




Credit Ratings

Cathay FHC secured BBB+ and Baa1 credit ratings from international credit rating agencies, S&P Global Ratings and Moody's Ratings, respectively. Both also rated Cathay FHC's outlook as "Stable", indicating that Cathay FHC delivers great financial results and performs well in risk management.

Credit Rating Agency	Credit Rating (Long-/short-term)	Outlook	Last Rating Date
 Taiwan Ratings	TwAA/TwA-1+	Stable	2023/10/25
 S&P Global Ratings	BBB+/A-2	Stable	2023/10/25
 Moody's Ratings	Baa1	Stable	2023/10/24

Tax Management

Cathay FHC's Tax Governance Policy establishes the Board of Directors as the highest-level decision-maker for managing tax risks. The Tax Management Unit is the accounting department within the Finance Division and is responsible for delivering reports to the Risk Management Division on a regular basis. The Risk Management Division is responsible for delivering reports on tax governance matters to the Board of Directors on an annual basis to ensure effective operation of the tax management mechanism. Cathay FHC's policy on tax governance is based on the principles of good faith and integrity, and the Tax Governance Policy and Code of Conduct are as follows:



Compliance

We are committed to comply with the spirit as well as the letter of the tax laws and regulations of each jurisdiction in which we operates, and we accurately calculate all tax charges and file tax returns prior to legal deadlines so as to fulfill our obligations to pay taxes.



Risk Management

We established a sound tax risk management structure and organizational culture, and carefully evaluate tax risks and response measures with consideration to the optimization of our overall tax burden and the impact on our reputation, risk management, and sustainability values under globalized operations.



Economic Substance

We do not use tax structures intended for tax avoidance, do not transfer value created to low tax jurisdictions, or use secrecy jurisdictions (known as tax havens) to avoid taxes. Related-party transactions shall comply with arm's length principles and we are committed to complying with the transfer pricing rules in each jurisdictions where we operate, so as to fulfill our tax obligations in the jurisdictions where value is created.



Information Transparency

Tax-relevant information will be disclosed publicly to stakeholders on a regular basis to ensure transparency.



Integrity and communication

We will foster a mutually trustworthy and honest relationship with tax authorities in each jurisdictions where we operate. Where possible, we will provide practical industry views and market insights to improve the tax environment and tax system.



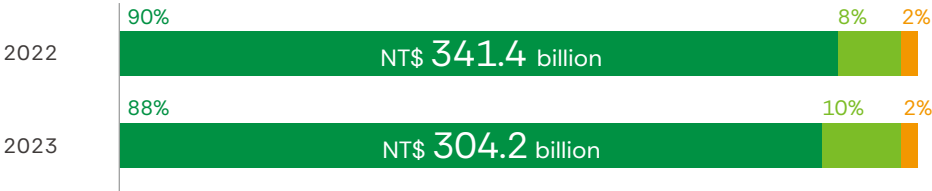
Talent Cultivation

We shall ensure that our employees receive regular domestic and foreign training in order to enhance their competencies with regard to tax governance. We manage tax-related affairs based on principles of good faith and integrity and effectively manage tax risks in order to implement corporate sustainability, maintain shareholder equity, and fulfill our corporate social responsibility.

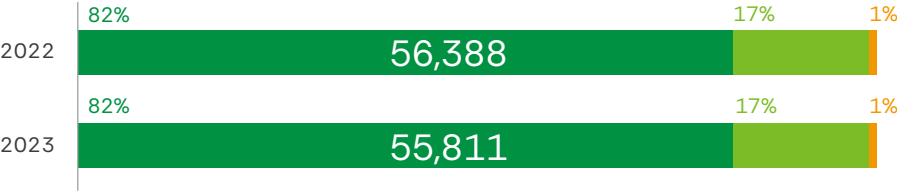
■ Tax Information by Country

Cathay FHC pledges to comply with the tax laws and regulations of the jurisdiction of operation and to accurately calculate and file tax returns. Cathay FHC’s global profit from operations for 2023 were NT\$ 304.2 billion, global profit before income tax was NT\$58.5 billion, global average number of employees was 55,811 and our operations covered insurance, investment, and interest income. In 2023, Cathay FHC paid NT\$14.1 billion in taxes across the following categories: corporate income tax, undistributed profits tax, business tax, and house and land taxes. As Taiwan is our main area of operations, Taiwan accounts for 88% of global profit from operations, 101% of global pre-tax profits, 82% of the global workforce, and 89% of taxes paid worldwide.

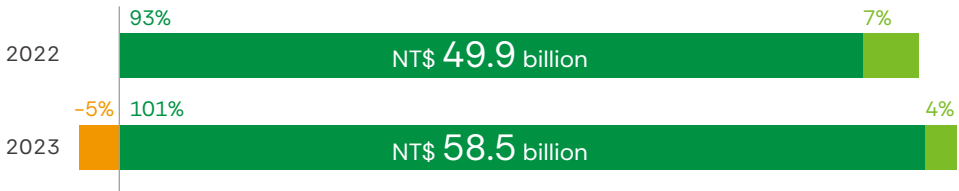
➤ Profits from operations



➤ Average number of employees



➤ Profit before income tax



➤ Paid in taxes



● Taiwan
 ● Asia
 ● Other Regions
 ● China
 ● Vietnam

■ Income Tax Information

Cathay FHC’s effective tax rate for 2023 is 11.90%. The reduction in the effective tax rate is mainly due to the payment of undistributed earnings tax for 2021 in 2022, which did not occur in 2023. Additionally, the higher statutory tax-exempt income in 2023 compared to the previous year contributed to the reduction.

	2022	2023	Two-year average
Profit before income tax (A)	49.95	58.47	54.21
Income Tax Expense (B)	11.99	6.96	9.48
Effective tax rate (B)/(A)	24.00%	11.90%	17.48%
Income Tax Paid (C)	10.95	6.89	8.92
Cash Effective Tax Rate (C)/(A)	21.92%	11.78%	16.45%

Unit: NT\$billion, %