

2014 Third Quarter Briefing



國泰金控

Cathay
Financial Holdings

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Agenda

- **9M14 Business overview**

 - Cathay United Bank

 - Cathay Life

 - Cathay Century

- **Overseas expansion**

- **Acquisition of Conning**

- **Appendix**

9M14 Business overview

Cathay United Bank

- Delivered 14% loan growth with benign asset quality
 - Fee income grew by 27% YoY
 - Continued to expand overseas branch network; offshore earnings contributed to 42% of pre-tax profits
-

Cathay Life

- Regular-paid products accounted for 96% of traditional life FYP; ranked No.1 by FYPE
 - US denominated policy accounted for 54% of FYP in Q3, supporting the growth of VNB.
 - Overseas investment 46.3%; hedging cost 0.5%
-

Cathay Century

- Market share of 13%, premium income grew by 7% YoY; maintained No.2 market position
 - Expanded business in China and Vietnam, premium income grew steadily
-

Cathay SITE

- Ranked No.1 in terms of AUM, which amounted to NT\$429BN
 - Continued to launch new products and broaden the business of individual & institutional clients
-

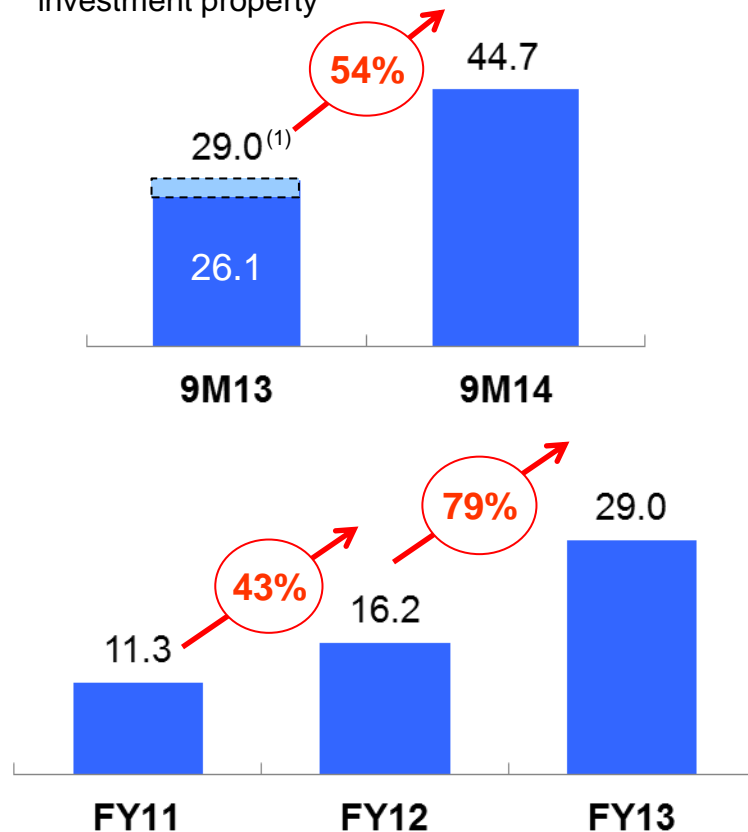
Cathay Securities

- Significant growth with 9M14 net profits, EPS and ROE reached historically high
- The trading volumes of sub-brokerage reached historically high

Cathay FHC – Net income & EPS

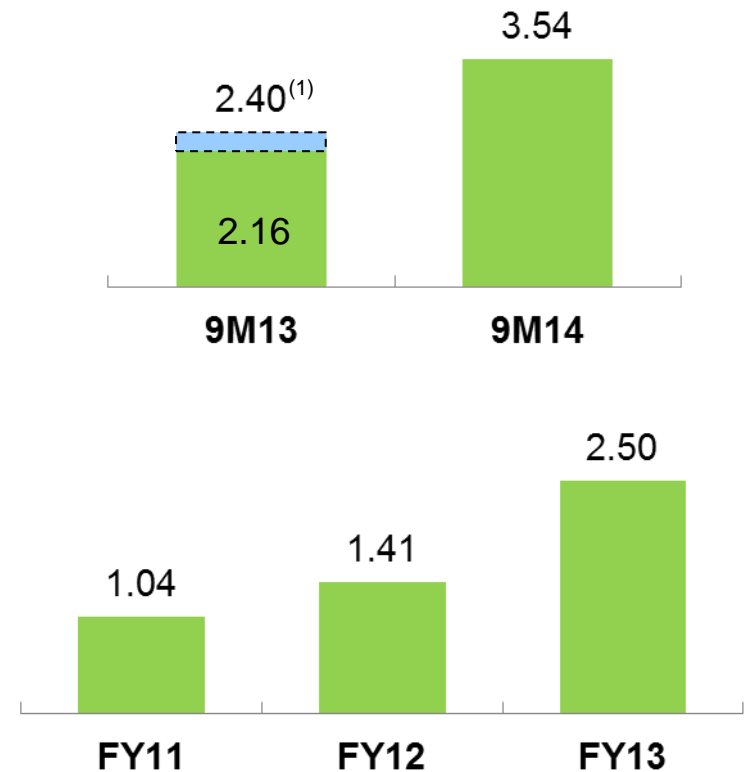
Net income (NT\$BN)

■ Impact to net income from fair value method on investment property



EPS (NT\$)

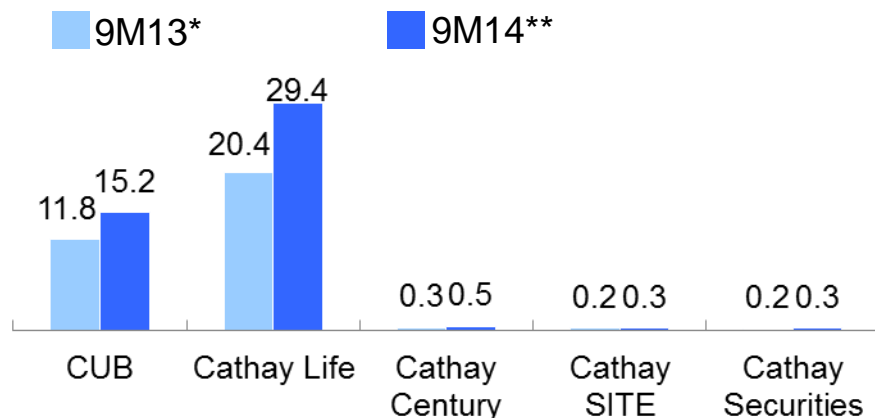
■ Impact to EPS from fair value method on investment property



Note: (1) 9M13 figures were pro forma reflecting the impact from applying fair value method on investment property, starting 2014/1/1. The impact to 9M13 net income and EPS of Cathay FHC was NT\$2.9BN and NT\$0.24, respectively.
 (2) Book value of FY12 & FY13 & 9M14 included minority interest, BVPS excluded minority interest.
 (3) Totals may not sum due to rounding.

Cathay FHC – Financial results of subsidiaries

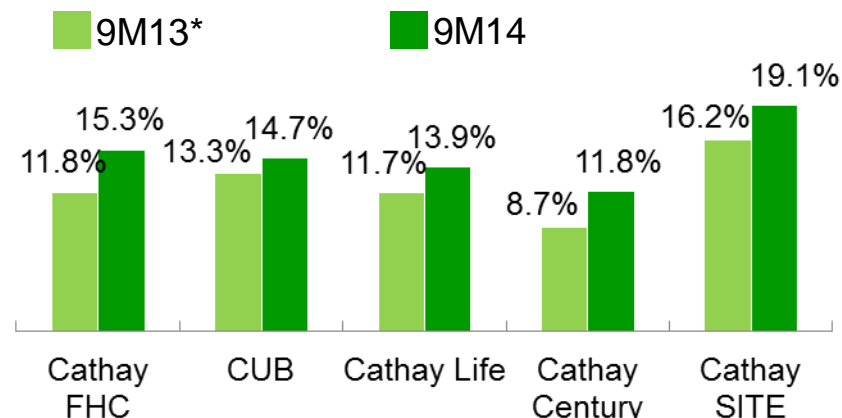
Net income of primary subsidiaries



* 9M13 figures were pro forma assuming the fair value method on investment property.

** CUB and Cathay Life 9M14 net income included appraisal gain from investment property of -NT\$0.03BN and NT\$13.7BN, respectively.

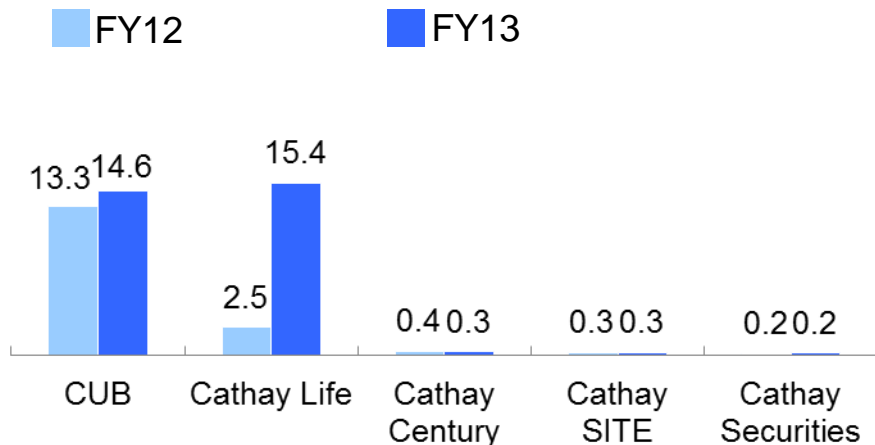
ROE



* 9M13 ROE was pro forma reflecting the impact from applying fair value method on investment property, starting 2014/1/1. The impact to 9M13 ROE of Cathay FHC, CUB and Cathay Life was -2.4%, -0.1% and -3.9% respectively.

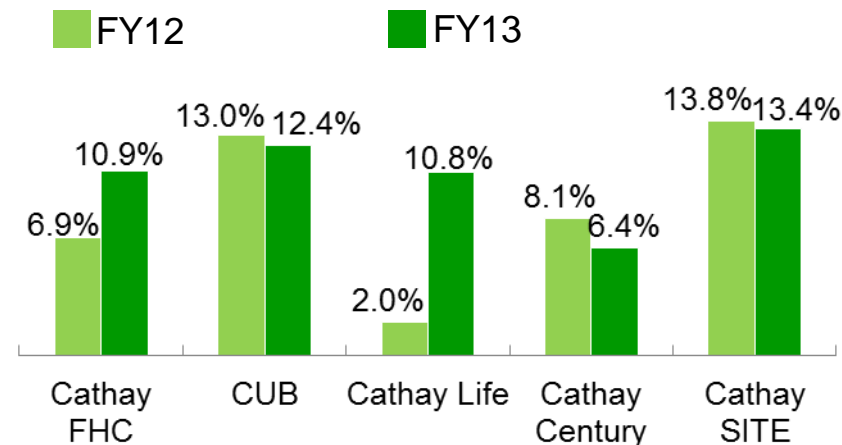
FY12

FY13



FY12

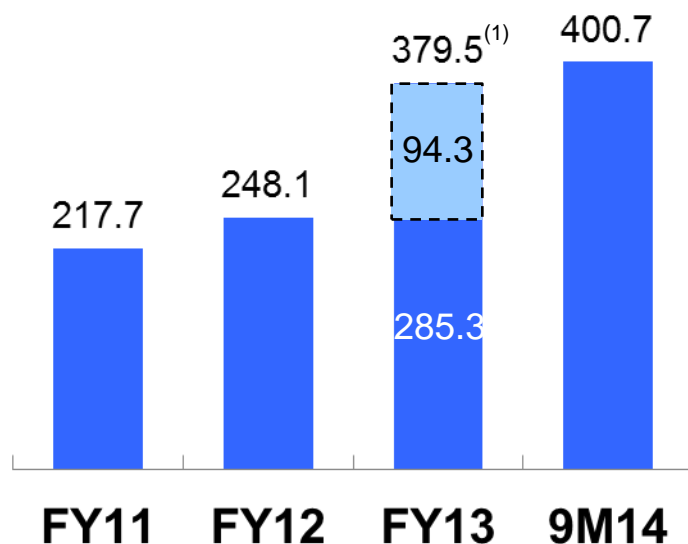
FY13



Cathay FHC – Book value & BVPS

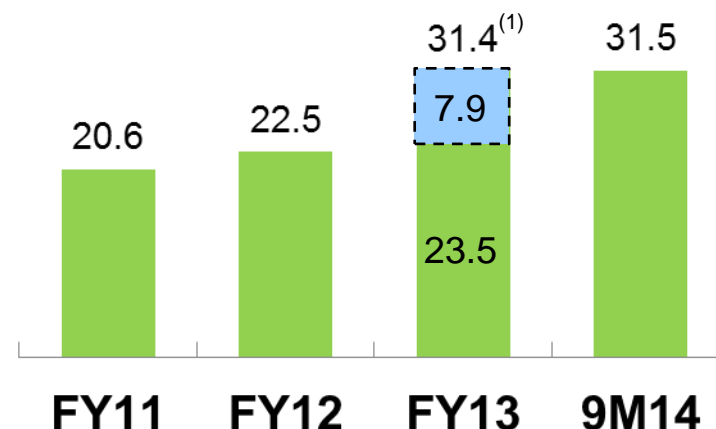
Book value (NT\$BN)

■ Impact to book value from fair value method on investment property



BVPS (NT\$)

■ Impact to BVPS from fair value method on investment property



Note: (1)FY13 figures were pro forma adjusted numbers of fair value method on investment property.

(2)Book value of FY12 & FY13 & 9M14 included minority interest, BVPS excluded minority interest.

(3)Totals may not sum due to rounding.

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- **9M14 Business overview**

Cathay United Bank

Cathay Life

Cathay Century





- **Overseas expansion**

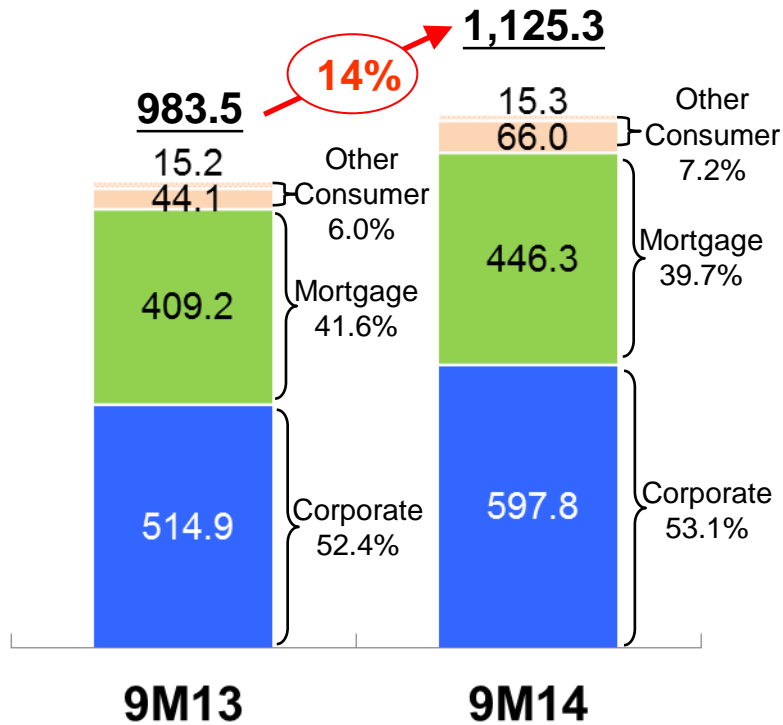
- **Acquisition of Conning**

- **Appendix**



Cathay United Bank – Loan & Deposit breakdown

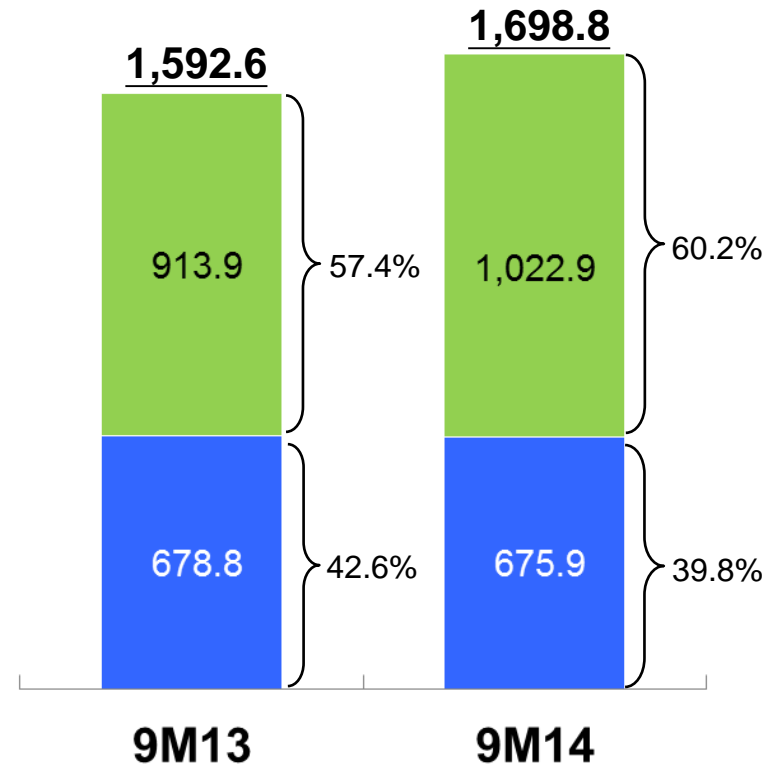
Loan breakdown

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



Deposit breakdown

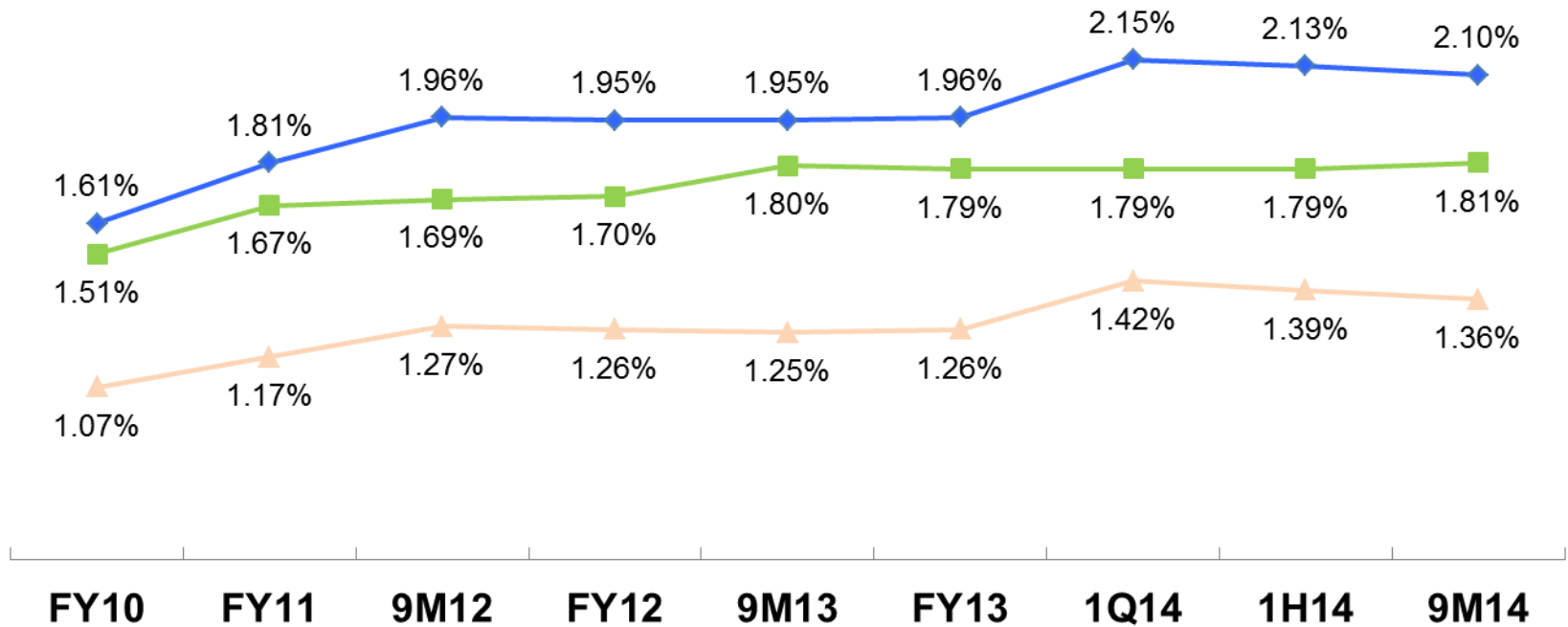
-  Demand Deposit (NT\$BN)
-  Time Deposit



Note: Totals may not sum due to rounding.

Cathay United Bank – Interest yields

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

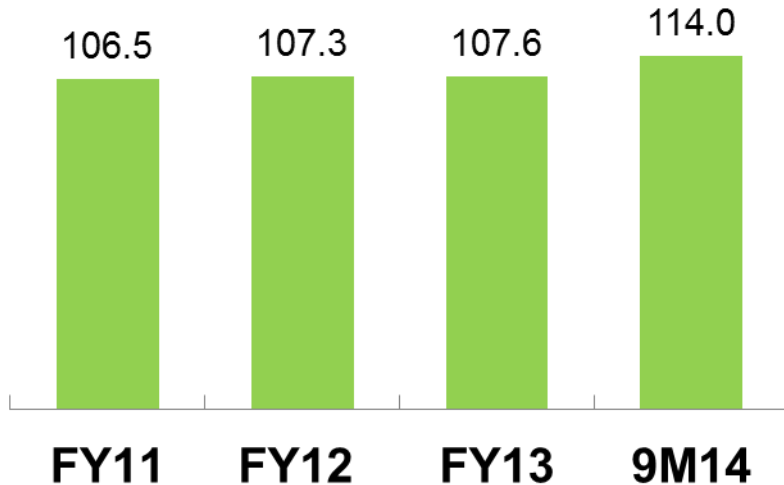


Note: Credit card related loans are included in the calculation.

Cathay United Bank – SME & FX loans

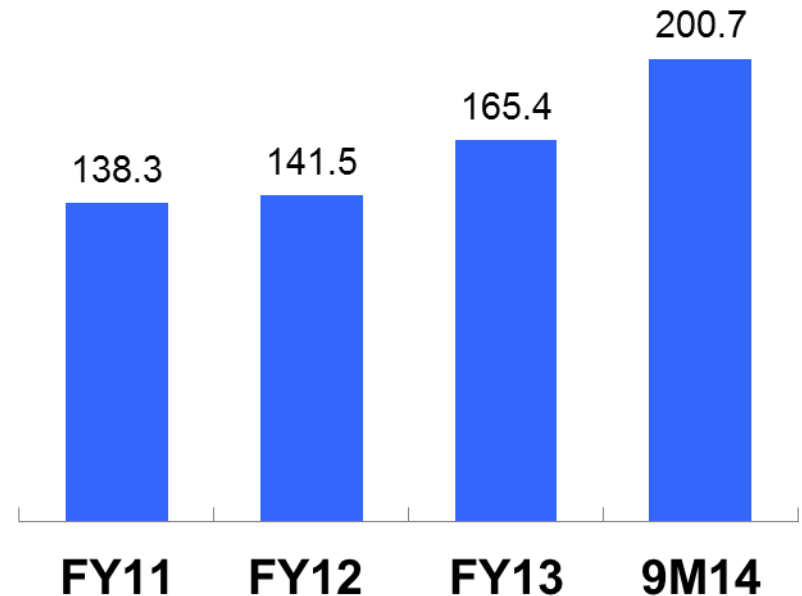
SME loans

(NT\$BN)



Foreign currency loans

(NT\$BN)



As % of total loans

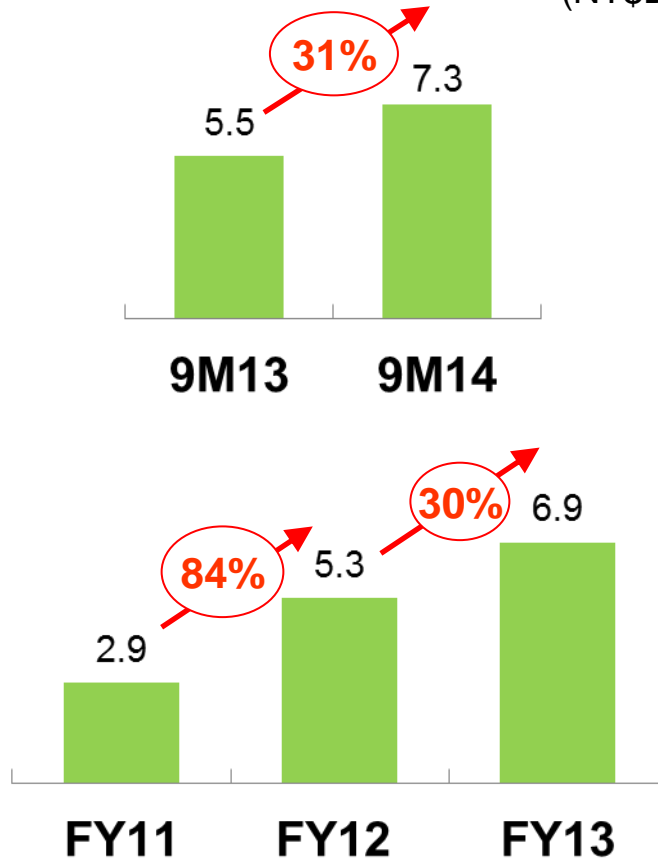
11.4% 10.6% 10.3% 10.3%

13.7% 14.0% 15.9% 17.8%

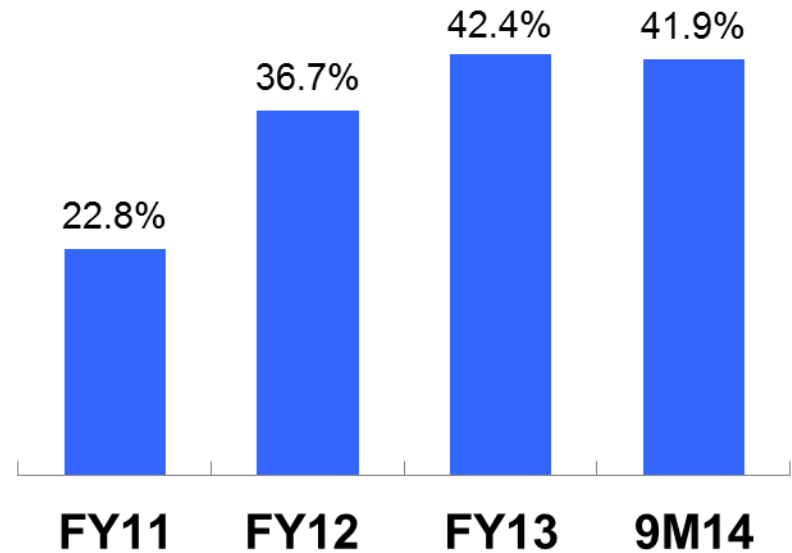
Cathay United Bank – Offshore earnings

Offshore earnings

(NT\$BN)



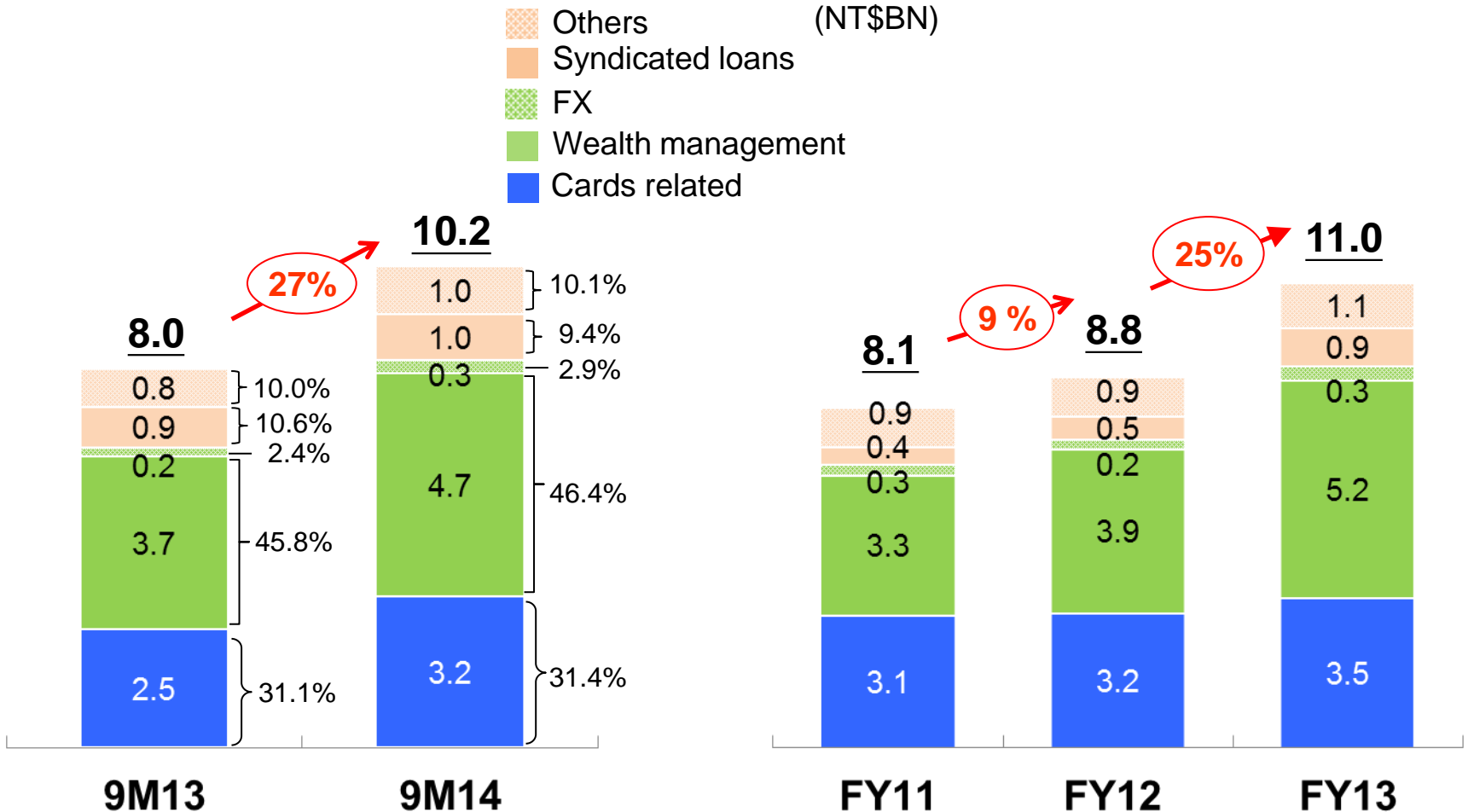
As % of CUB pre-tax profits



Cathay United Bank – Fee income

Fee income breakdown (quarterly)

Fee income breakdown (annual)



Note: Totals may not sum due to rounding.

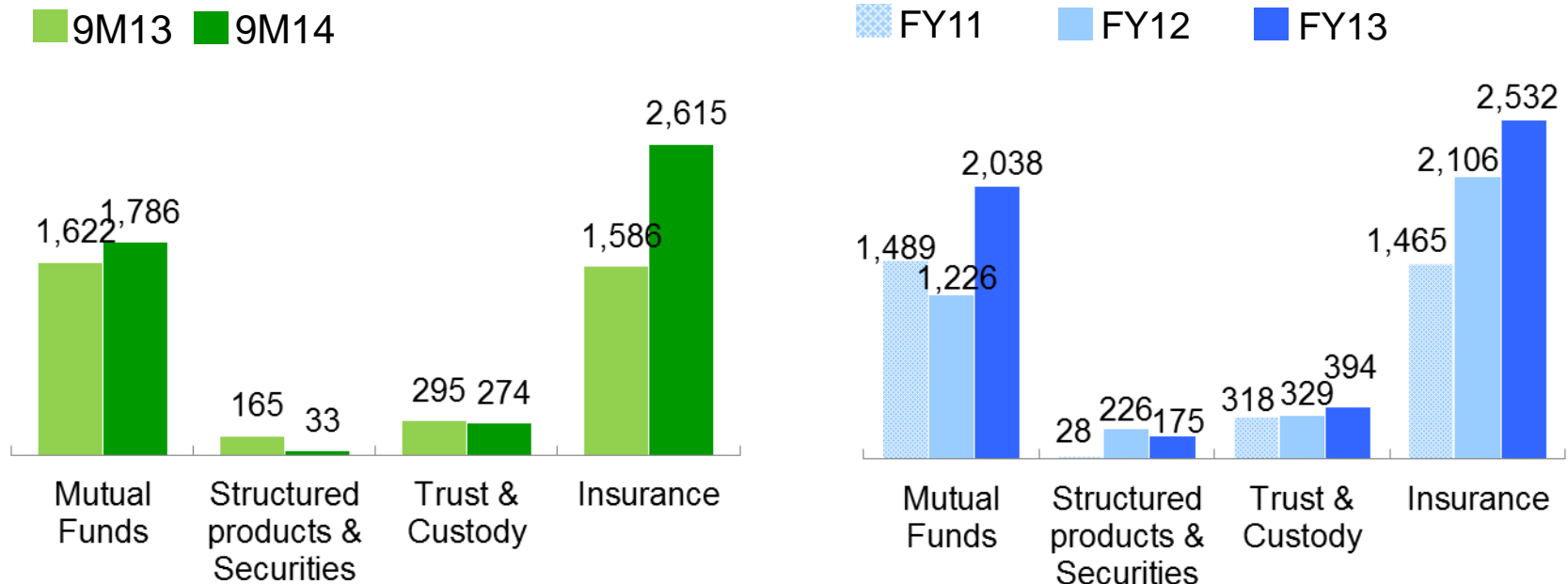
Cathay United Bank – Wealth management fee breakdown

Wealth management fee breakdown (quarterly)

Wealth management fee breakdown (annual)

(NT\$MN)	9M13	9M14	FY11	FY12	FY13
Wealth Management Fee Income*	3,684	4,742	3,309	3,894	5,163
YoY growth (%)	29.1%	28.7%	5.3%	17.7%	32.6%
Revenue from DCI, SI & others	780	1,650	71	141	1,159

*Wealth management fee excludes revenue from DCI, SI and others.



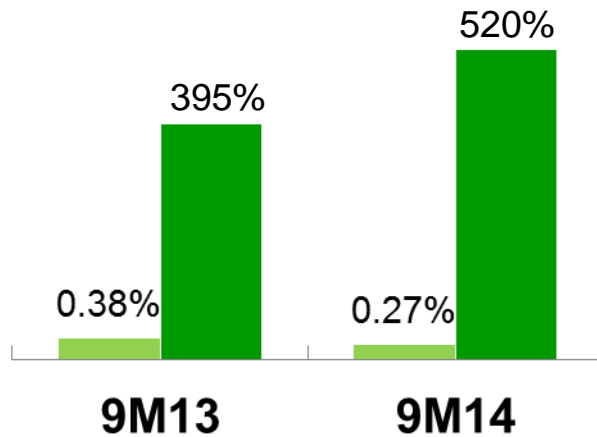
Note: (1) Wealth management fee excludes revenue from DCI, SI and others.

(2) Totals may not sum due to rounding.

Cathay United Bank – Credit quality

NPL & Coverage ratio

- NPL ratio
- Coverage ratio

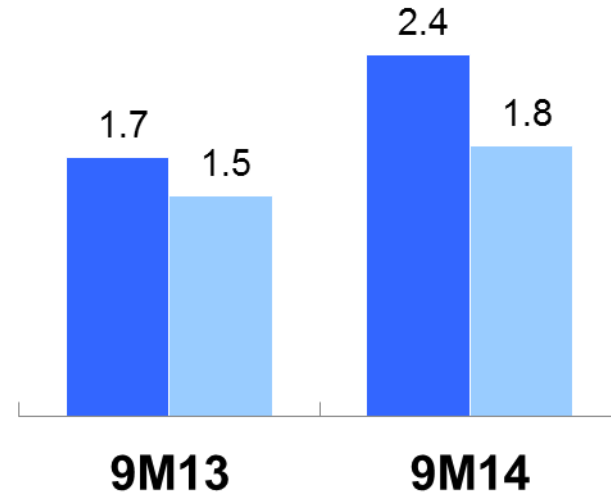


Mortgage NPL

0.04%	0.05%
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Gross provision

- Gross provision (NT\$BN)
- Recovery



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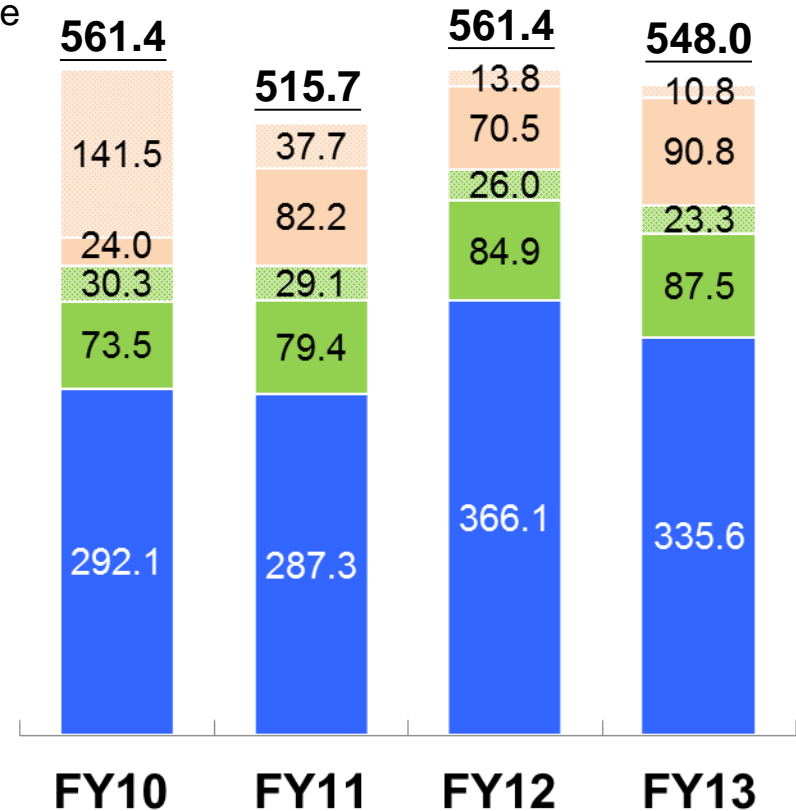
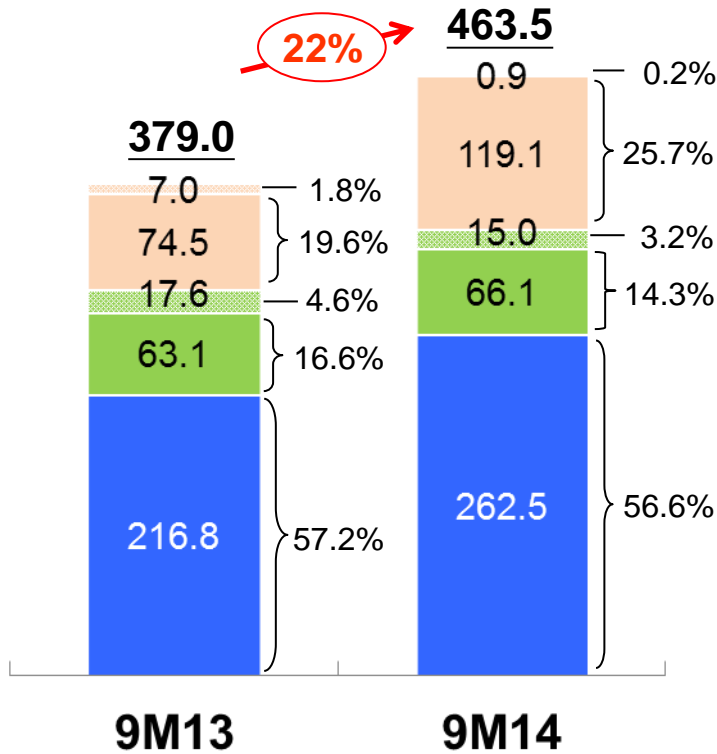
Cathay Life – Total premium

Total premium (quarterly)

Total premium (annual)

(NT\$BN)

- Interest crediting annuity
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life

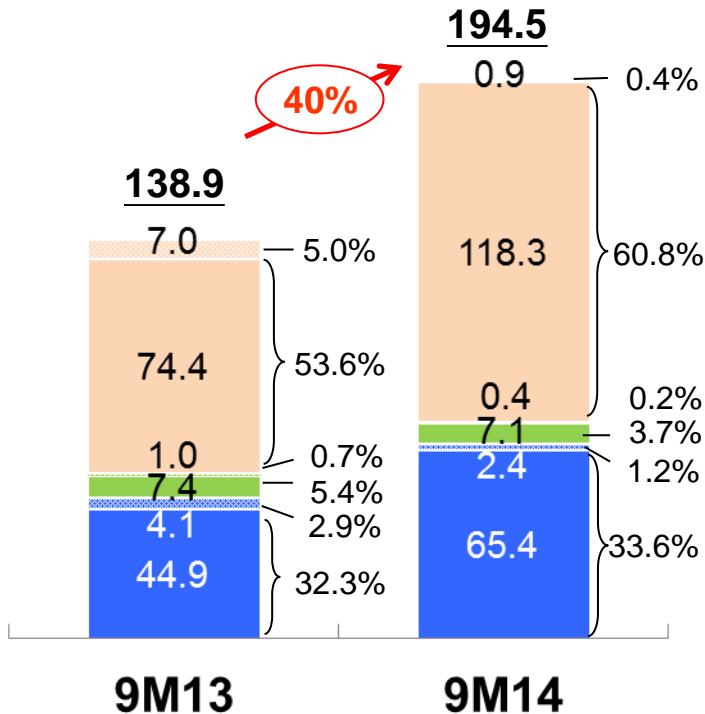


Note: Totals may not sum due to rounding.

Cathay Life – FYP & FYPE

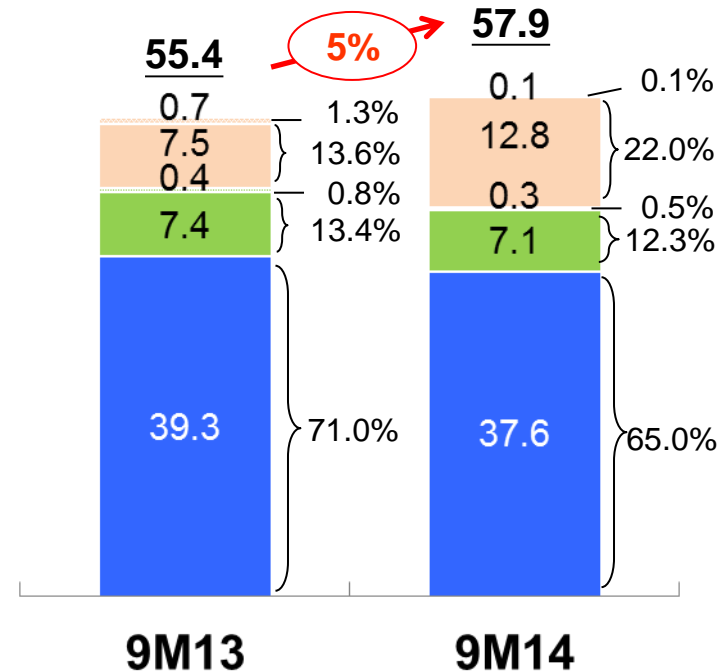
FYP

- Interest crediting annuity (NT\$BN)
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life – single paid
- Traditional life – regular paid



FYPE

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

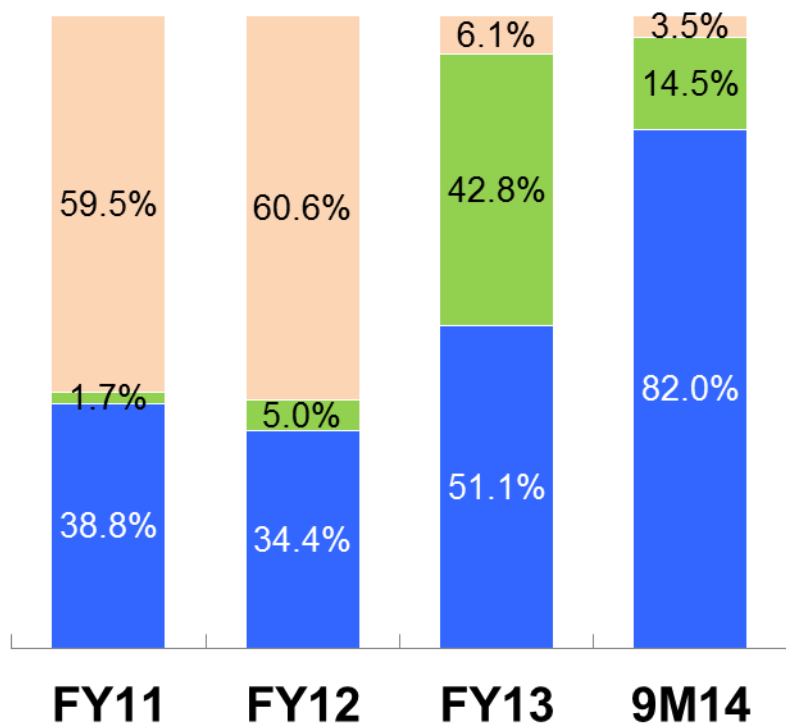


Note: Totals may not sum due to rounding.

Cathay Life – Regular paid policies remain as focus

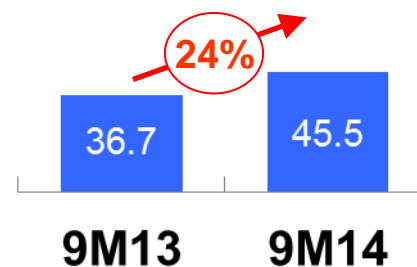
Breakdown of Traditional FYP

- Traditional life – single paid
- Traditional life - 2 year regular paid
- Traditional life - 3 year and above regular paid

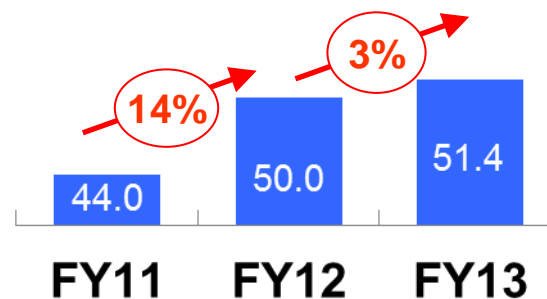


VNB

Profit Margin	1H13	9M13	1H14	9M14
VNB/FYP	26%	26%	18%	23%
VNB/FYPE	64%	66%	68%	79%



Profit Margin	FY11	FY12	FY13
VNB/FYP	17%	19%	26%
VNB/FYPE	55%	54%	70%

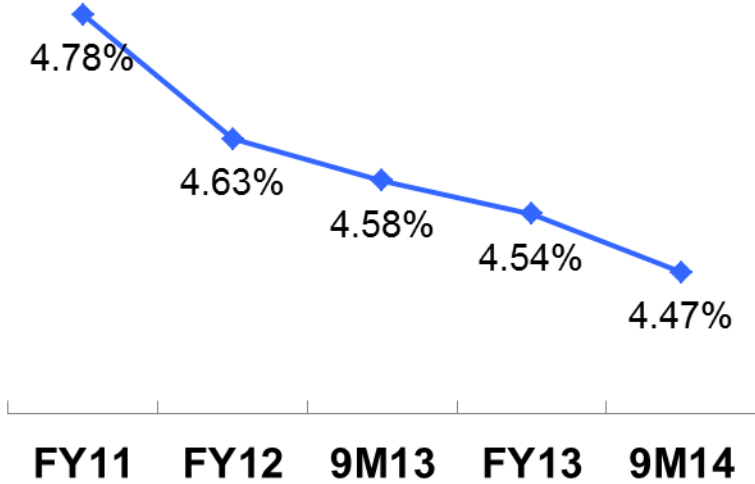


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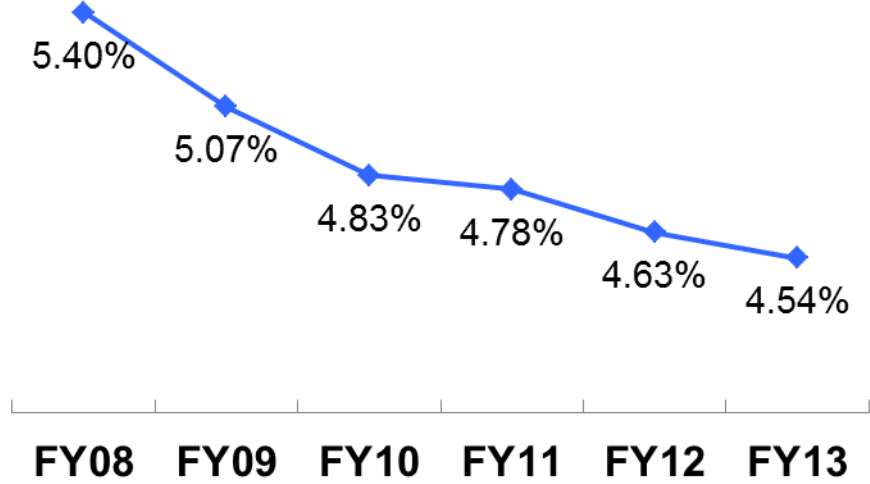
Note : 9M14 VNB is based on Cathay Life's 2013 EV actuarial assumptions.

Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of liability (annual)



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

Cathay Life – Investment portfolio

(NT\$BN)	4Q11	4Q12	4Q13	3Q14		
Total investments⁽³⁾	2,959.2	3,283.7	3,785.1	4,008.5		
	Weight	Weight	Weight	Amount	Weight	Amount
Cash & Cash equivalents	8.6%	8.2%	3.7%	138.4	3.7%	149.5
Equity- Domestic	8.5%	8.1%	8.9%	337.3	8.4%	336.3
Equity- International	4.0%	4.3%	4.9%	186.5	4.9%	195.8
Bond- Domestic	16.4%	16.6%	14.4%	546.1	12.2%	488.9
Bond- International⁽³⁾	38.6%	39.6%	38.9%	1472.5	41.4%	1660.4
Mortgage & Secured loans	10.2%	10.3%	12.2%	461.2	12.7%	509.9
Policy loans	6.4%	5.5%	4.7%	177.9	4.2%	168.9
Real estate	5.4%	5.6%	10.6%	402.2⁽¹⁾	11.2%	447.2^{(1) (2)}
Others	2.0%	1.8%	1.7%	62.9	1.3%	51.7

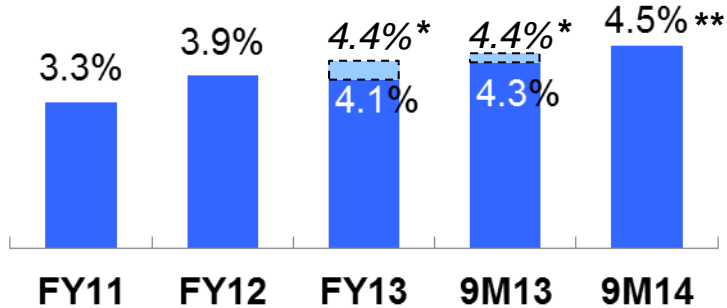
Note (1) Real estate included NT\$71.3BN of investment property appraisal gain from IFRS adoption and NT\$133.1BN of impact from fair value method on investment property.

(2) Real estate included NT\$16.2BN of appraisal gain from investment property.

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

Cathay Life – Investment performance highlight

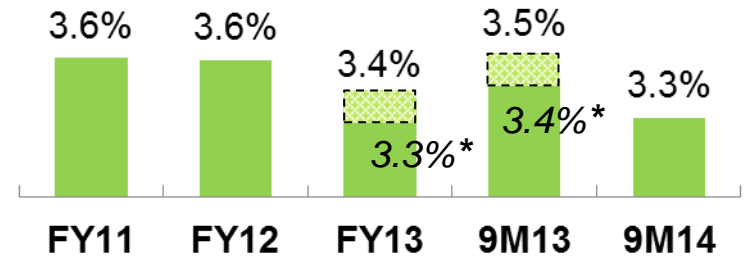
After-hedging investment yield



* FY13 and 9M13 (4.4% and 4.4%) were pro forma adjusted numbers of fair value method on investment property.

** Cathay Life 9M14 net income included appraisal gain from investment property of NT\$13.7BN.

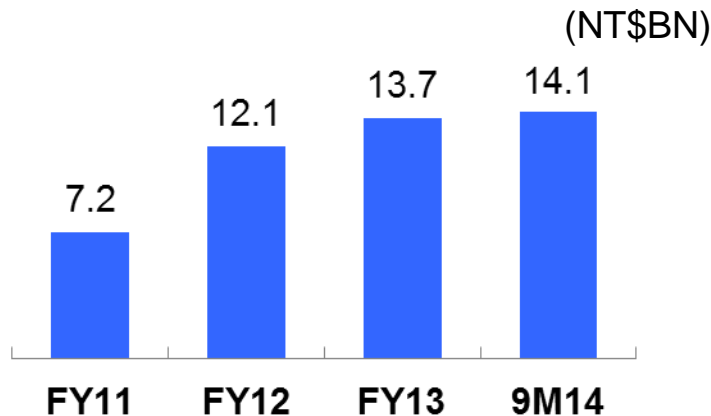
Pre-hedging recurring yield



* FY13 and 9M13 (3.3% and 3.4%) were pro forma adjusted numbers of fair value method on investment property.

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

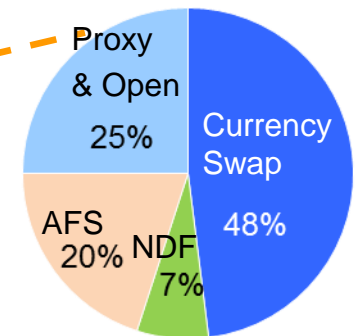
Cash dividend



FX Asset



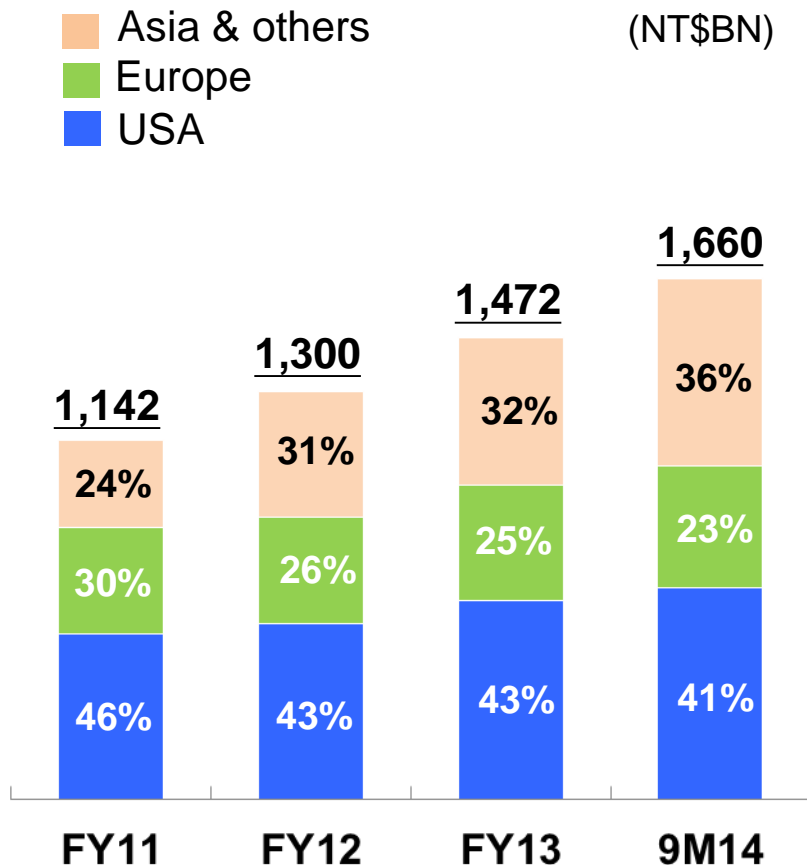
FX risk exposure



9M14 Annualized hedging cost 0.50%

Cathay Life – International bond investment highlight

Overseas Bond by Region



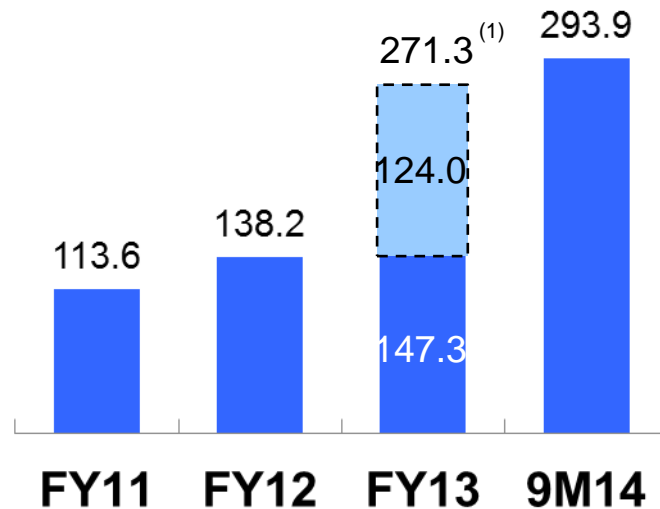
Top 5 of European Exposure

Country	As % of overseas bond investment	As % of European bond investment
UK	6.0	25.9
France	4.9	21.0
Germany	4.3	18.7
Netherlands	3.4	14.7
Switzerland	1.1	4.8
Total	19.7	85.1

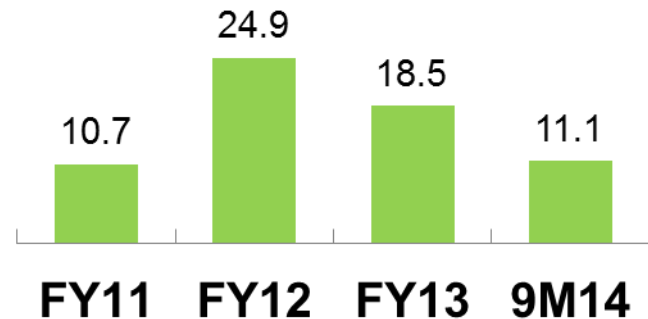
Cathay Life – Book value & Unrealized G/L of AFS financial assets

Book value (NT\$BN)

■ Impact to book value from fair value method on investment property



Unrealized G/L of AFS financial assets (NT\$BN)



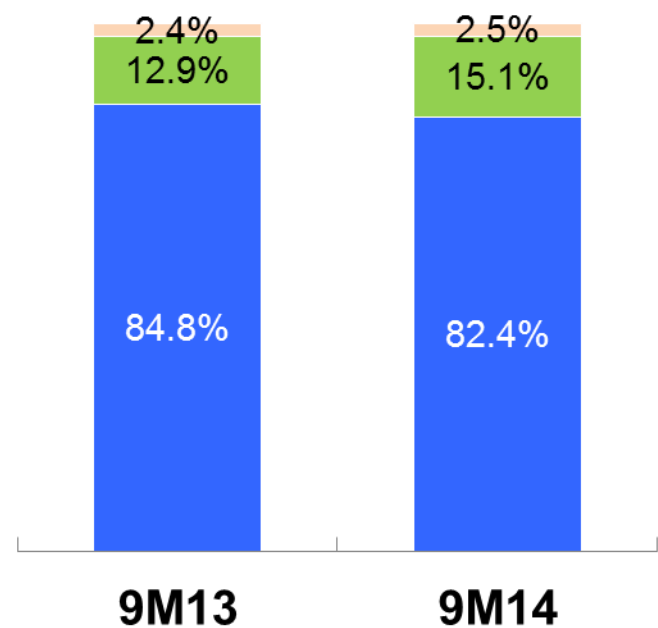
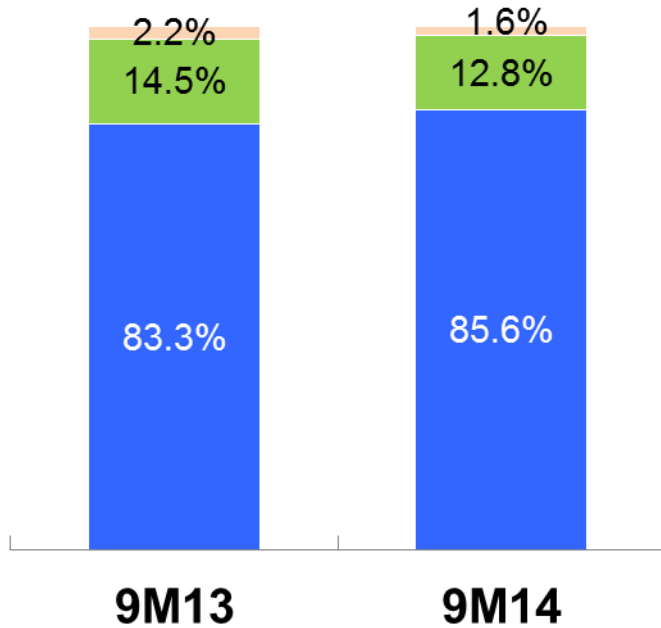
Note: (1)FY13 figures were pro forma adjusted numbers of fair value method on investment property.
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Cathay Life – Distribution channel

FYP

FYPE

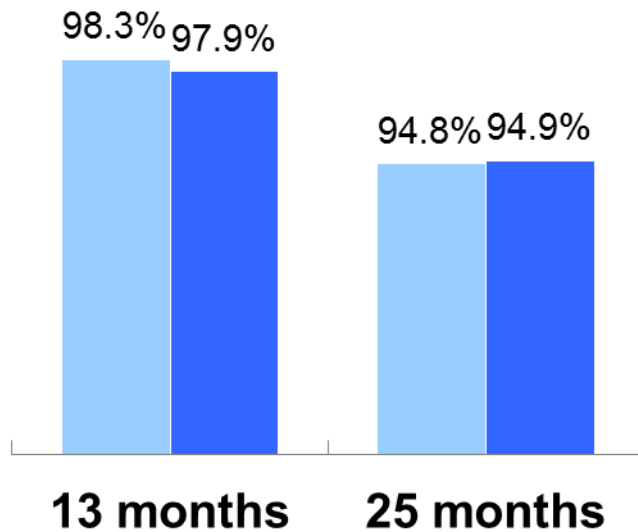
- Others
- Bancassurance-CUB
- Tied agents



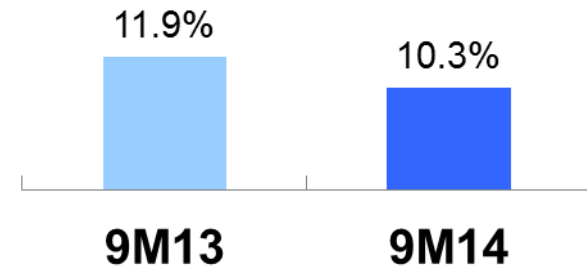
Cathay Life – Operational indicators

Persistency ratio

■ 9M13 ■ 9M14



Expense ratio



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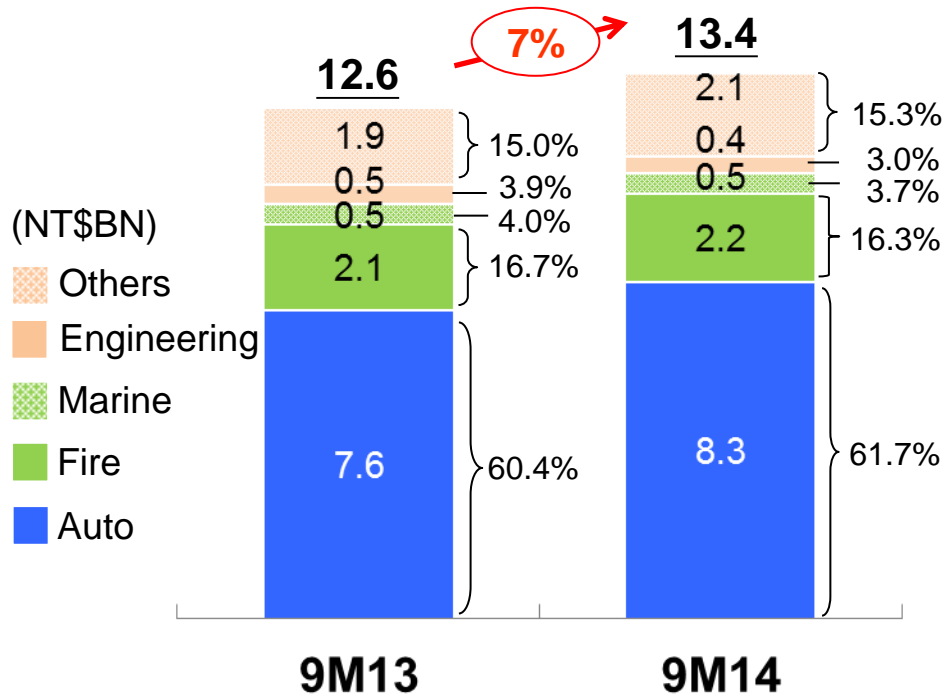
- **Overseas expansion**

- **Acquisition of Conning**

- **Appendix**

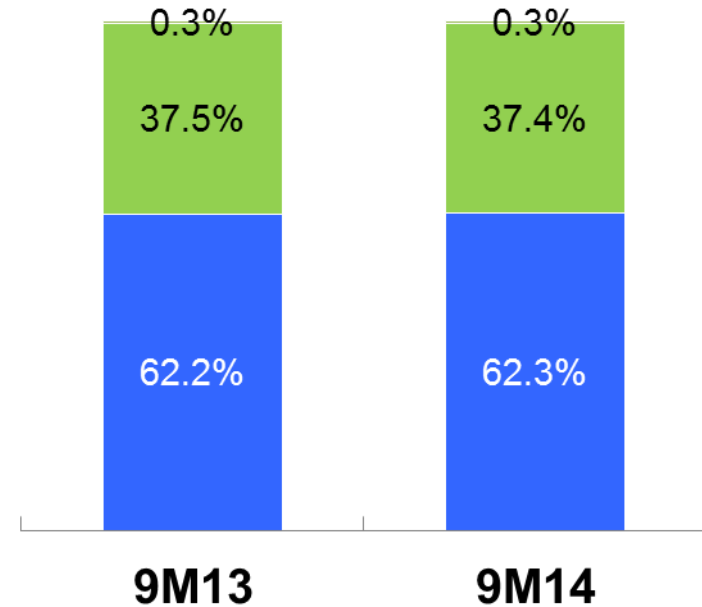
Cathay Century

Premium income



Distribution channel

- Others
- Cathay P&C agents
- Cathay group channel



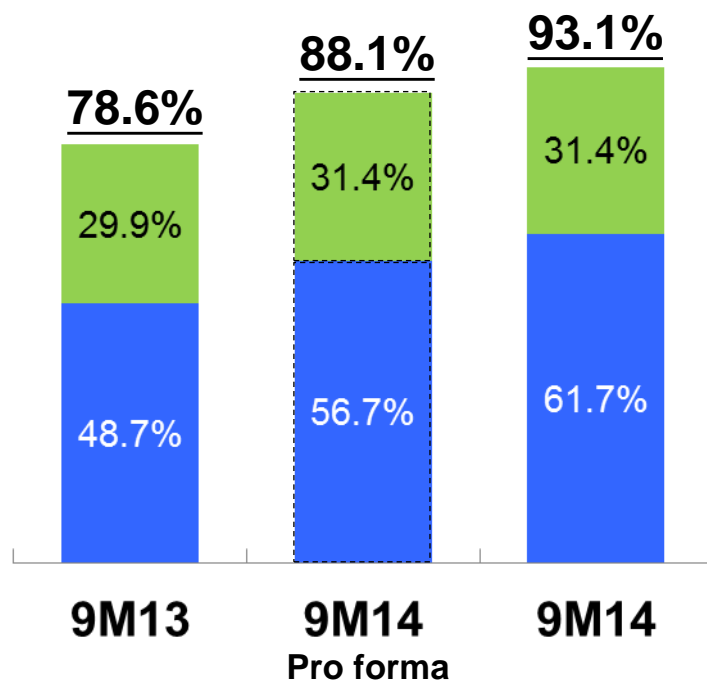
Market share	13.0%	13.2%
Retention	75.9%	77.4%

Note: Totals may not sum due to rounding.

Cathay Century – Distribution channel

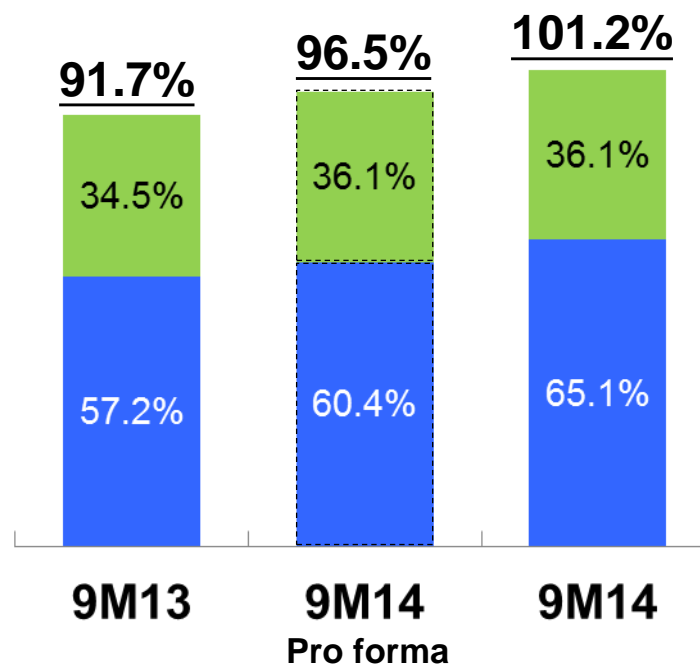
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



Note : From 2014/1/1, the loss provisions rules on compulsory car insurance was changed and the loss ratio increased significantly compared to last year. However, the shortfall between retained earned pure premium and net loss provision plus claim payment was offset by recovery of special reserve and therefore has no impact on net profit.

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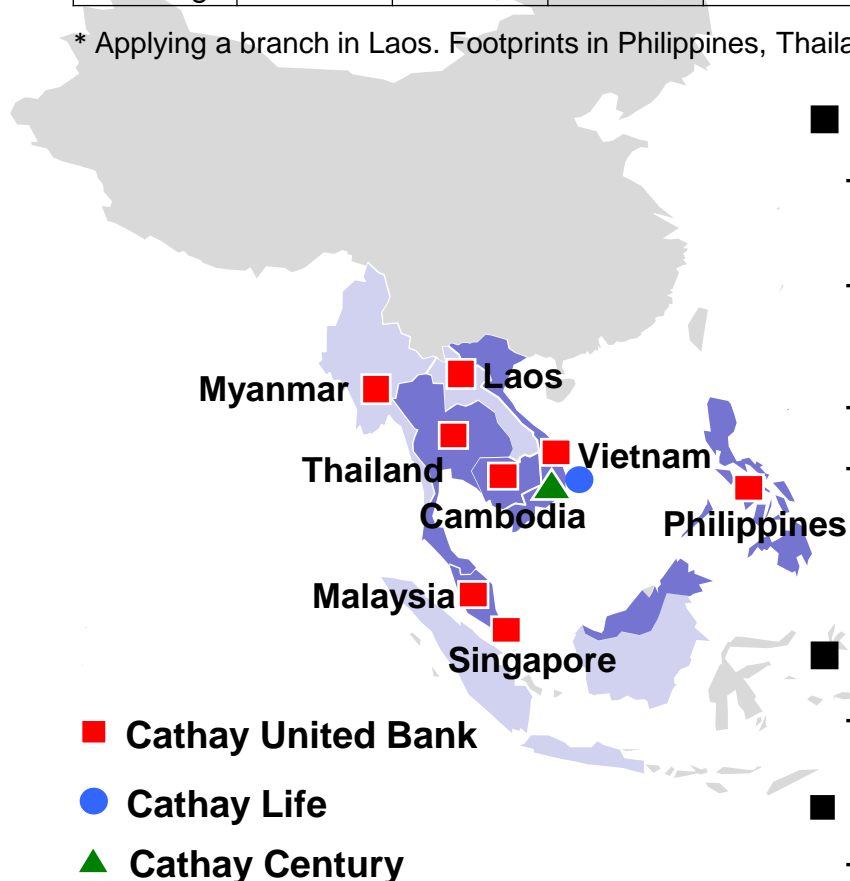
- **Acquisition of Conning**

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Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Thailand	Myanmar
Bank	4	36	16	1	1	1	1*	1	1	1
Life	31	6								
P&C	20	2								
Asset Mgt	1			1						

* Applying a branch in Laos. Footprints in Philippines, Thailand and Myanmar are representative offices.



■ Cathay United Bank

- Business in Vietnam performed steadily with solid financial performance and superior asset quality
- Footprint number ranked No.1 among Taiwanese banks in Cambodia
- Laos branch will be open in 4Q14
- Planned to upgrade Philippines and Myanmar representative offices to branches; to set up representative office in Indonesia

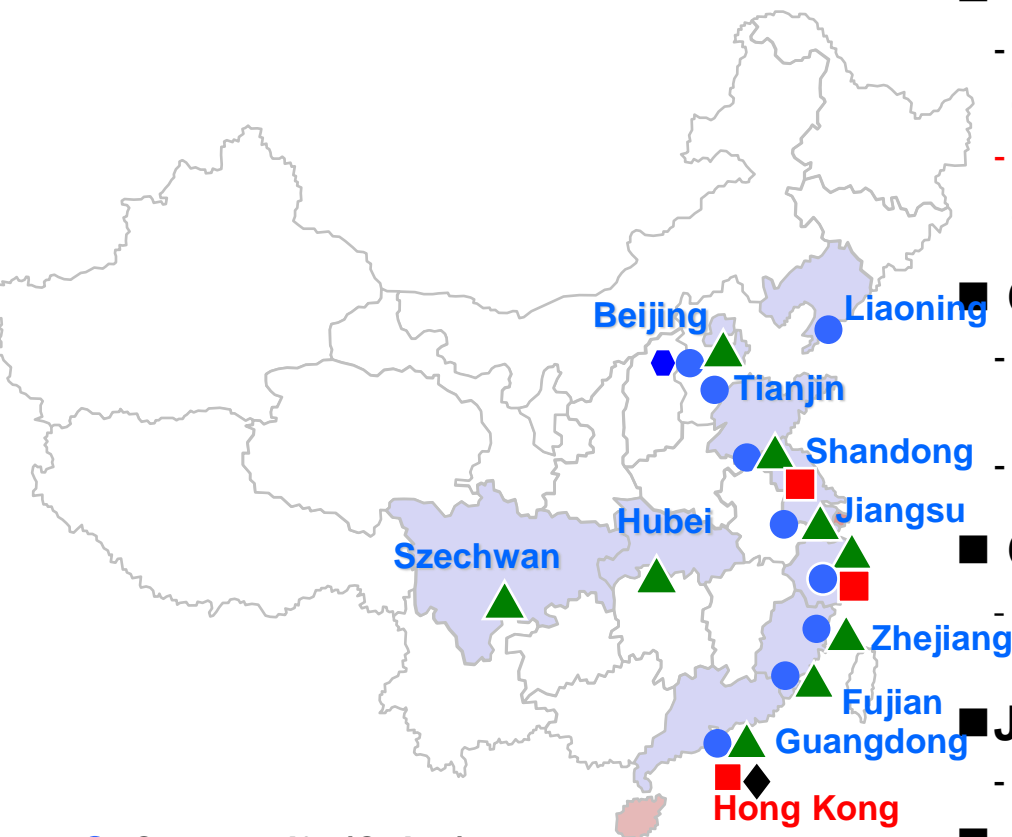
■ Cathay Life

- 9M14 net income reached NT\$135MN

■ Cathay Century

- 9M14 total premium income increased by 7% YoY

Cathay FHC in China



- Cathay Life (China)
- Cathay United Bank
- ▲ Cathay Century (China)
- ◆ Cathay Conning Asset Management
- ⬠ CDBS Cathay Asset Management Company

■ Cathay United Bank

- Shanghai Free-Trade Zone Sub-branch began operation in July. Qingdao Branch opened in October
- Plan to apply Shenzhen branch, Jiading Sub-branch and upgrade Shanghai branch into subsidiary

■ Cathay Life (China)

- Completed RMB400MN capital injection with solvency ratio of 370%
- Agent productivity grew by 78% YoY in 9M14

■ Cathay Century (China)

- Strong premium income growth in 9M14, up by 10% YoY

■ JV with Conning (CCAM)

- AUM amounted to USD\$1.04BN in 9M14

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

- Continued to launch new products, mainly fixed income funds

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Transaction Overview

Transaction

- Conning Holdings Corporation (“Conning”) is a leading asset manager for insurance and pension clients with \$92 billion in AuM
- Cathay Life Insurance Company (“Cathay Life”) will acquire 100% of Conning

Purchase Price

- Acquisition price of US\$240 million in cash
 - P/AuM of 0.26% based on AuM as of September 30, 2014
- Cathay Financial Holdings will sell its approximately 10% stake in Conning to Cathay Life
 - Pre-tax gain of approximately US\$5 million

Regulatory Approval

- Transaction subject to regulatory approval in Taiwan, US, UK and HK; expected closing in second half of 2015

Strategic Rationale

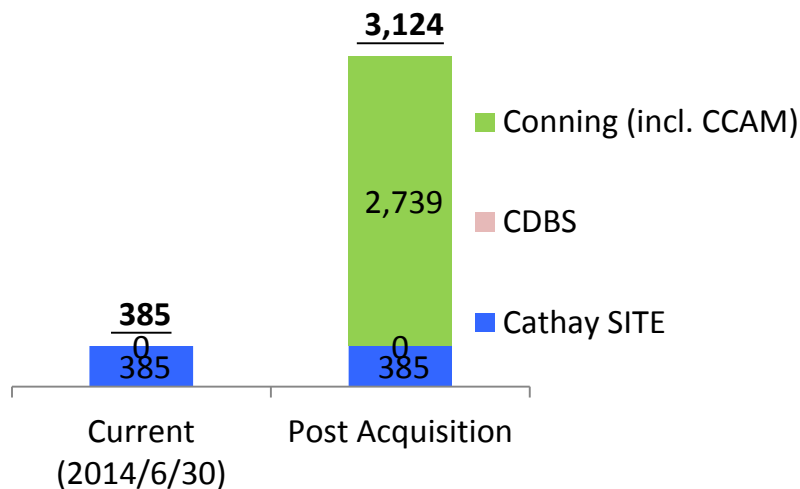
- Transaction will significantly expand Cathay’s global presence in asset management
- Significant step forward in realizing “Banking + Insurance + Asset Management” strategy

“Banking + Insurance + Asset Management”

- Acquisition of a world-class asset management business led by an experienced management team
- Significantly increases Cathay’s AuM; provides more balanced business profile and solid foundation for growth
- Asset management is a capital-light business that can generate steady fee income

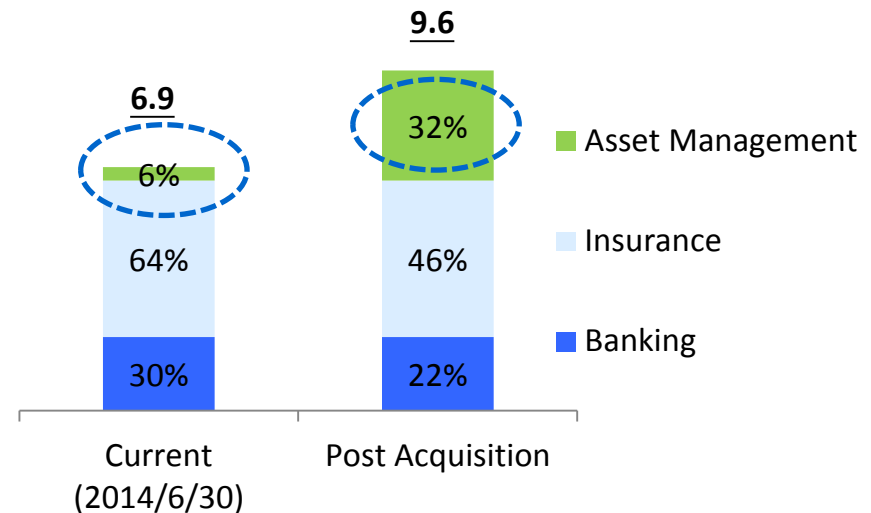
Cathay Asset Management AuM

NT\$ Billion



Cathay Group AuM*

NT\$ Trillion

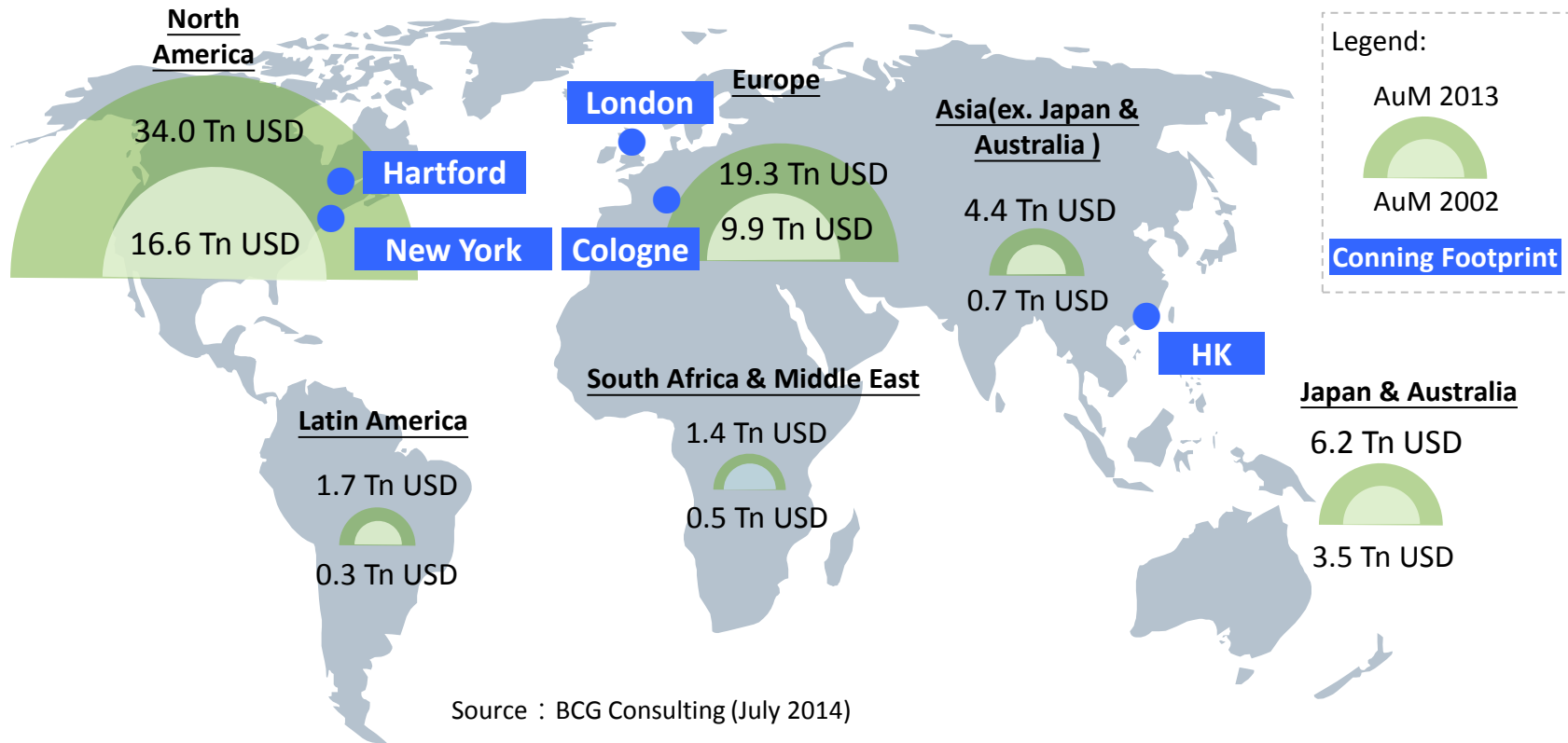


Note: “Banking” and “Insurance”= asset values;
“Asset management”= assets under management

Global Asset Management Opportunity

- North America and Europe are the largest asset management markets
- Asia (ex. Japan and Australia) has strongest growth momentum
- Conning has presence in major financial markets

Global Asset Management Market (2002 vs. 2013)



About Conning

Background

- Leading asset manager for insurance and pension clients with \$92 billion in AuM
- Founded in 1912; insurance specialists for more than 50 years; investing insurance assets for nearly three decades

Footprint

- Global footprint with around 290 employees in Hartford, New York, London and Cologne
- Established Cathay Conning Asset Management (CCAM) with Cathay Financial Holdings, in Hong Kong in 2012
- AuM currently primarily from US clients, but growing in Europe and Asia

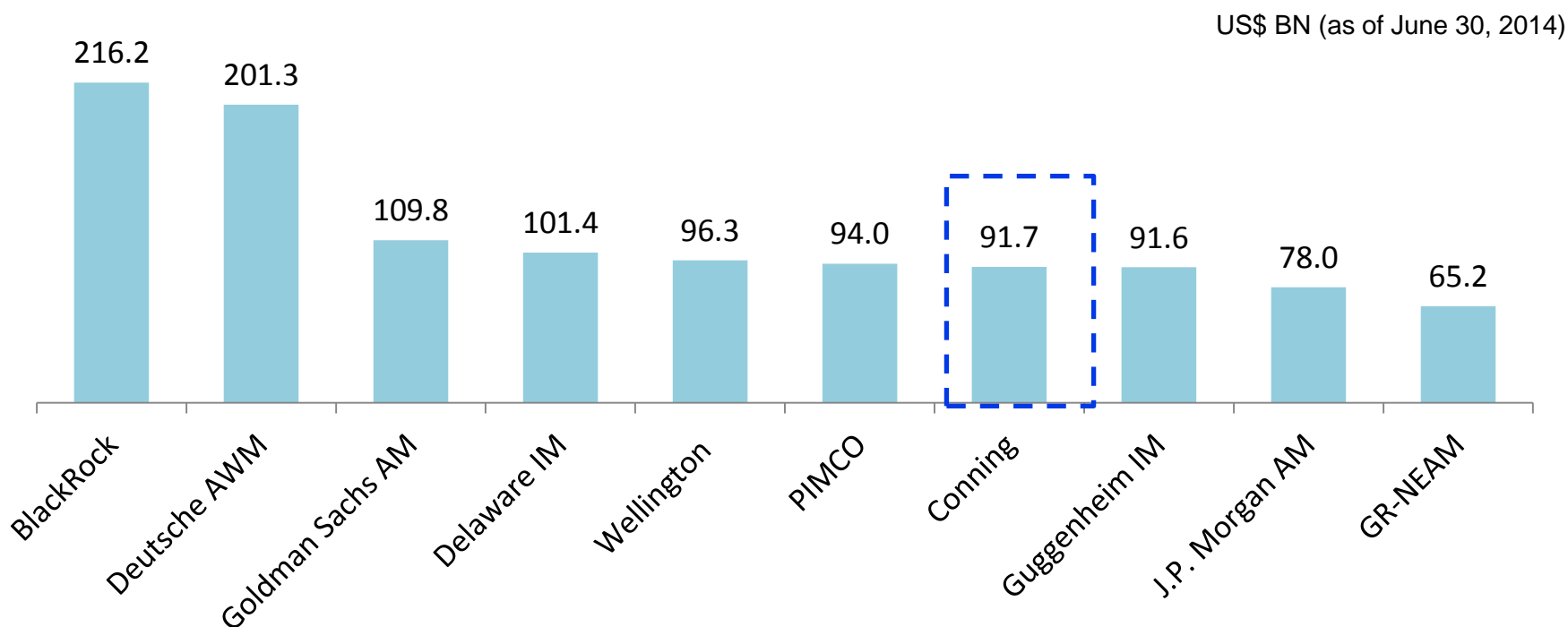
Core Businesses

- Client service platform combining asset management, risk and capital management solutions (RCMS), and insurance industry research
- Specializing in fixed income, equity and alternative investment strategies for insurers and pension accounts

Top Tier Insurance Asset Manager

- Conning ranked as 7th largest in global insurance asset management industry
- 95% of clients are insurance companies; pensions and endowment funds are target clients as well.

Rankings



Note : Conning AuM includes acquisition of Brookfield's core fixed income insurance asset management business

Source : The Insurance Investment Outsourcing Report (2014 Edition)

Agenda

- **9M14 Business overview**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Overseas expansion**
- **Acquisition of Conning**
- **Appendix**

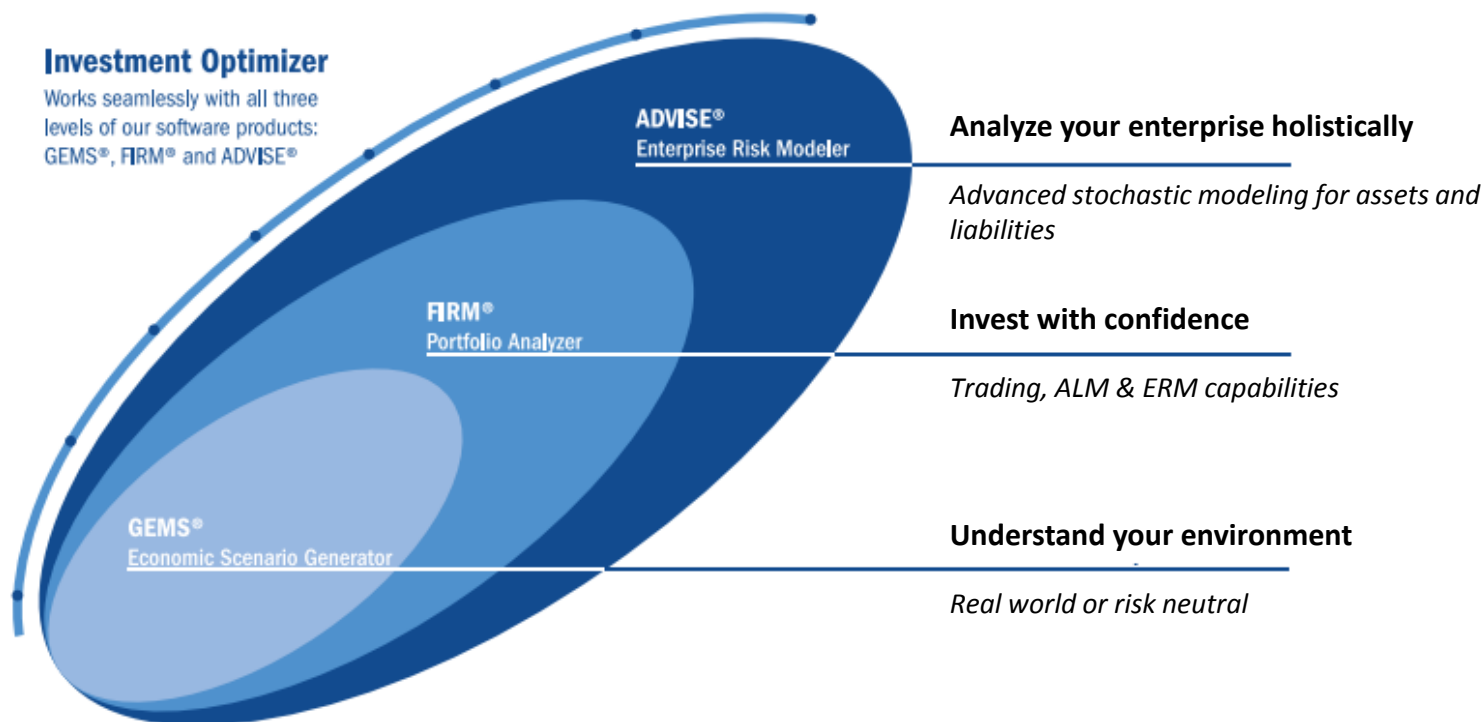
Expanded Asset Management Capabilities

- Acquisition expands Cathay's asset management capabilities across asset classes and geographies
- Significant opportunities for continued expansion of investment capabilities

Cathay's Asset Management Capabilities					
Region	Asset	Cathay SITE	CDBS	CCAM	Conning
Asia	Equity	√		√	
	Fixed income	√	√		
North America	Equity				√
	Fixed income				√
	Customized Solutions				√
Europe	Fixed income				√
	Customized Solutions				√

Strength in ALM and Risk Management

- Enterprise risk management analytics and investment advisory services to support capital management and asset allocation decisions
- Sophisticated software platform provides enterprise-level analysis and optimization of assets and liabilities



Highly Experienced Management Team



Woody E. Bradford, CFA

President and Chief Executive Officer

Woody E. Bradford, CFA, is President and Chief Executive Officer at Conning. Prior to joining Conning in 2010, Mr. Bradford was an Operating Partner with Advent International, a global private equity firm. Previously, he spent 12 years at Putnam Investments where he had multiple roles, including Head of Corporate Development and Chief Operating Officer of Global Distribution. Mr. Bradford is a graduate of Worcester Polytechnic Institute and of the Harvard Business School, where he graduated as a Baker Scholar. Mr. Bradford is currently Chairman of the Board of Directors of the Greater Boston Food Bank and previously served as a member of the Supervisory Board of Quoniam Asset Management GmbH. Mr. Bradford has over 20 years of industry experience.

Management Team

Russell Büsst, SIEDip – CIO, Europe (3 YOS / 29 YOE)

- Previously CEO of Amundi's UK subsidiary
- Holds a degree in Engineering and a Securities Industry diploma

Glenn Heiser, CPA – CAO (20 YOS / 31 YOE)

- Previously employed by Travelers
- Joined Conning in 1994
- BS and MBA from the University of Connecticut

Mark Konyn – CEO, CCAM (2 YOS / 27 YOE)

- Previously CEO of RCM Asia-Pacific / Allianz Global Investors and Head of Institutional Business Development at Fidelity Investments based in Hong Kong
- First Class (Hons.) degree in Business Administration
- Ph.D. in Risk Analysis

Jung Lee – CFO (3 YOS / 17 YOE)

- Previously employed by SFRi, Swiss Re, and Securitas Capital
- Degree in Economics from the University of Pennsylvania

Stephen Sonlin, CFA – RCMS (13 YOS / 32 YOE)

- Previously employed by Swiss Re Investors
- Joined Conning in 2001
- BA – Temple University

Robert Pearce – CCO (9 YOS / 20 YOE)

- Previously Vice President, Investment Advisory Compliance, at The Advest Group
- BA and MBA from Pepperdine University

James Romano, CFA – CRO (17 YOS / 23 YOE)

- Previously employed by John Hancock, Travelers and United Technologies
- Graduate of Central Connecticut State University and Rensselaer Polytechnic Institute (MS – Finance)

Richard Segal, FSA, MAAA – CIO (13 YOS / 37 YOE)

- Previously CEO of Charter Oak Capital
- Current President of Goodwin Capital
- Graduate of Fordham University
- MA (Statistics) – Columbia University

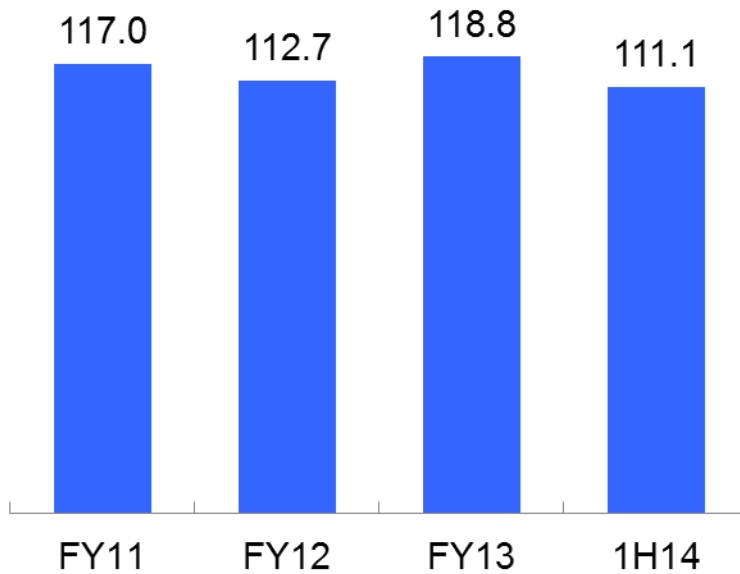
Vi Smalley, Esq. – General Counsel (8 YOS / 20 YOE)

- Previously employed by Citigroup Insurance Investments
- BA – Smith College
- University of Connecticut School of Law

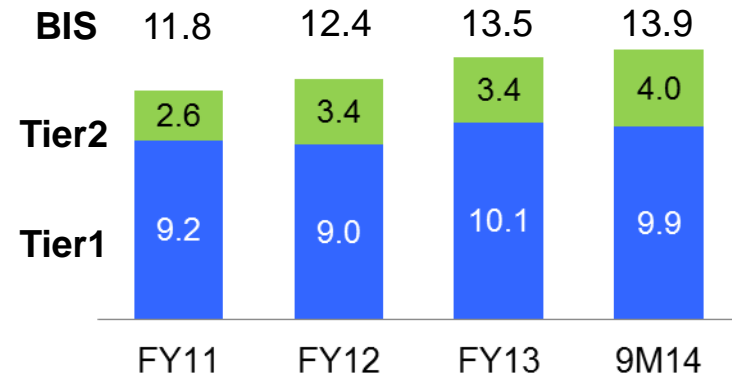
YOS – Years of Service
YOE – Years of Experience

Capital adequacy

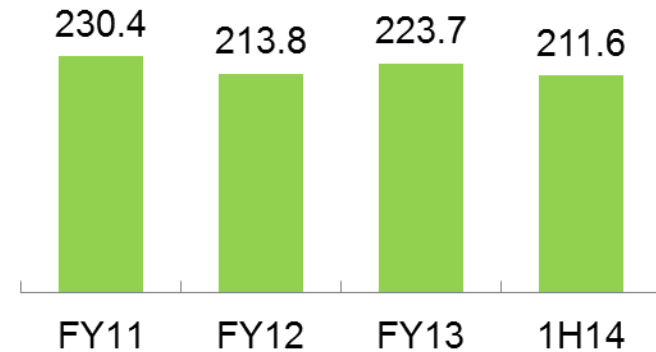
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



Cathay Life RBC(%)





Thank You

Cathay Financial Holdings

(NT\$MN)

Income Statement Data (Consolidated)			FY13/						
	FY12	FY13	% Chg	FY12 (Pro Forma)⁽²⁾	FY13	9M13	9M14	3Q13	3Q14
Operating Income									
Net interest income	112,727	114,535	2%	114,535	85,368	92,537	28,716	31,050	
Net commission and fee	2,207	765	-65%	765	2,049	1,700	276	(310)	
Net earned premium	457,392	441,427	-3%	441,427	290,959	338,919	99,509	140,802	
Change in liability reserve	(306,443)	(293,570)	-4%	(293,570)	(187,590)	(192,620)	(61,968)	(85,562)	
Net claims payment	(230,508)	(228,125)	-1%	(228,125)	(164,920)	(213,395)	(59,282)	(77,115)	
Investment income	26,780	47,121	76%	56,373	39,498	61,723	16,308	22,957	
Contribution from associates-equity method	(50)	157	-	157	55	119	39	52	
Other net non-interest income	8,554	6,998	-18%	6,998	6,605	3,822	2,002	878	
Bad debt expense	(3,173)	(1,487)	-53%	(1,487)	(1,285)	(1,190)	(745)	(747)	
Operating expense	(51,772)	(55,849)	8%	(54,273)	(37,960)	(41,277)	(13,066)	(15,010)	
Income before taxes	15,715	31,971	103%	42,800	32,778	50,339	11,788	16,994	
Income taxes	457	(2,951)	-745%	(4,779)	(3,744)	(5,595)	6	(2,851)	
Net income	16,172	29,020	79%	38,020	29,035	44,745	11,794	14,143	
EPS (NT\$)	1.41	2.50		3.28	2.40	3.54	0.97	1.12	
Dividend Payout									
Cash dividend per share	0.70	1.50		1.50					
Stock dividend per share	0.70	0.50		0.50					
Weighted average outstanding shares (Millions of shares)	11,412	11,546		11,546	12,012	12,563			
Balance Sheet Data									
Total assets	5,510,953	6,076,857		6,177,273	5,983,133	6,662,079			
Total shareholders' equity	248,149	285,260		379,510	335,089	400,732			
Operating Metrics									
ROAE (Consolidated)	6.92%	10.88%		10.82%	11.76%	15.29%			
ROAA (Consolidated)	0.31%	0.50%		0.65%	0.67%	0.93%			
Double leverage ratio(inc. preferred stock)	116%	114%		111%	114%	114%			
Capital Adequacy Metrics									
Capital Adequacy Ratio	(3)	113%		119%	115%	111%			

Notes:

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(2) The adjusted numbers of FY13 Pro Forma reflect the accounting policy change on the subsequent measurement of investment property, from cost method to fair value method.

(3) Capital Adequacy Ratio of FY12 are based on ROC GAAP. The rest are based on IFRS.

(4) Total may not sum due to rounding.

Cathay Life

(NT\$MN)

<u>Income Statement Data (Consolidated)</u>	FY12	FY13	FY13/		9M13	9M14	3Q13	3Q14
			FY12	(Pro Forma) ⁽²⁾				
			% Chg	FY13				
Net written premium	445,658	426,804	-4%	426,804	280,399	327,432	95,738	136,899
Net earned premium	445,573	418,262	-6%	418,262	275,045	327,065	95,261	136,633
Reinsurance commission earned	14,371	11,610	-19%	11,610	8,733	4,721	2,682	1,165
Fee income	2,581	3,090	20%	3,090	2,390	4,589	754	1,599
Recurring investment income	109,976	113,932	4%	113,932	87,361	94,719	35,255	37,624
Gain on disposal of investment								
Realized gain (loss)-Equity	8,122	16,586	104%	16,586	11,169	19,384	2,152	5,929
Realized gain (loss)-Debt	12,362	14,604	18%	14,604	12,990	9,102	3,892	4,291
Investment property appraisal gains	-	-	-	13,045	6,756	16,367	(24)	(127)
FX and others, net	(11,384)	(4,197)	-63%	(4,197)	(3,883)	(7,802)	(1,851)	(1,458)
Investment income, net	119,076	140,925	18%	153,970	114,393	131,770	39,425	46,259
Other operating income	1,610	1,275	-21%	1,275	1,012	6	331	3
Separate account revenues	104,180	90,719	-13%	90,719	68,699	100,214	24,249	3,807
Net claims payment	(222,173)	(210,029)	-5%	(210,029)	(152,512)	(206,346)	(56,314)	(74,457)
Changes in liability reserves	(306,151)	(292,978)	-4%	(292,978)	(187,228)	(191,589)	(61,851)	(85,272)
Acquisition and commission expense	(33,722)	(34,188)	1%	(34,188)	(24,758)	(24,348)	(7,817)	(9,164)
Other operating costs	(4,842)	(5,570)	15%	(5,570)	(3,997)	(3,335)	(1,266)	(1,337)
Financial cost	745	303	-59%	303	385	(67)	26	81
Separate account expense	(104,180)	(90,719)	-13%	(90,719)	(68,699)	(100,214)	(24,249)	(3,807)
Operating expense	(17,801)	(17,640)	-1%	(15,678)	(11,006)	(11,481)	(4,018)	(4,314)
Net non-operating income	965	1,156	20%	1,156	844	1,126	342	230
Income taxes	2,286	(793)	-135%	(3,657)	(2,868)	(2,748)	558	(1,638)
Net income	2,519	15,425	512%	27,569	20,435	29,363	8,113	9,788

Balance Sheet Data

Total assets	3,717,231	4,062,132		4,195,229	4,047,245	4,499,825		
General account	3,387,674	3,685,880		3,818,977	3,680,094	4,057,110		
Separate account	329,557	376,253		376,253	367,151	442,715		
Reserves for life insurance liabilities	3,148,281	3,448,659		3,448,659	3,339,240	3,646,664		
Total liabilities	3,579,018	3,914,829		3,923,923	3,815,725	4,205,932		
Total shareholders' equity	138,213	147,304		271,306	231,520	293,893		

Operating Metrics

First Year Premium(FYP)	267,169	200,419		200,419	138,857	194,508		
First Year Premium Equivalent(FYPE)	91,773	73,461		73,461	55,385	57,882		
Expense ratio	10.6%	11.5%		11.5%	11.9%	10.3%		
13-M persistency ratio	97.9%	98.2%		98.2%	98.3%	97.9%		
25-M persistency ratio	93.3%	94.7%		94.7%	94.8%	94.9%		
ROAE	1.97%	10.80%		10.92%	11.71%	13.85%		
ROAA	0.07%	0.40%		0.69%	0.69%	0.90%		

Capital Adequacy Metrics

RBC ratio (Standalone)	214%	224%	(3)		225%	212%		
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(3) FY13 RBC ratio is based on IFRS, while FY12 are based on ROC GAAP.

(4) Total may not sum due to rounding.

Cathay United Bank

(NT\$MN)	FY13/ FY12 (Pro Forma) ⁽²⁾							
	FY12	FY13	% Chg	FY13	9M13	9M14	3Q13	3Q14
Income Statement Data (Consolidated)								
Operating Income								
Net interest income	21,284	21,915	3%	21,915	16,300	19,046	5,525	6,467
Fee income	7,330	9,204	26%	9,204	6,799	8,664	2,387	3,467
Investment income	5,366	5,634	5%	5,738	4,121	6,315	1,618	1,894
other income	966	867	-10%	867	716	883	228	274
Net operating income	34,947	37,620	8%	37,725	27,936	34,908	9,759	12,103
Operating expenses	(17,840)	(20,281)	14%	(20,216)	(14,153)	(16,536)	(5,019)	(6,089)
Pre-provision profit	17,107	17,340	1%	17,509	13,783	18,371	4,739	6,013
Net provisions for possible losses	(2,126)	(542)	-75%	(542)	(190)	(745)	(224)	(617)
Income before taxes	14,981	16,798	12%	16,967	13,594	17,626	4,516	5,396
Income tax	(1,715)	(2,165)	26%	(2,188)	(1,753)	(2,394)	(555)	(792)
Net income	13,266	14,634	10%	14,780	11,841	15,232	3,961	4,604
Balance Sheet Data								
Total assets	1,817,369	1,986,740		1,988,774	1,938,320	2,158,872		
Loans, net	1,003,183	1,031,105		1,031,105	972,350	1,115,695		
Financial assets	560,469	638,727		638,727	653,727	679,704		
Total liability	1,712,364	1,855,487		1,855,610	1,808,099	2,015,230		
Deposits	1,539,774	1,615,860		1,615,860	1,589,790	1,694,715		
Financial Debenture Payable	42,519	52,417		52,417	52,421	67,289		
Total shareholders' equity	105,005	131,253		133,164	130,221	143,642		
Operating Metrics								
Cost income ratio	51.1%	53.9%		53.59%	50.66%	47.37%		
ROAE	12.97%	12.39%		12.33%	13.33%	14.67%		
ROAA	0.75%	0.77%		0.78%	0.84%	0.98%		
Assets Quality								
NPL	3,373	3,013		3,013	3,666	3,036		
NPL ratio	0.34%	0.29%		0.29%	0.38%	0.27%		
NPL provisions	13,037	14,386		14,386	14,494	15,782		
Coverage ratio	386%	478%		478%	395%	520%		
Capital Adequacy Metrics								
		(3)						
BIS ratio (Standalone)	12.4%	13.5%			14.7%	13.9%		
Tier I Ratio (Standalone)	9.0%	10.1%			10.8%	9.9%		

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Cathay Century

(NT\$MM)	FY13/ FY12						
	FY12	FY13	% Chg	9M13	9M14	3Q13	3Q14
Income Statement Data (Consolidated)							
Premium income	17,040	19,727	16%	14,450	15,520	4,815	5,175
Net written premium	12,614	15,280	21%	11,141	11,776	3,870	4,025
Net earned premium	11,724	14,156	21%	10,125	11,685	3,521	4,048
Reinsurance commission earned	464	470	1%	363	510	104	162
Fee income	33	36	7%	27	32	10	11
Investment	595	715	20%	574	729	262	351
Interest income	387	422	9%	309	395	115	140
Other investment income, net	208	293	41%	265	333	146	211
Net claims payment	(6,669)	(7,835)	17%	(5,633)	(6,117)	(2,004)	(2,206)
Changes in liability reserves	(369)	(592)	60%	(362)	(1,031)	(117)	(291)
Commissions and other operating costs	(774)	(1,083)	40%	(782)	(901)	(277)	(337)
Operating expenses	(4,427)	(5,328)	20%	(3,828)	(4,298)	(1,330)	(1,447)
Operating income	576	538	-7%	484	608	169	293
Net non-operating income	(9)	9	-	6	31	(4)	(1)
Income taxes	(196)	(218)	11%	(153)	(97)	(49)	(53)
Net income	371	329	-11%	337	541	116	239
Balance Sheet Data							
Total assets	29,188	31,709		31,051	35,015		
Total stockholders' equity	4,817	5,511		5,457	6,691		
Operating Metrics							
Gross Combined ratio	82.6%	80.0%		78.6%	93.1%		
Net Combined ratio	93.7%	92.6%		91.7%	101.2%		
ROAE	8.10%	6.37%		8.74%	11.82%		
ROAA	1.32%	1.08%		1.49%	2.16%		
Capital Adequacy Metrics							
RBC ratio (Standalone)	(3) 314%	312%		315%	277%		

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