate.
 (3) Long-term Spread (LTS) adjusts the risk-free rate to reflect the liquidity premium for long-duration insurance liabilities.

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Cathay's sustainability strategies and goals



Climate

Low-carbon economy

- Net-zero emissions across financial assets by 2050
- Leadership in climate engagement
- Comprehensive financial solutions for climate change

Sustainable environment

- Zero-carbon operations by 2050
 - Green operations
 - Green energy
 - Green real estate



Health

Health promotion

- Expansion of the health ecosystem
- Support for rehabilitation
- Development of elderly-friendly services

Financial health

- The industry's top guardian of customer assets
- Benchmark enterprise for financial inclusion in Taiwan



Empowerment

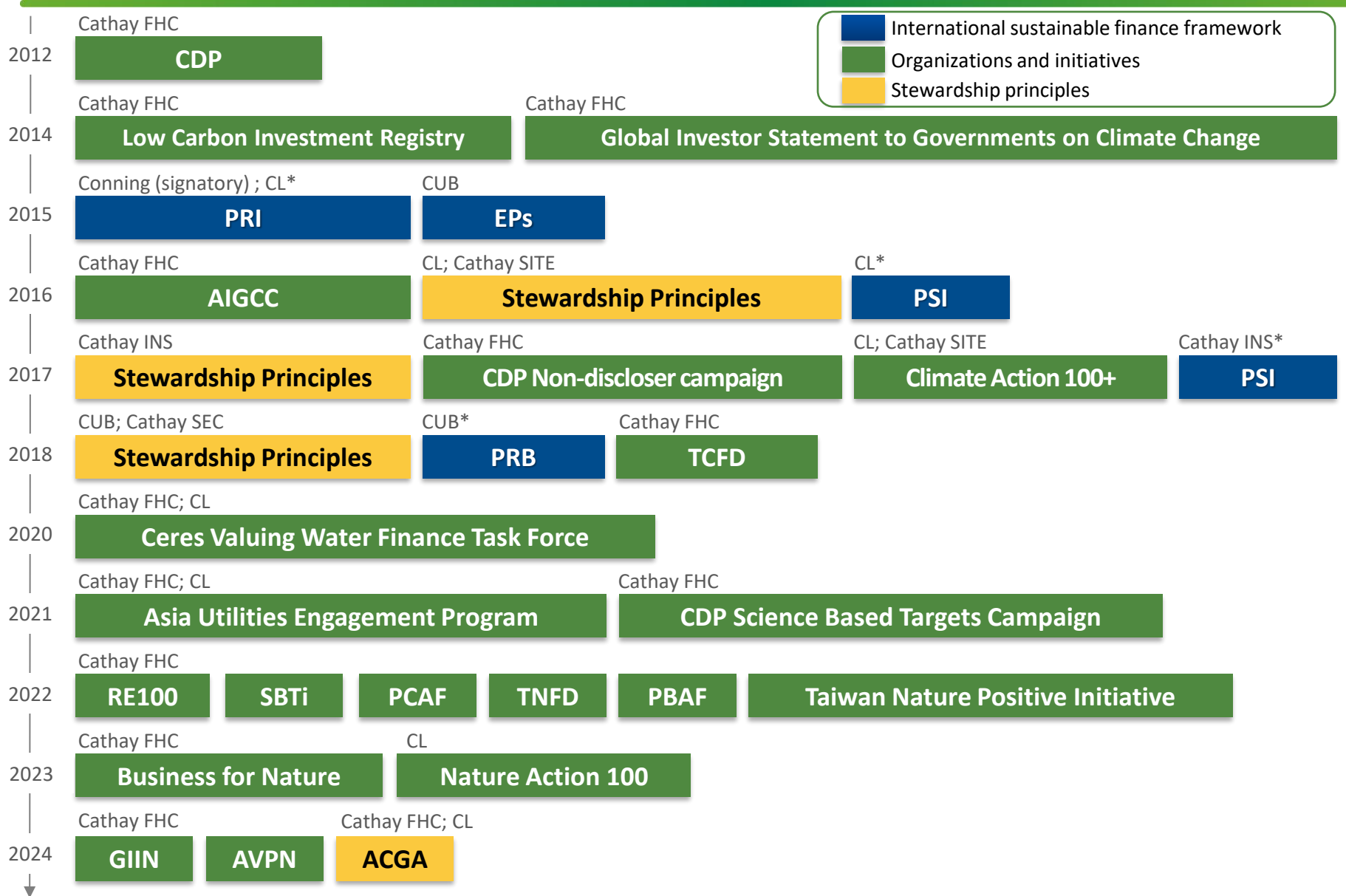
Workplace Empowerment

- Employee reskilling and upskilling
- Leadership pipeline development
- Fostering workplace diversity, equity and inclusion

Social Empowerment

- Youth empowerment
- Women's empowerment
- Support for the underprivileged

Participation in global ESG initiatives



Cathay FHC's commitment to net-zero carbon emissions



Low-carbon operation transition since 2017

RE100



Became an RE100 member



SCIENCE BASED TARGETS

Received SBTi validation of carbon reduction

2018

Disclosed carbon footprints in investment portfolio

2019

CUB **ceased** financing new **coal power projects (Zero coal financing in 1Q27)**
Cathay Life **excluded investments in coal power plants** without active transition plans

2020

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

2022

Received **Science-Based Target initiative (SBTi)** validation
Became an **RE100 member**

2025

100% renewable energy for headquarters

2030

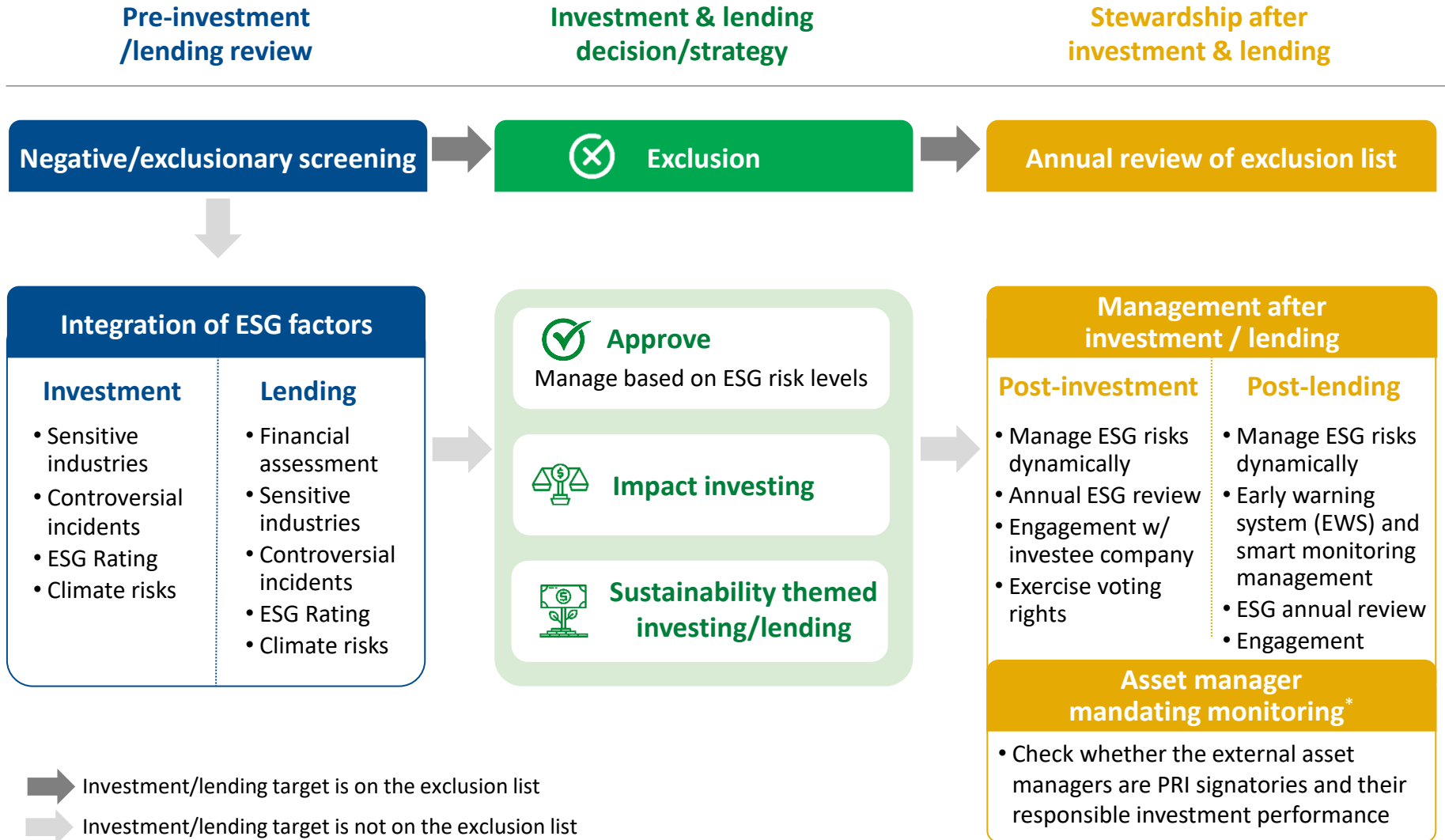
100% renewable energy for all locations in Taiwan

2050

Net-zero carbon emissions

No new investments with revenue over	2022	2025	2030	2040
Coal value chain	30%	20%	20% (OECD: 5%)	5%
Unconventional oil & gas	50%	30%	30% (OECD: 20%)	5%

Integrating ESG into responsible investment and lending



*Cathay Life, Cathay Century, and Cathay SITE

Leveraging financial competence to support sustainability

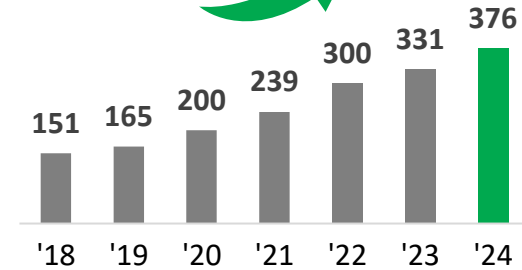
2024 Sustainability themed investment / lending

(NT\$)	Investment	Lending	Related to SDGs
Low carbon	325.1bn	50.6bn	
Infrastructure	917.6bn	75.6bn	
Aging society & health	569.7bn	47.9bn	
Community & inclusive finance	5.6bn	7.2bn	
Water resources	13.5bn	1.6bn	

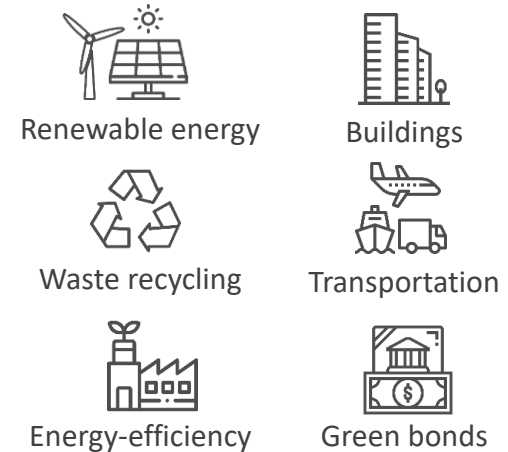
Low-carbon investment/lending grew YoY

(NT\$bn)

CAGR 16%



Define low-carbon sectors based on Low Carbon Registry Taxonomy



Hastening positive environmental change with green products

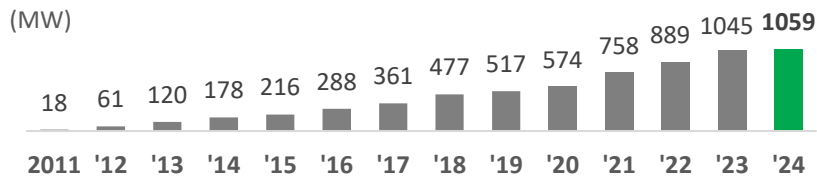
Pioneers in renewable energy financing



Wind Power + Solar Power

Total capacity of financed solar power stations and wind turbines **2,432 MW**

Total capacity of loan-financed solar power stations installed



Green finance services across markets



Sustainability-linked loan (SLL)

Approved **70+ SLLs, NT\$80bn+** across Taiwan, Hong Kong, the Philippines, Singapore, Malaysia & Australia



Green deposit

Utilized by 49 companies of NT\$38bn+

Green insurance – first in the industry



Renewable energy

cumulative insured amount
since 2010

NT\$ 183bn



Public bicycle

cumulative rider insured
since 2016

303mn

Green landlord

24 companies joined the program (2024)
Supplied **17,000mWH** in renewable energy

Green leasing program



Health promotion – expanding the health ecosystem

FitBack app health promotion program

動不動就健康
FitBack
健康吧



Compensation ▶▶▶ Prevention

FitBack wellness platform to encourage a healthier living

Track health habits



steps



heart rate



sleep



fitness

Health ecosystem

Nutrition & dietary

Fitness programs

Health advisory

Long-term care

Expand influence

Policyholders

General public

Employees

Industry-leading scale in spillover insurance policies

Achieved health targets

Premium discounts

Increased benefits

Increased insured amount

All health policies embed spillover mechanisms
FitBack + Group insurance with **60 corporates**



Every step counts for charity

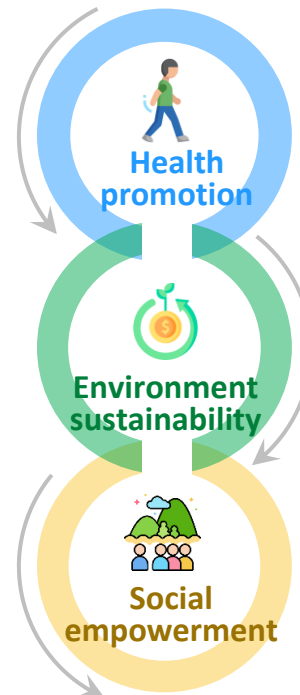
步步攻億走

Every step counts

一起 讓走路有意義



Converts collective steps into charitable funds for green energy, biodiversity, and local communities



658k participants with **164.5bn steps**

NT\$19.7mn charitable funds

3 green power mechanisms, generating **2.13mn kWh**

Green electricity proceeds reinvested in communities

Financial health – financial inclusion



Small amount whole life insurance

Industry-first product, offering affordable coverage to seniors up to age 83, with over 270k policies and NT\$90.5bn insured.



Microinsurance

Industry pioneer, offering NT\$72.1bn in basic protection to ~217k economically disadvantaged.



Elderly-friendly products

Tailored insurance with ~166k policies for seniors up to 80 with physical conditions excluded from standard qualification.



Microfinance

Financed US\$58mn to Southeast Asian microfinance institutions (MFIs).



accessibility via digital platforms



CUBE App, connecting Bank, Life, P&C and Securities services, provides ~7.6mn digital users one-stop digital financial services.



Cathay Securities App serves 2.15mn customers with all-in-one digital investment services, holding over 40% market share in regular investment plans totaling NT\$64bn.



Smart Claims, all in one AI claims management platform, optimizes processing and strengthens protection for policy holders.



Chatbot Alpha, the ONE Chatbot service platform, serves ~2mn monthly online users across the group.

Building a DEI workplace – a place for all

Create an inclusive workplace – key actions



Wholeness @ Cathay

Holistic support that helps employees balance work, family, and career growth

Well-being: family, maternity, health, leave

Hybrid: flexible career pacing

Organization cultural: inclusive & diverse

Listening: dialogue & engagement

Empowerment: career transformation



Generations @ Cathay

Facilitate cross-generational understanding and collaboration

Communication: dialogue & peer learning

Co-creation: reverse mentoring & activities



Aging @ Cathay – “ReNew”

Sustainable career development and transitions for senior employees

Re-skilling: new skills & transformation

Needs: health & personalized care

Engagement: knowledge transfer

Workforce: post-retirement talent pool

“Career FlexiPacing” support

Supporting employees in maintaining flexible career pacing, balancing work and family care



Flexible WFH arrangement



Continue to upskill via online courses



Cloud-based library for continuous learning



Employee Assistance Program (EAP)

Women empowerment



69%
women employees



54%
women in manager positions



47%
women employees in STEM



23%
women on the Board of Directors

(2021: 8% , 2022: 15% , 2023: 23%)

Empowerment: youth, women and disadvantaged

Youth empowerment

Financial literacy



Education on financial knowledge and career

Impact investing



Campus tour to educate impact investment

Women empowerment

Female power



WiST — promoting diversity and female leadership in STEM

Climate change



Cathay Climate Change Youth Forum & Taiwan climate action expo

Disadvantaged support

Elderly care



Aging & community engagement



AWE program — supporting early-stage female entrepreneurs with finance skills and business opportunities

Critical thinking



Lead for Taiwan to promote critical thinking by youth

Income inequality



Scholarships, dream programs, and financial education for disadvantaged youth

Outcome and impact

Women

21 female entrepreneurs reached
215 STEM professionals engaged (WiST)

Youth

NT\$19.5mn invested
110k+ participants
87% expressed willingness to take sustainable actions post-event

Disadvantaged

NT\$12.9mn for scholarships & dream programs
5,000+ beneficiaries – elderly, disadvantaged, students

Agenda

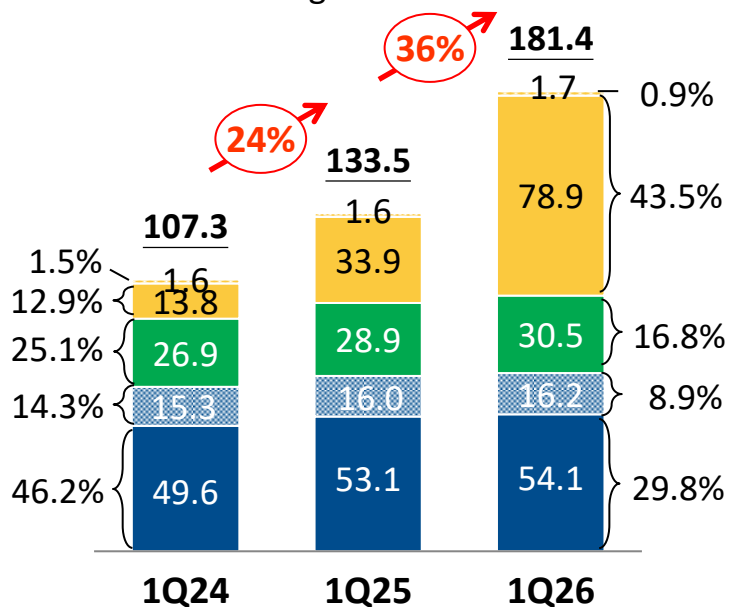
- ❑ **Introduction of Cathay FHC**
- ❑ **Business overview**
- ❑ **Business performance summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- ❑ **Cathay Life IFRS 17 transition reference and TIS**
- ❑ **Cathay's ESG efforts**
- ❑ **Appendix**

Cathay Life – Total premium

- Total premium grew 36% YoY, driven by continued strong momentum in investment-linked products and steady growth in protection-type products.

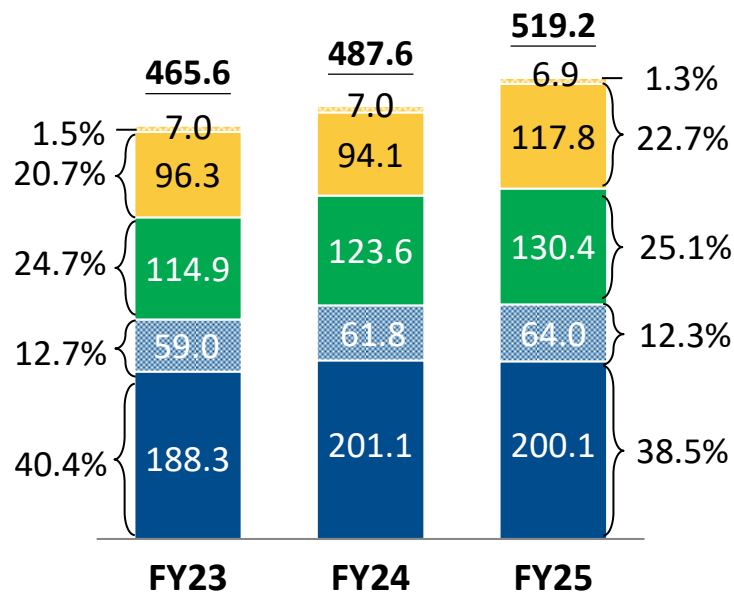
Quarterly total premium

- 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



Market share

19.2%

19.9%

22.8%

21.3%

20.0%

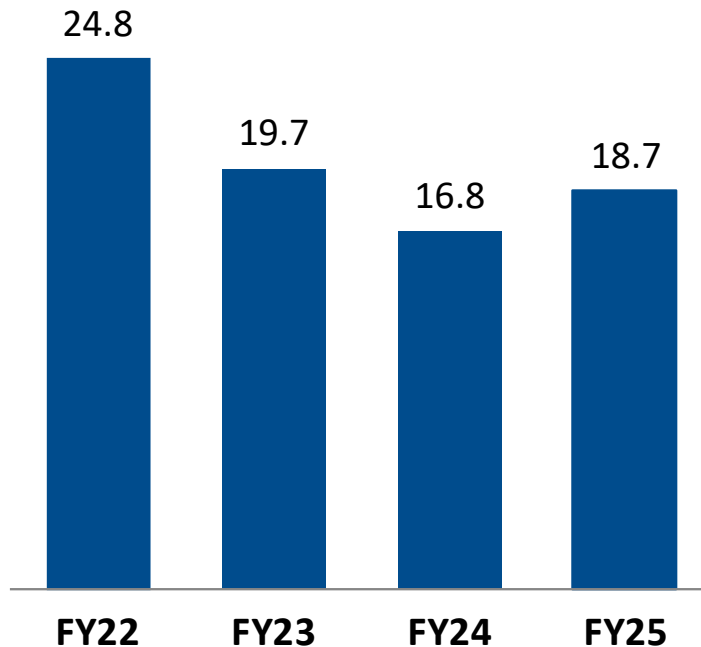
19.8%

Cathay Life – Cash dividend income & overseas bond by region

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

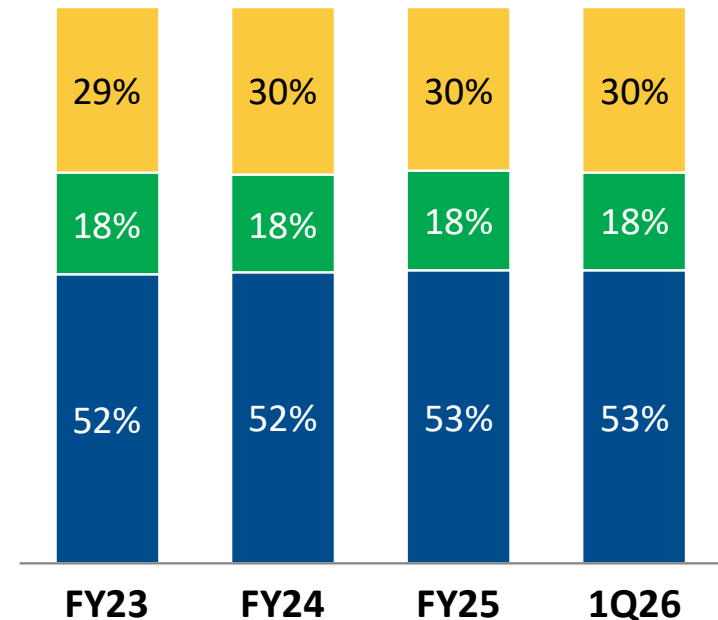
Cash dividend income

(NT\$BN)



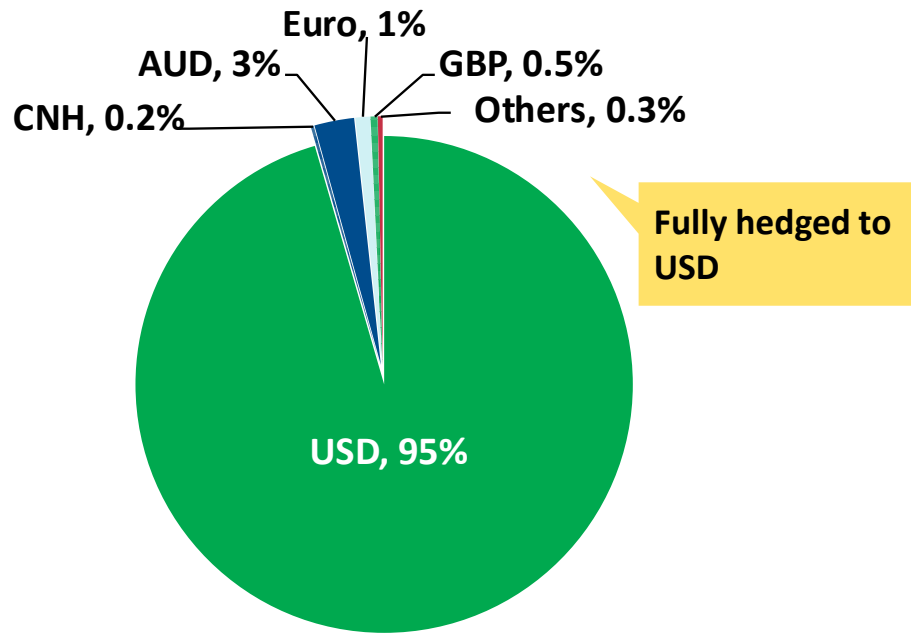
Overseas bond by region

- Asia Pacific & Others
- Europe
- North America

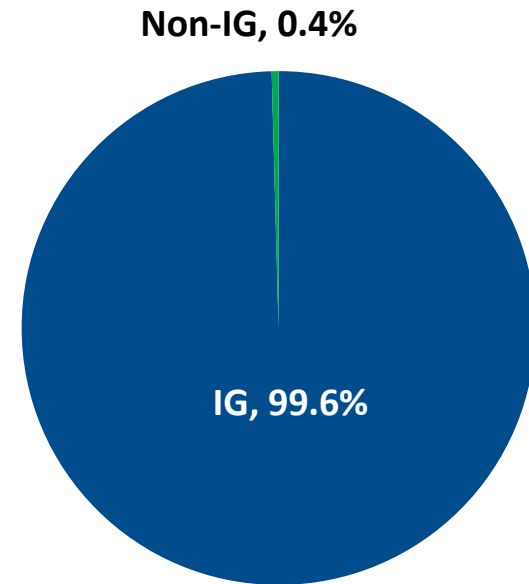


Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (1Q26)



Overseas bond by rating (1Q26)



Cathay Financial Holdings (NT\$MN)	IFRS 4 & IFRS 9		FY25/ FY24	% Chg	(NT\$MN)	IFRS 17 & IFRS 9 1Q26
<u>Income Statement Data (Consolidated)</u>	FY24	FY25			<u>Income Statement Data (Consolidated)</u>	
Operating Income						
Net interest income	262,122	267,371		2%	Net interest income	76,415
Net commission and fee	15,076	18,278		21%	Net fee income	11,136
Net earned premium	462,813	481,830		4%	Insurance service result	13,196
Change in liability reserves	(114,344)	(115,062)		1%	Investment income	8,516
Net claims payment	(498,373)	(477,072)		-4%	Contribution from associates-equity method	1,180
Investment income	117,374	126,542		8%	Insurance/Reinsurance finance income (expenses) ⁽¹⁾	(43,875)
Contribution from associates-equity method	2,555	3,062		20%	Other net non-interest income	5,971
Other net non-interest income	(2,840)	(69,606)		-2351%	Bad debt expenses	(2,144)
Bad debt expenses	(9,279)	(8,192)		-12%	Other insurance operating costs	(13,367)
Operating expenses	(107,251)	(114,179)		6%	Operating expenses	(18,635)
Income before taxes	127,853	112,972		-12%	Income before taxes	38,392
Income taxes	(16,626)	(5,339)		-68%	Income taxes	(6,736)
Net income	111,227	107,633		-3%	Net income	31,656
Net income to parent company	110,270	107,142		-3%	Net income to parent company	31,594
EPS (NT\$)	7.29	7.06			Disposal gains on FVOCI equity, net of tax	16,966
Dividend Payout						
Cash dividend per share	3.50	3.50			Adjusted net income ⁽²⁾	48,622
Stock dividend per share	0.00	0.00			EPS (NT\$)	2.15
Weighted average outstanding common shares (Millions of shares)	14,669	14,669			Adjusted EPS (NT\$)	3.31
Balance Sheet Data (Consolidated)						
Total assets	13,767,150	14,341,618			Balance Sheet Data (Consolidated)	
Total shareholders' equity	906,527	934,388			Total assets	14,450,034
Equity attributable to parent company	888,692	928,287			Total shareholders' equity	817,027
Operating Metrics						
ROAE (Consolidated)	13.02%	11.69%			Equity attributable to parent company	810,783
ROAA (Consolidated)	0.84%	0.77%			Operating Metrics	
Double leverage ratio (inc. preferred stock)	118.0%	120.7%			ROAE (Consolidated)	16.91%
Capital Adequacy Metrics						
Capital adequacy ratio	136%	122%			ROAA (Consolidated)	0.89%
Capital Adequacy Metrics						
Capital adequacy ratio	136%	122%			Double leverage ratio (inc. preferred stock)	123.8%

Notes:

- (1) General accounts only.
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Cathay Life				(NT\$MN)			
Income Statement Data (Consolidated)				IFRS 4 & IFRS 9	FY25/	FY24	% Chg
	FY24	FY25					
Net written premium	430,672	446,179	4%				
Net earned premium	428,935	444,971	4%				
Reinsurance commission earned	318	652	105%				
Fee income	13,542	13,300	-2%				
Recurring investment income	272,669	279,234	2%				
Gain on disposal of investment							
Realized gain (loss)-Equity	114,260	114,800	0%				
Realized gain (loss)-Debt	1,139	6,038	430%				
Gain on investment property	976	8,745	796%				
FX and others, net	(87,502)	(157,627)	-80%				
Investment income, net	301,542	251,190	-17%				
Other operating income	1,550	1,582	2%				
Separate account revenue	67,117	80,394	20%				
Net claims payment	(475,850)	(454,396)	-5%				
Changes in liability reserves	(112,991)	(112,129)	-1%				
Acquisition and commission expenses	(38,537)	(40,264)	4%				
Other operating costs	(8,486)	(8,626)	2%				
Financial cost	(7,418)	(11,384)	53%				
Separate account expenses	(67,117)	(80,394)	20%				
Operating expenses	(32,240)	(36,275)	13%				
Net non-operating income	2,538	2,528	0%				
Income taxes	(5,624)	5,416	-				
Net income	67,280	56,565	-16%				
Net income to parent company	66,883	56,575	-15%				
Balance Sheet Data							
Total assets	9,094,382	9,081,778					
General account	8,303,423	8,241,657					
Separate account	790,958	840,121					
Reserves for life insurance liabilities	7,146,011	7,097,335					
Total liabilities	8,376,708	8,331,451					
Total shareholders' equity	717,673	750,327					
Equity attributable to parent company	704,497	749,029					
Operating Metrics (Standalone)							
First Year Premium(FYP)	154,103	190,543					
Annualized FYP(APE)	57,793	60,610					
Expense ratio	15.7%	17.1%					
13-M persistency ratio	97.9%	97.6%					
25-M persistency ratio	95.3%	95.6%					
ROAE (Consolidated)	10.00%	7.71%					
ROAA (Consolidated)	0.76%	0.62%					
Capital Adequacy Metrics							
RBC ratio (Standalone)	359%	310%					

(NT\$MN)				IFRS 17 & IFRS 9			
Income Statement Data (Consolidated)				IFRS 17 & IFRS 9	1Q26		
Insurance service result					11,723		
CSM & RA release					9,173		
Operating variance					2,696		
Others					(146)		
Financial result					11,782		
Recurring investment income ⁽¹⁾					67,645		
Gain (loss) on investment, net ⁽¹⁾					5,860		
Hedging costs					(17,062)		
Insurance finance expenses ⁽¹⁾					(43,725)		
Others					(935)		
Other operating result					(2,707)		
Net revenue from investment contracts and other operating income					1,280		
Other operating costs and expenses					(8,600)		
One-off IFRS 15 impact					4,613		
Operating income					20,798		
Net non-operating income					339		
Income taxes					(3,768)		
Net income					17,369		
Net income to parent company					17,357		
Disposal gains on FVOCI equity, net of tax					16,577		
Adjusted net income ⁽²⁾					33,946		
Balance Sheet Data (Consolidated)							
Total assets					8,918,134		
General account					8,051,294		
Separate account					866,841		
Insurance contract liabilities					7,072,314		
Total liabilities					8,291,343		
Total shareholders' equity					626,792		
Equity attributable to parent company					625,469		
Operating Metrics (Standalone)							
First Year Premium(FYP)					94,009		
New business CSM					27,070		
13-M persistency ratio					97.7%		
25-M persistency ratio					95.3%		
ROAE (Consolidated)					12.27%		
ROAA (Consolidated)					0.78%		

Notes:

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Cathay United Bank (NT\$MN)					FY25/ FY24			1Q26/ 1Q25
Income Statement Data (Consolidated)	FY23	FY24	FY25	% Chg	1Q25	1Q26	% Chg	
Operating Income								
Net interest income	51,743	60,913	68,241	12%	16,189	18,284	13%	
Net fee income	20,844	27,973	34,090	22%	10,206	10,028	-2%	
Investment income	13,476	18,334	13,704	-25%	2,999	3,464	16%	
Other income	835	602	732	22%	152	100	-34%	
Net operating income	86,898	107,822	116,767	8%	29,545	31,877	8%	
Operating expenses	(45,752)	(51,840)	(56,790)	10%	(13,456)	(14,073)	5%	
Pre-provision profit	41,146	55,982	59,977	7%	16,089	17,804	11%	
Net provisions for possible losses	(5,077)	(9,211)	(7,293)	-21%	(1,321)	(1,982)	50%	
Income before taxes	36,069	46,770	52,684	13%	14,768	15,823	7%	
Income tax	(7,102)	(8,430)	(9,174)	9%	(2,590)	(2,626)	1%	
Net income	28,967	38,341	43,510	13%	12,178	13,197	8%	
Net income to parent company	28,805	37,780	43,008	14%	12,049	13,147	9%	
Balance Sheet Data								
Total assets	4,233,701	4,606,285	5,167,942		4,683,965	5,428,478		
Loans, net	2,280,571	2,679,233	2,886,929		2,752,611	3,003,606		
Financial assets	1,403,347	1,234,617	1,434,798		1,274,669	1,662,774		
Total liability	3,957,835	4,306,237	4,843,283		4,370,233	5,090,438		
Deposits	3,543,558	3,848,586	4,430,955		3,937,535	4,599,658		
Financial Debenture Payable	27,100	12,700	18,600		12,700	18,600		
Total shareholders' equity	275,866	300,048	324,659		313,732	338,039		
Equity attributable to parent company	271,931	295,390	319,856		308,906	333,118		
Operating Metrics								
Cost income ratio	52.65%	48.08%	48.64%		45.54%	44.15%		
ROAE	11.19%	13.31%	13.93%		15.87%	15.93%		
ROAA	0.71%	0.87%	0.89%		1.05%	1.00%		
Assets Quality (Standalone)								
NPL	2,519	2,943	4,357		3,362	4,620		
NPL ratio	0.11%	0.11%	0.15%		0.13%	0.16%		
NPL provisions	36,609	42,528	46,178		43,601	47,637		
Coverage ratio	1453%	1445%	1060%		1297%	1031%		
Capital Adequacy Metrics (Standalone)								
BIS ratio	15.8%	15.2%	16.1%					
Tier 1 ratio	13.7%	13.3%	14.2%					
CET1 ratio	12.0%	11.7%	12.7%					
LDR (Standalone)								
Total LDR	64.1%	69.8%	65.4%		70.1%	65.5%		
TWD LDR	79.8%	79.8%	72.4%		78.8%	71.5%		
FX LDR	22.5%	34.4%	36.9%		36.4%	40.3%		

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Cathay Century (NT\$MM)	FY25/ FY24			(NT\$MM)	IFRS 17 & IFRS 9 1Q26
	IFRS 4 & IFRS 9 FY24	IFRS 9 FY25	% Chg		
Income Statement Data (Consolidated)				Income Statement Data (Consolidated)	
Premium income	38,559	41,222	7%	Insurance service result	1,223
Net written premium	26,417	28,538	8%	Insurance revenue	10,110
Net earned premium	25,343	27,585	9%	Insurance service expenses	(6,450)
Reinsurance commission earned	1,230	1,237	1%	Net reinsurance expenses	(2,437)
Fee income	54	53	-3%	Financial result	302
Investment	1,407	2,018	43%	Interest income	232
Interest income	859	953	11%	Other investment income, net	102
Other investment income, net	548	1,066	94%	Insurance/Reinsurance finance income (expenses)	(32)
Other operating income	67	0	-100%	Other operating result	(243)
Net claims payment	(12,534)	(12,037)	-4%	Operating income	1,282
Changes in liability reserves	(1,354)	(2,933)	117%	Net non-operating income	5
Commissions and other operating costs	(4,689)	(5,007)	7%	Income taxes	(230)
Operating expenses	(6,353)	(6,508)	2%	Net income	1,057
Operating income	3,172	4,408	39%		
Net non-operating income	23	8	-65%		
Income taxes	(558)	(661)	18%	Disposal gains on FVOCI equity, net of tax	405
Net income	2,637	3,755	42%	Adjusted net income ⁽¹⁾	1,463
Balance Sheet Data				Balance Sheet Data	
Total assets	65,503	79,884		Total assets	73,746
Total stockholders' equity	17,947	20,027		Total stockholders' equity	21,867
Operating Metrics				Operating Metrics	
Gross Combined ratio (Standalone)	87.3%	101.1%		Combined ratio (Standalone)	64.5%
Net Combined ratio (Standalone)	91.2%	88.8%		Net Combined ratio (Standalone)	88.0%
ROAE	16.01%	19.78%		ROAE	20.20%
ROAA	4.36%	5.17%		ROAA	5.79%
Capital Adequacy Metrics					
RBC ratio (Standalone)	365%	342%			

Notes:

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