

2016 Third Quarter Briefing

November 2016



Cathay
Financial Holdings

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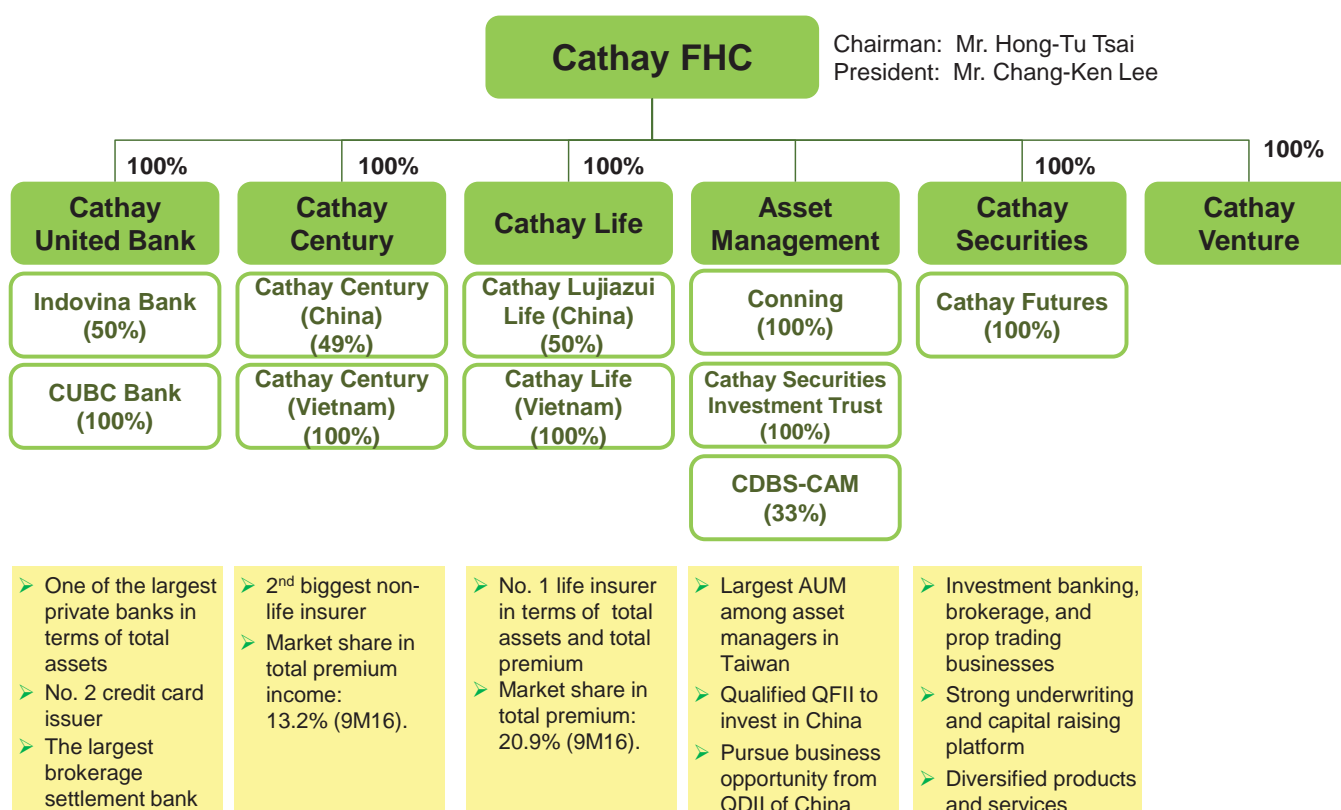
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Agenda

- **Introduction of Cathay FHC**
- **9M16 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay's CSR Efforts**
- **M&A Key Highlights**
- **Appendix**

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Cathay FHC: largest FHC, comprehensive products

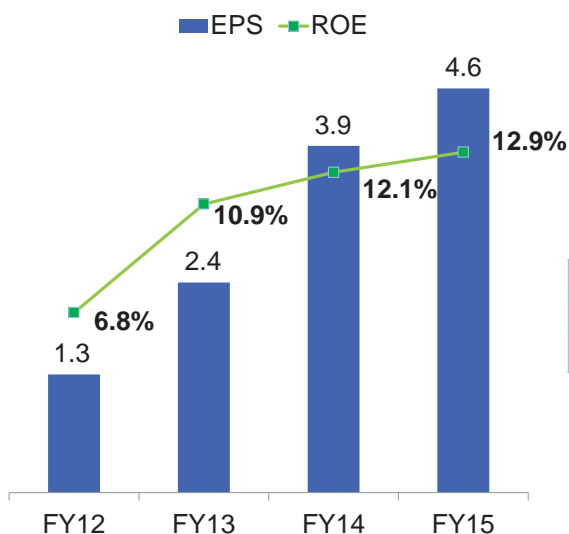


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Cathay's earnings accelerates as life turnarounds

EPS & ROE

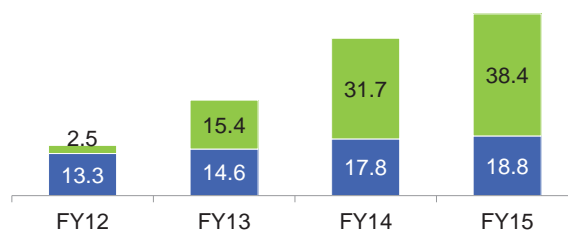
(NT\$)



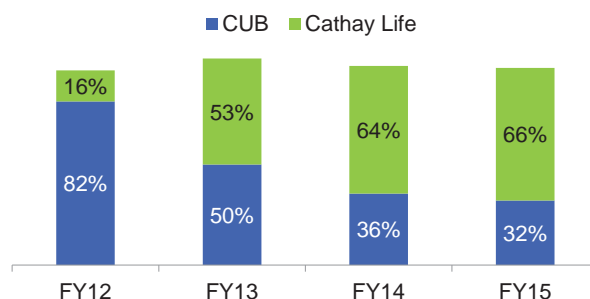
Profit contribution

(NT\$ BN)

■ CUB ■ Cathay Life



	FY12	FY13	FY14	FY15
FHC	16.2	29.0	49.6	57.9
Life	2.5	15.4	31.7	38.4
CUB	13.3	14.6	17.8	18.8



Note: (1) FY13 figures do not reflect the impact from applying fair value method on investment property.

(2) Since Cathay FHC has more subsidiaries other than Cathay Life and CUB, besides, due to affiliate transactions, the Cathay FHC net income might not equal to the sum of Cathay Life and CUB's.

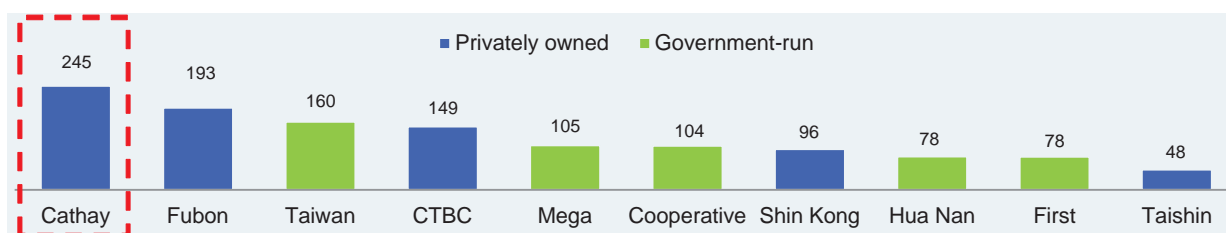
(3) EPS has been adjusted for stock dividend (stock split).

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Market leader in Taiwan's FIG sector

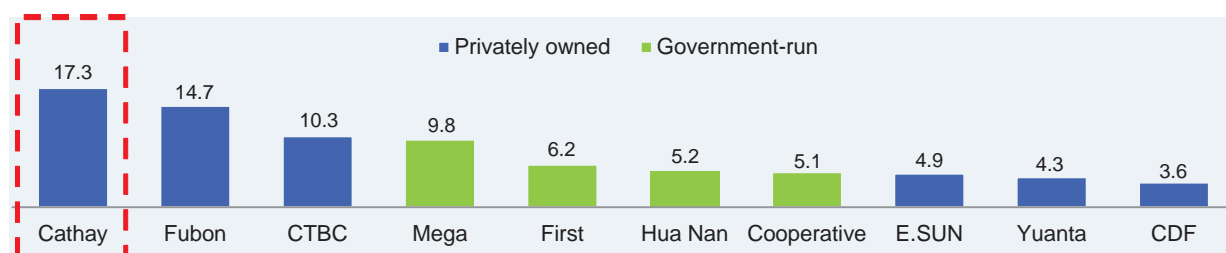
□ Largest listed financials group by market capitalization and assets.

Ranking of total asset (US\$bn)



Note: Total assets as of June 30, 2016

Ranking of market cap (US\$bn)

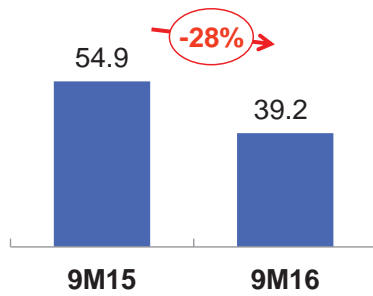


Note: Market capitalization as of Nov. 11, 2016

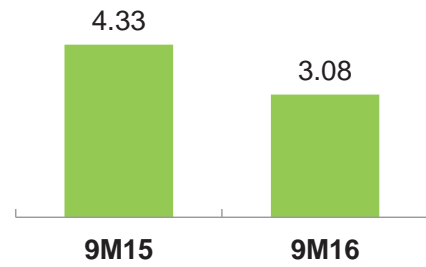
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Cathay FHC – Net income & EPS

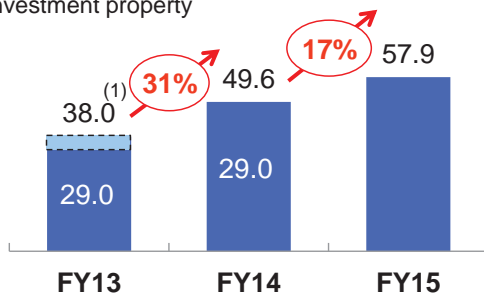
Net income (NT\$BN)



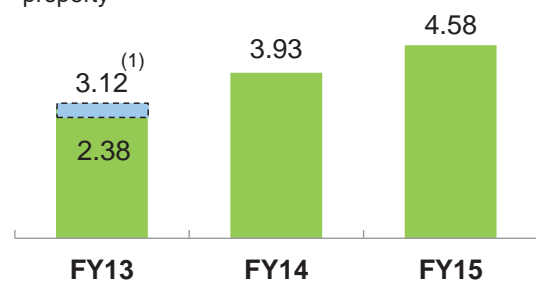
Adjusted EPS (NT\$)



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



■ Impact to EPS from fair value method on investment property

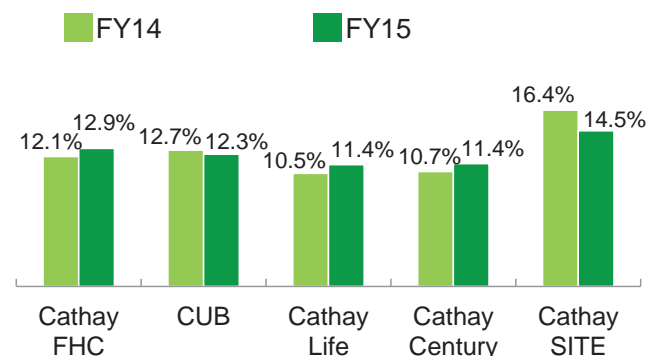
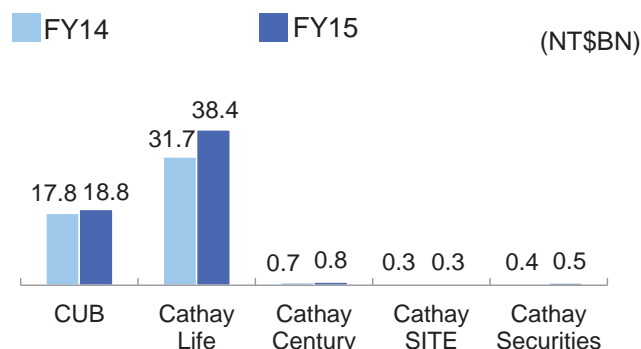
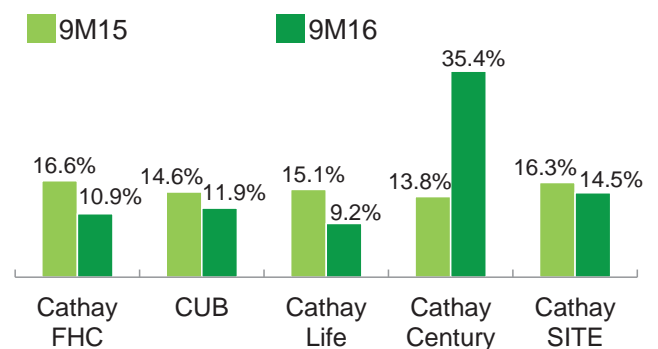
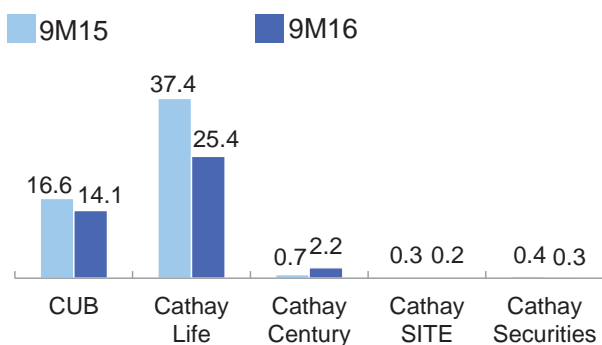


Note: (1) FY13 figures reflected the impact from applying fair value method on investment property, starting 2014/1/1. The impact to FY13 net income and EPS of Cathay FHC was NT\$9.0BN and NT\$0.74, respectively.
 (2) EPS has been adjusted for stock dividend (stock split).

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Cathay FHC – Financial results of subsidiaries

Net income of primary subsidiaries



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9M16 Business overview

Cathay United Bank

- Delivered 14% loan growth with benign credit quality
- Fee income grew by 8% YoY, wealth management fee grew by 12%
- Continued to expand overseas business; Shenzhen branch has opened in Nov. 2016

Cathay Life

- Continued value-driven strategy; FYPE grew by 39% YoY, VNB grew by 26% YoY
- Overseas investment reached 60%; pre-hedging recurring yield achieved 3.5%

Cathay Century

- Premium income grew by 12% YoY
- Market share reached 13%, maintained No.2 market position
- Offshore business continued to grow

Cathay SITE

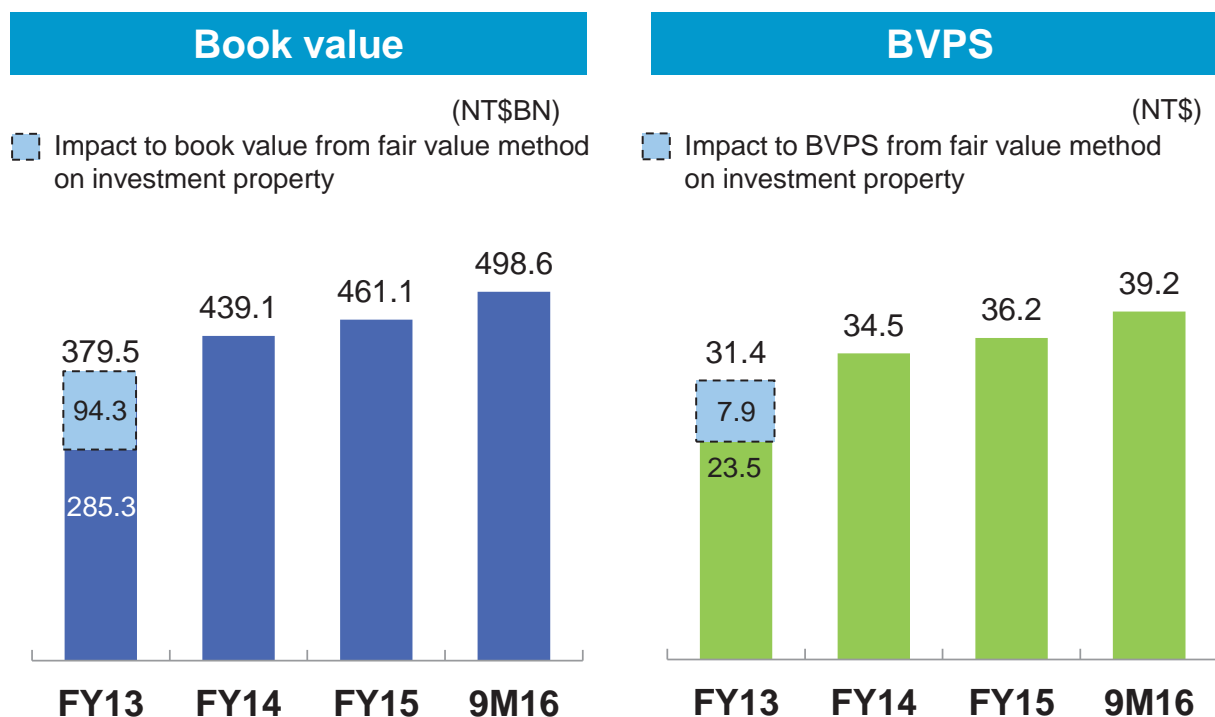
- Ranked No.1 in terms of AUM, which amounted to NT\$469BN
- Received "Market Award - Taiwan" by Asia Investors in 2015 and "Taiwan Fund Award" by Taiwan Futures Exchange, Lipper and Smart in 2016

Cathay Securities

- Each business line grow steadily; sub-brokerage business ranked No.1 in the industry
- Deepened digital technology applications and broaden clients base

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Cathay FHC – Book value & BVPS



Note: FY13 figures reflected the impact from applying fair value method on investment property

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Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Thailand	Myanmar	Indonesia
Bank	6	37	16	1	1	1	1	1	1	1	1
Life	36	12									
P&C	26	2									
Asset Mgt	1			1							
Securities				1							

Note: Footprints in Thailand, Myanmar and Indonesia are representative offices. Cathay FHC owns 49% stake of Cathay Century (China)



■ Banking

- Vietnam: Business performed steadily with solid financial performance and superior asset quality
- Cambodia: Owns most footprints among Taiwanese banks
- Philippines: Invest 22.7% stake in RCBC*
- Indonesia: Invest 40% stake in Bank Mayapada*

■ Cathay Life

- Cathay Life (Vietnam) has performed steadily
- Continued to expand agent force
- Increase footprints to extend offshore business

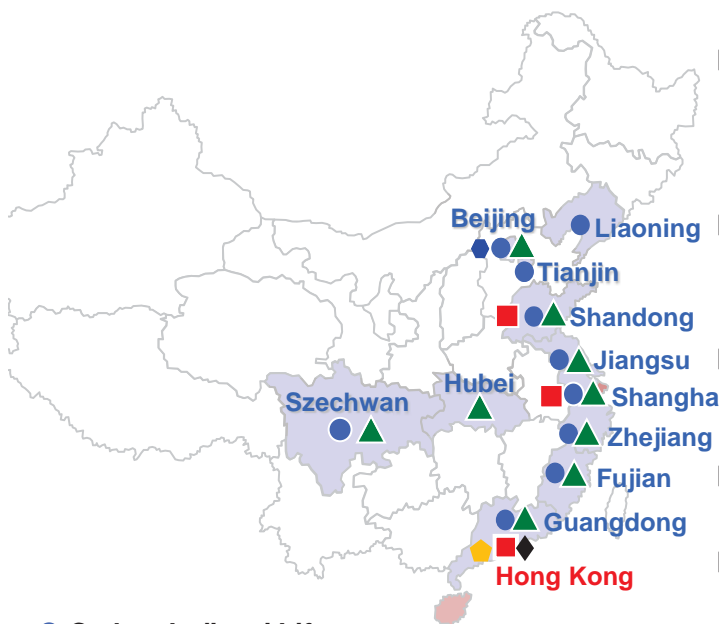
■ Cathay Century

- Continue to expand local channels to enhance growth momentum

Note: Investments in RCBC and Bank Mayapada are funded by Cathay Life.

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Cathay FHC in China



- Cathay Lujiazui Life
- Cathay United Bank
- ▲ Cathay Century (China)
- ◆ Cathay Securities
- ◆ Conning Asia Pacific Limited
- ◆ CDBS Cathay Asset Management Company

■ Cathay United Bank

- Each business line has performed steadily in Shanghai branch
- Shenzhen branch has opened in Nov. 2016

■ Cathay Lujiazui Life

- 9M16 solvency ratio 265%
- Reported pre-tax profits of 66MN RMB in 9M16

■ Cathay Century (China)

- Align with Ant Financial to expand general insurance business in China

■ Cathay Securities (HK)

- Each business line has performed steadily

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

- Continued to launch new products, mainly focus on fixed income funds

■ Conning Asia Pacific Limited

- Continued to expand asset management business

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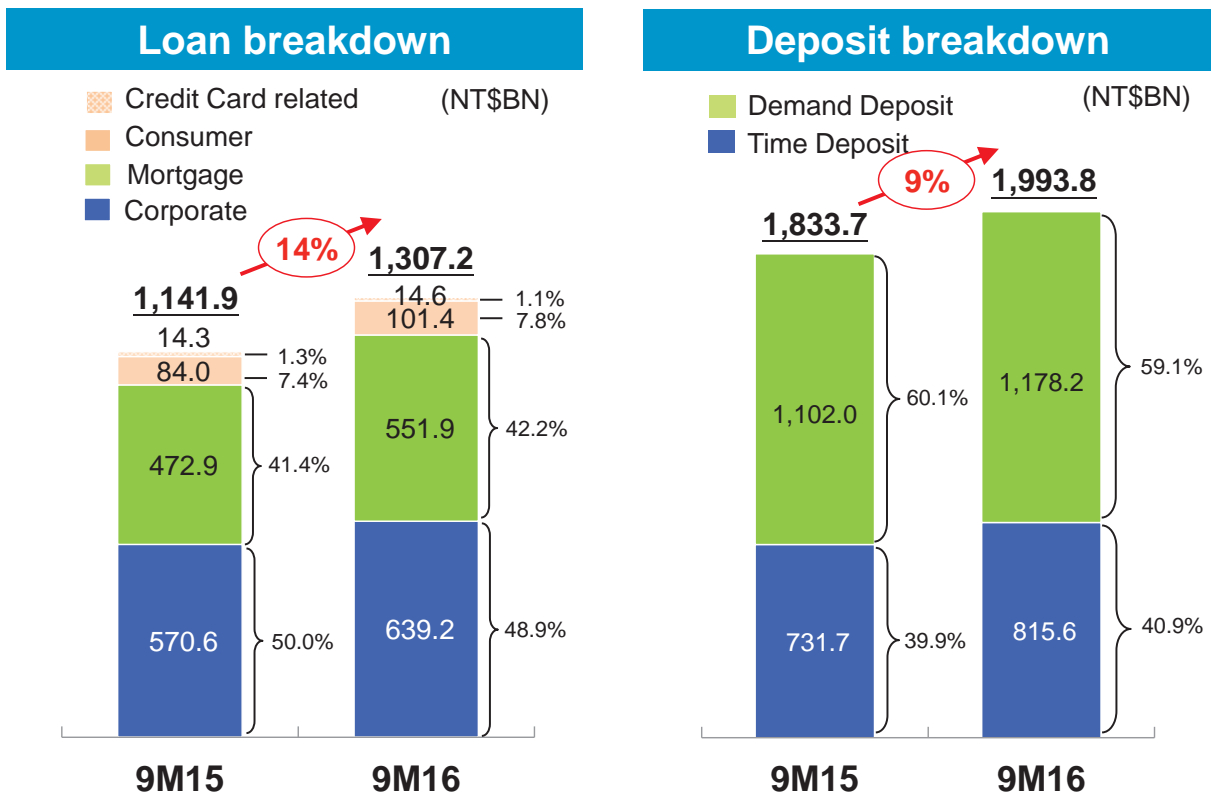
Cathay United Bank

Cathay Life

Cathay Century

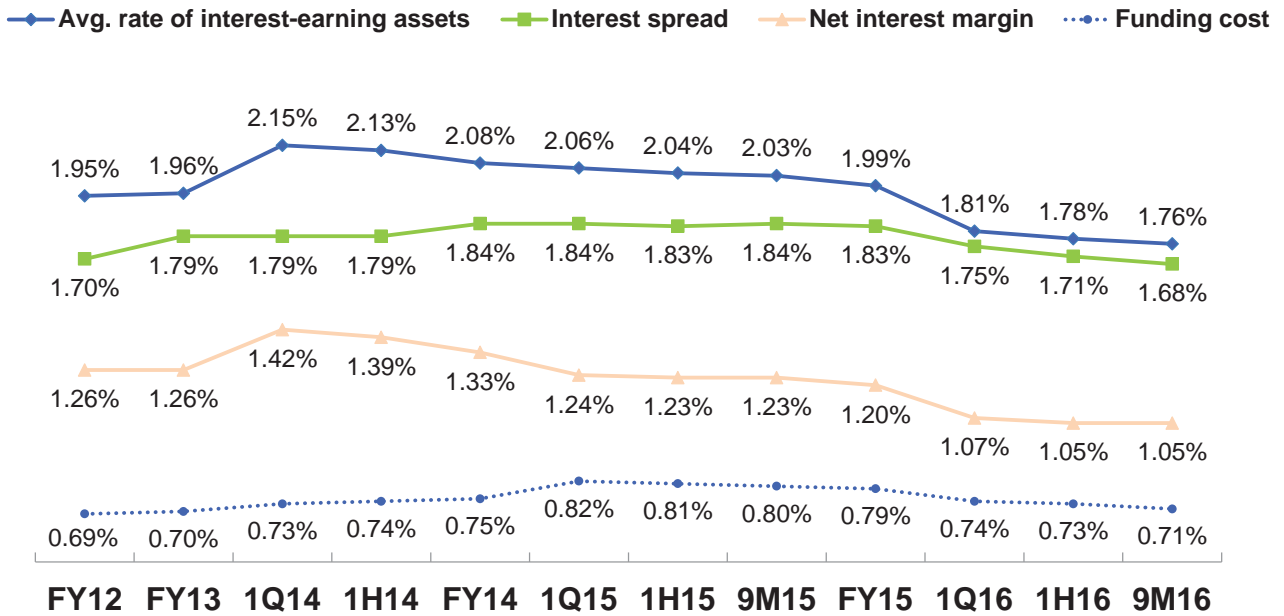
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Cathay United Bank – Loan & deposit breakdown



Note: Totals may not sum due to rounding.

Cathay United Bank – Interest yields



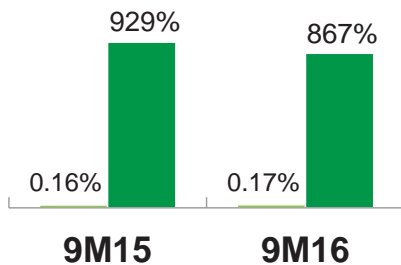
Note: Credit card related loans are included in the calculation of interest spread.

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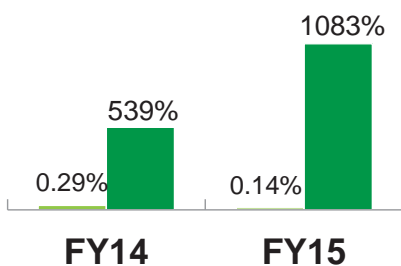
Cathay United Bank – Credit quality

NPL & Coverage ratio

- NPL ratio
- Coverage ratio



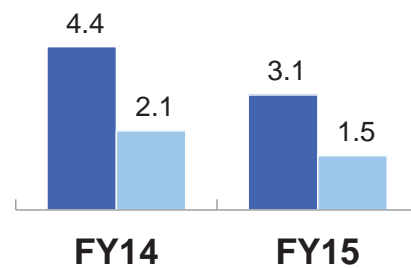
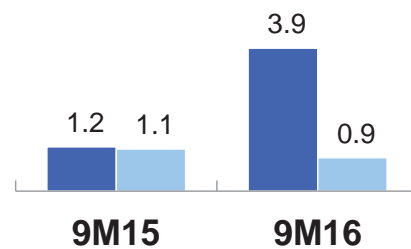
Mortgage NPL **0.05%** **0.07%**



Mortgage NPL **0.04%** **0.04%**

Gross provision

- Gross provision (NT\$BN)
- Recovery

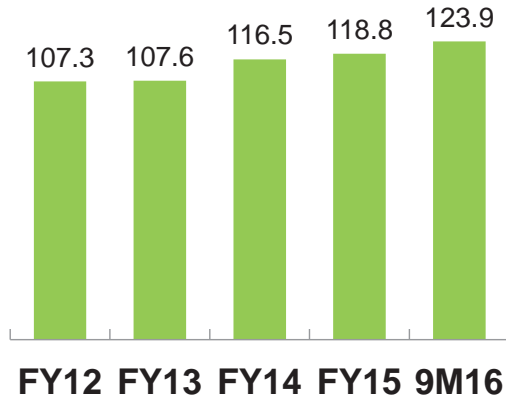


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Cathay United Bank – SME & FX loans

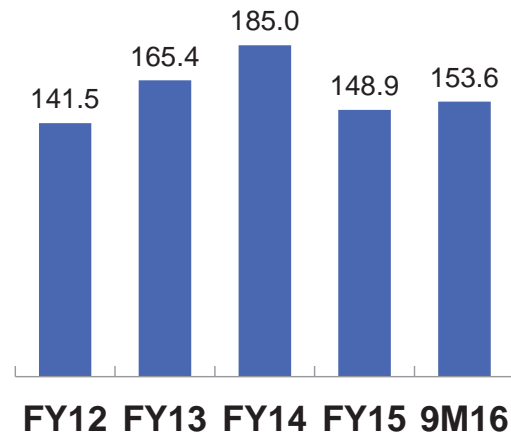
SME loans

(NT\$BN)



Foreign currency loans

(NT\$BN)



As % of total loans

11.5% 10.5% 10.5% 10.6% 9.6%

15.1% 16.1% 16.6% 13.3% 11.9%

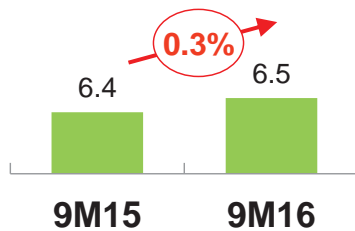
Note: Total loans exclude credit card revolving balance.

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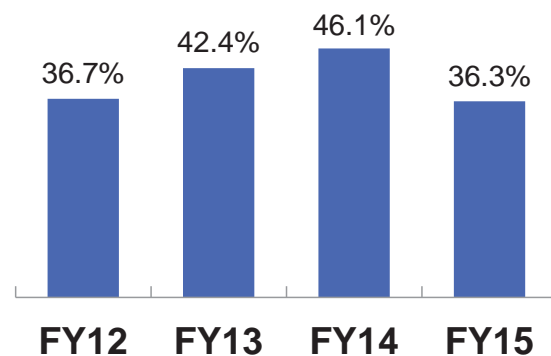
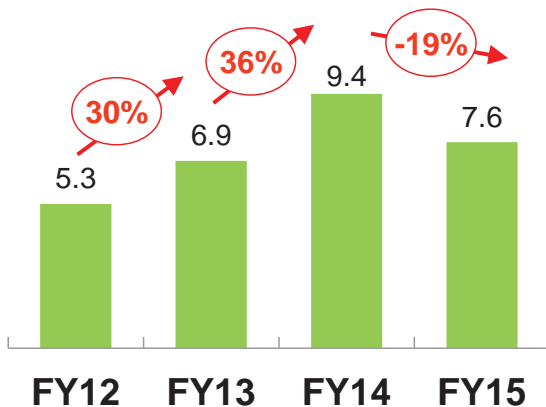
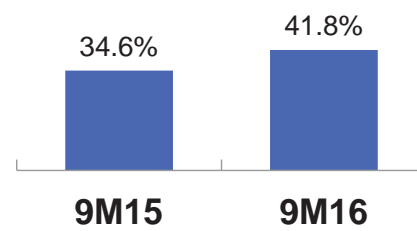
Cathay United Bank – Offshore earnings

Offshore earnings

(NT\$BN)



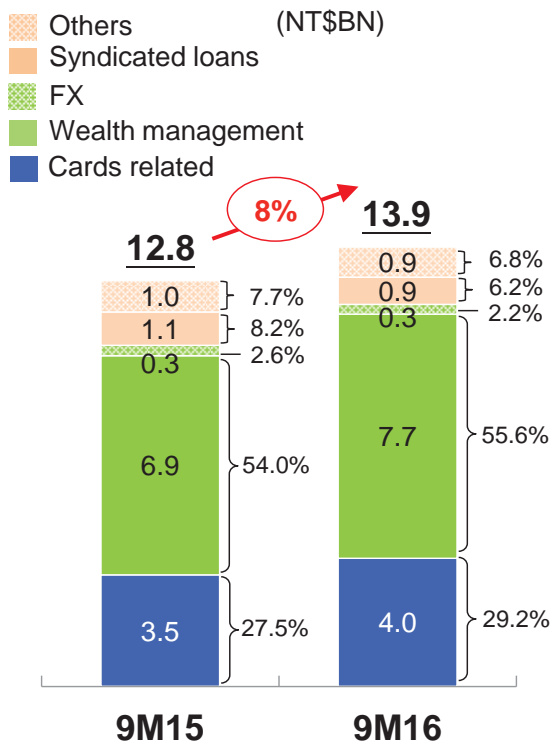
As % of CUB pre-tax profits



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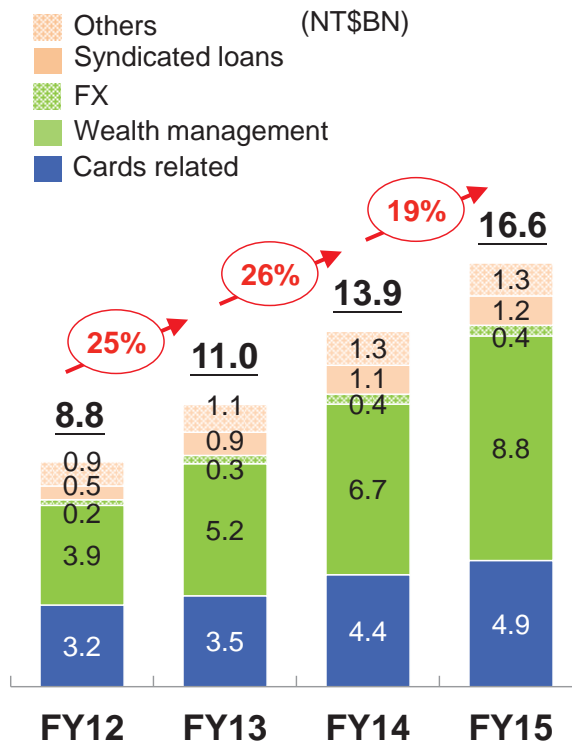
Cathay United Bank – Fee income

Fee income breakdown (quarterly)



Note: Totals may not sum due to rounding.

Fee income breakdown (annual)

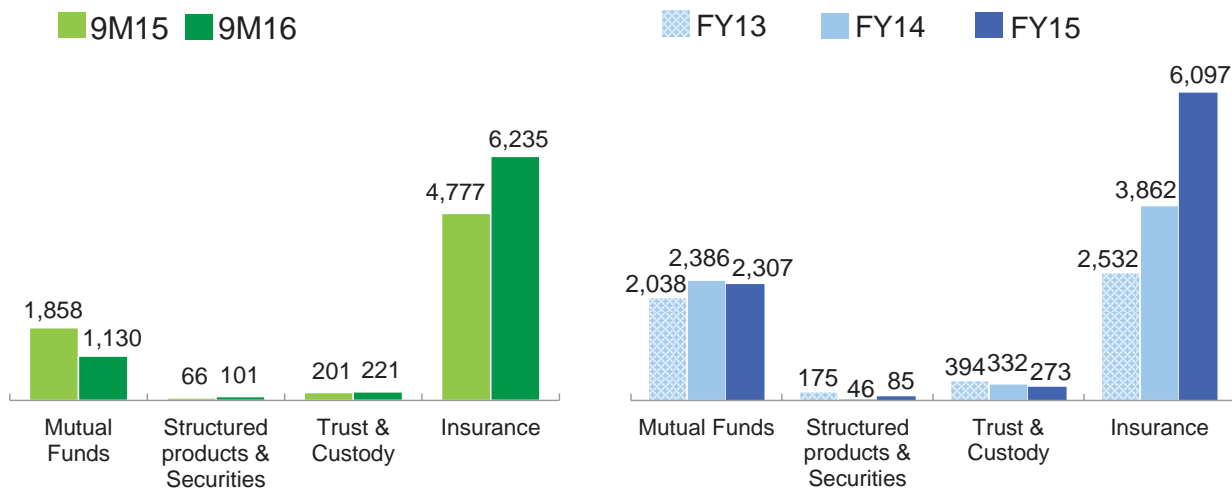


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Cathay United Bank – Wealth management fee

Wealth management fee breakdown

(NT\$MN)	9M15	9M16	FY13	FY14	FY15
Wealth Management Fee Income*	6,914	7,708	5,163	6,673	8,779
YoY growth (%)	45.8%	11.5%	32.6%	29.2%	31.6%



Note: (1) Wealth management fee excludes revenue from DCI, SI and others.
 (2) Totals may not sum due to rounding.

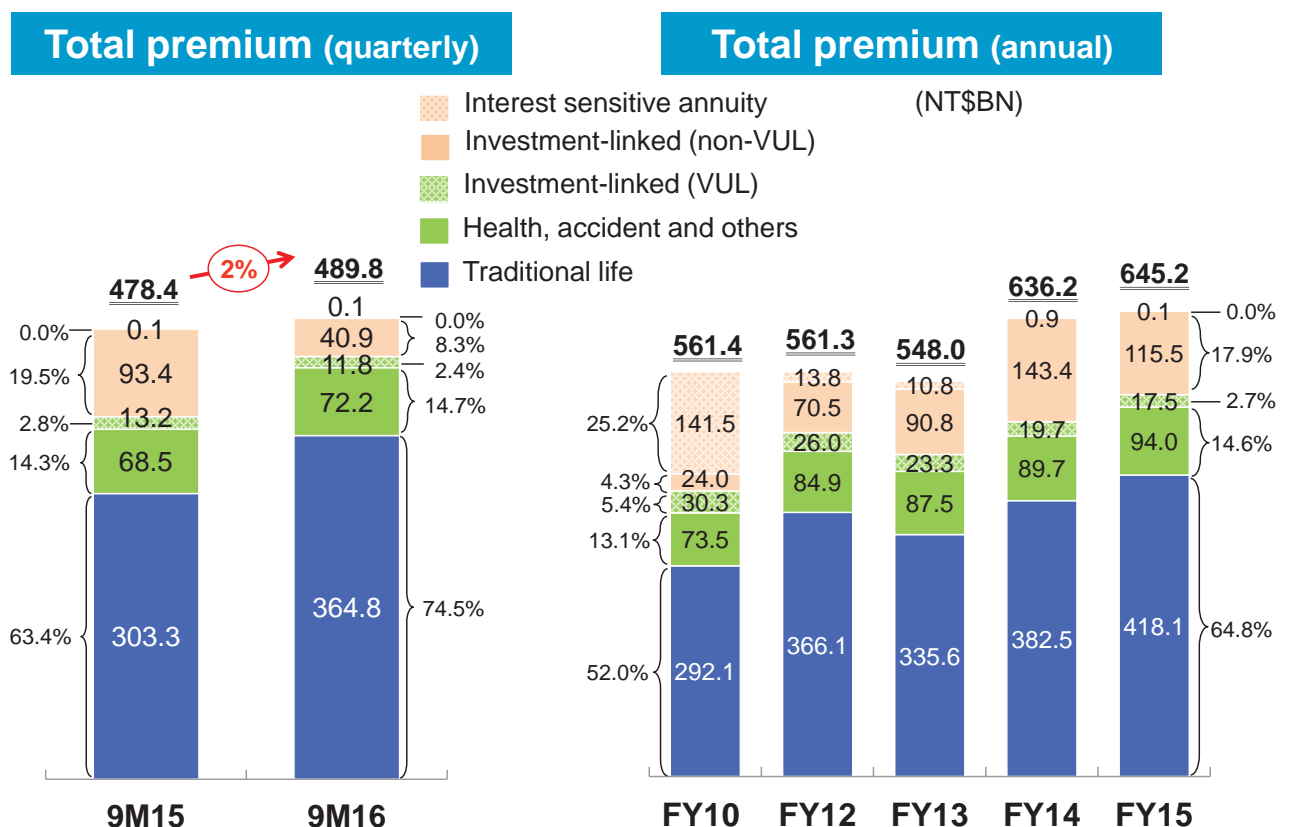
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Cathay Life – Total premium



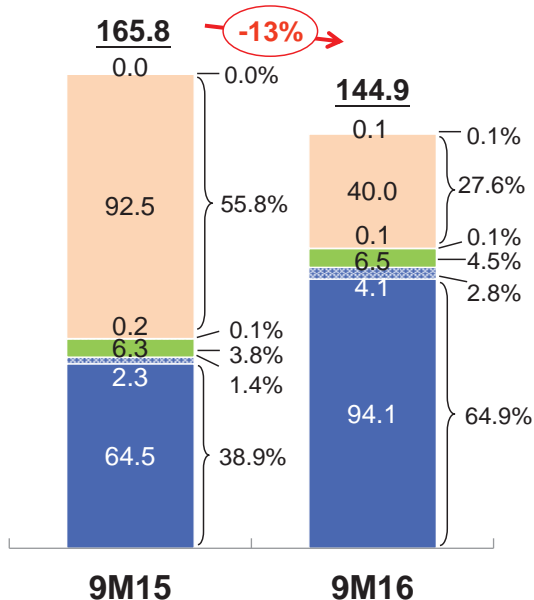
Note: Totals may not sum due to rounding.

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Cathay Life – FYP & FYPE

First Year Premium

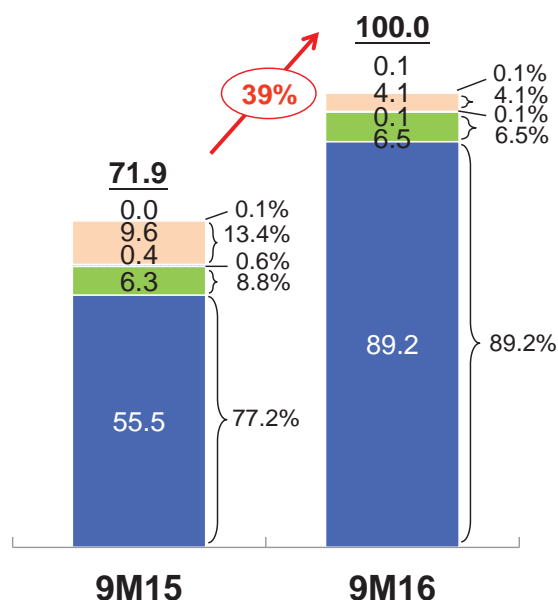
- Interest sensitive annuity (NT\$BN)
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life – single paid
- Traditional life – regular paid



Note: Totals may not sum due to rounding.

Annualized First Year Premium

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

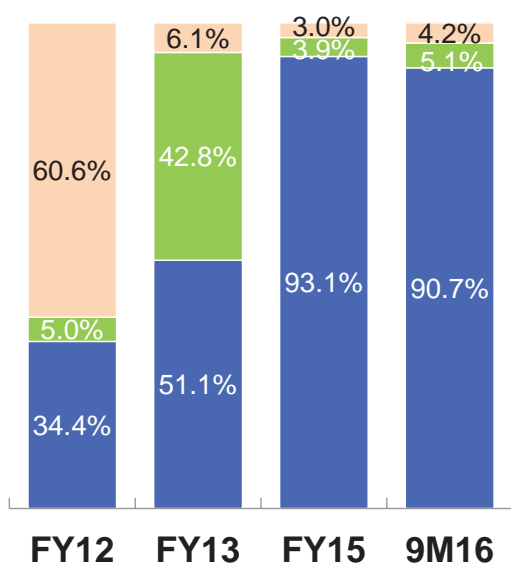


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Cathay Life – Regular paid policies remain as focus

Breakdown of Traditional FYP

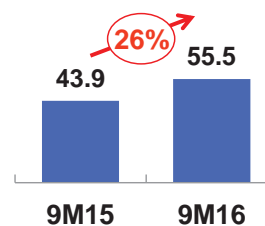
- Traditional life – single paid
- Traditional life - 2 year regular paid
- Traditional life - 3 year and above regular paid



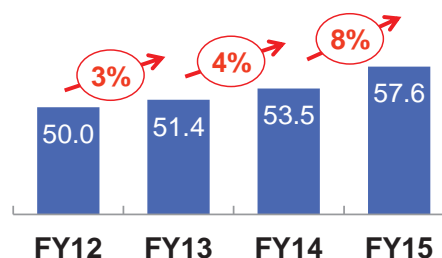
Note: Totals may not sum due to rounding.

Value for New Business

Profit Margin	9M15	9M16
VNB/FYP	27%	38%
VNB/FYPE	61%	56%



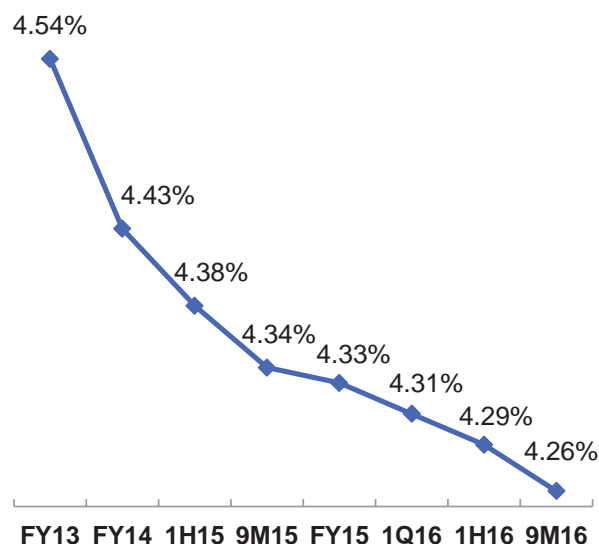
Profit Margin	FY12	FY13	FY14	FY15
VNB/FYP	19%	26%	23%	27%
VNB/FYPE	54%	70%	75%	57%



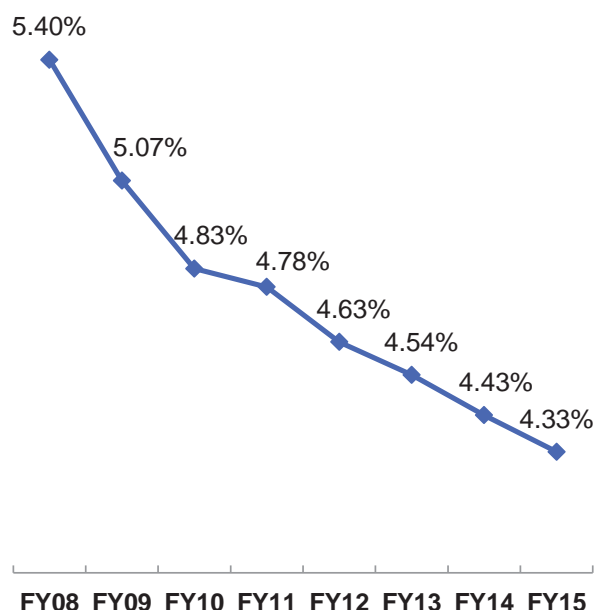
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Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of Liability (annual)



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

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Cathay Life – Investment portfolio

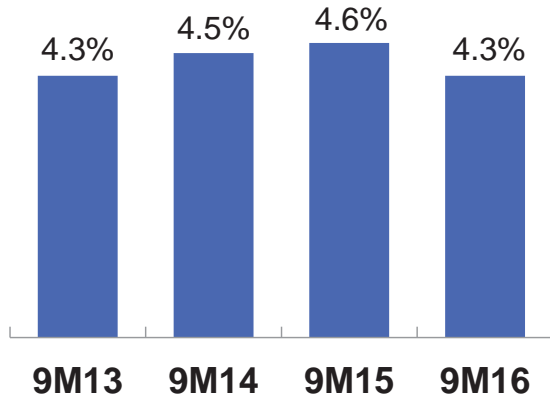
(NT\$BN)	4Q13	4Q14	4Q15		9M16		
Total investments ⁽¹⁾	3,785.1	4169.1	4,636.6		4,886.9		
	Weight	Weight	Weight	Amount	Weight	Amount	Yield
Cash & Cash equivalents	3.7%	3.2%	1.3%	61.1	2.1%	104.7	0.5%
Equity- Domestic	8.9%	8.4%	7.4%	343.0	7.9%	388.2	6.0%
Equity- International ⁽²⁾	4.9%	5.0%	6.2%	289.2	6.1%	298.4	5.0%
Bond- Domestic	14.4%	11.0%	8.0%	373.0	6.8%	331.4	2.4%
Bond- International ⁽¹⁾⁽²⁾	38.9%	43.6%	50.6%	2,344.8	52.5%	2,567.7	5.9%
Mortgage & Secured loans	12.2%	12.7%	10.2%	471.5	9.5%	448.7	1.9%
Policy loans	4.7%	4.0%	3.6%	169.2	3.4%	163.9	6.1%
Real estate	10.6%	10.5%	10.5%	489.0	9.7%	489.1	3.8%
Others	1.7%	1.6%	2.1%	95.8	1.9%	94.8	

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

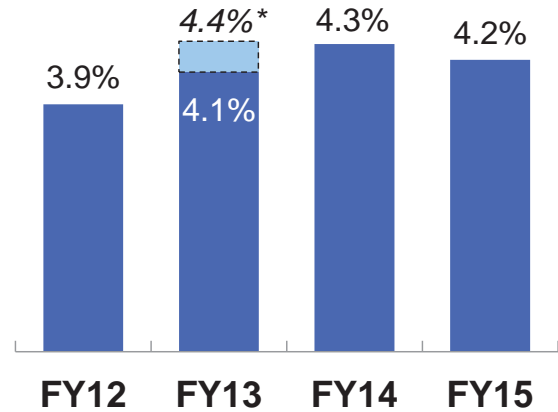
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Cathay Life – Investment performance highlight

After-hedging investment yield



After-hedging investment yield (annual)

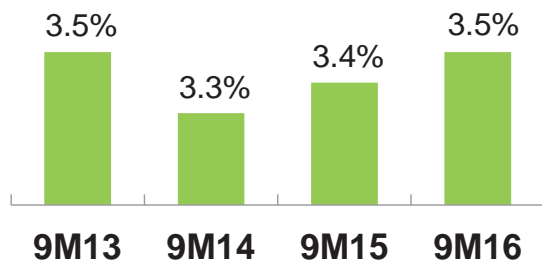


Note: FY13 (4.4%) was pro forma adjusted number of fair value method on investment property.

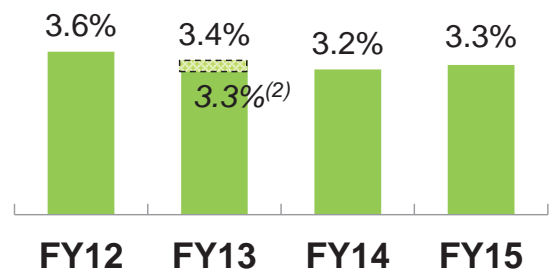
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Cathay Life – Investment performance highlight

Pre-hedging recurring yield

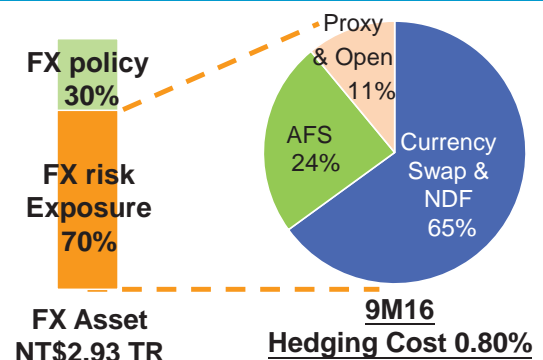


Pre-hedging recurring yield



Note: (1) Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend. Most dividend will be recognized in 2Q & 3Q.
 (2) FY13 (3.3%) was pro forma adjusted number of fair value method on investment property.

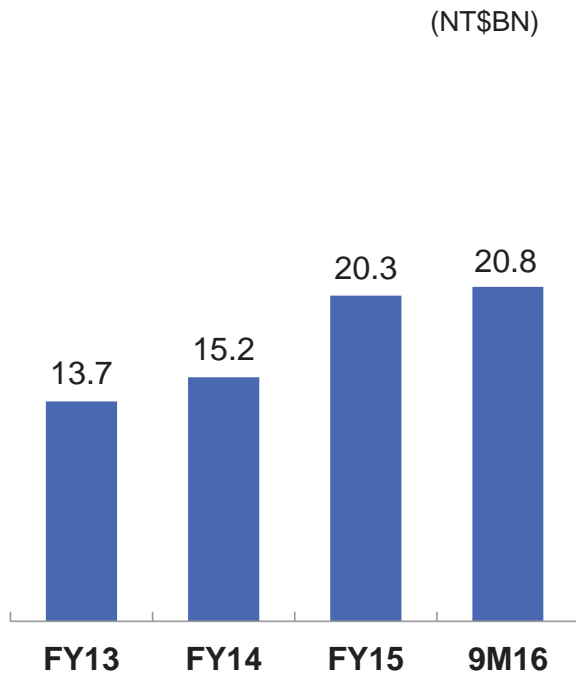
Currency Hedging Structure



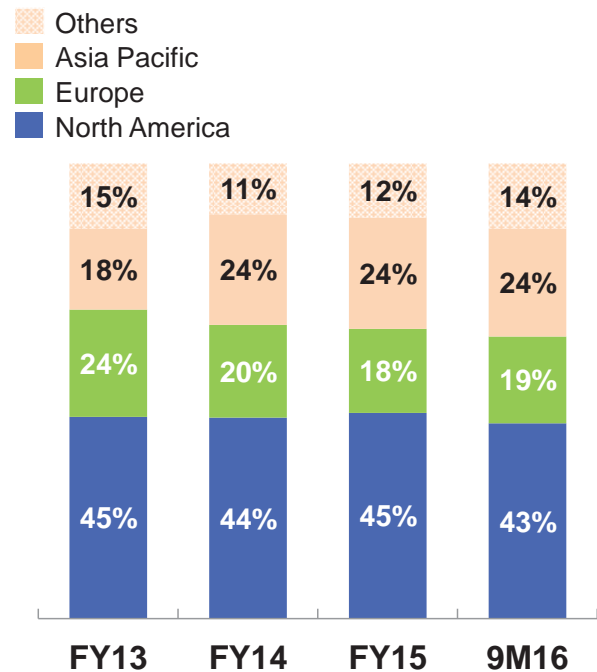
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Cathay Life – Cash dividend & Overseas fixed income by region

Cash dividend



Overseas Fixed Income by Region*



Note: Exclude overseas deposit and equity.

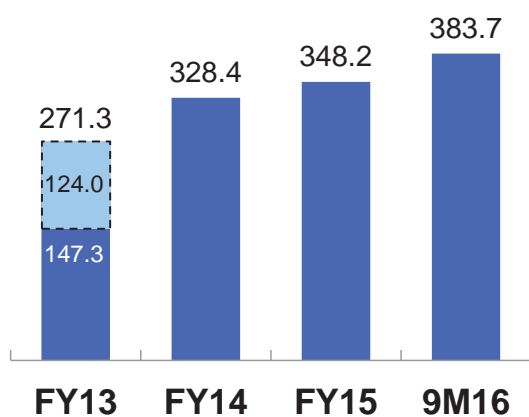
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Cathay Life – Book value & Unrealized G/L of AFS financial assets

Book value

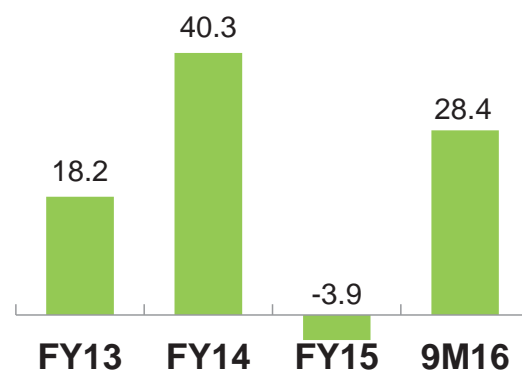
(NT\$BN)

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



Unrealized G/L of AFS financial assets

(NT\$BN)



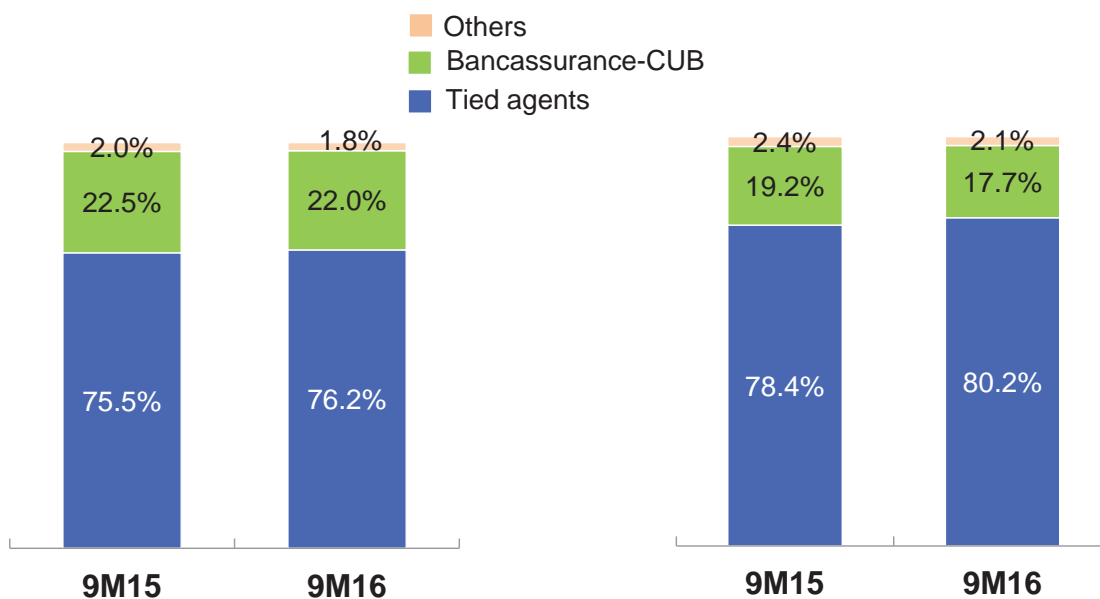
Note: FY13 figures reflected the impact from applying fair value method on investment property

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Cathay Life – Distribution channel

First Year Premium

Annualized First Year Premium

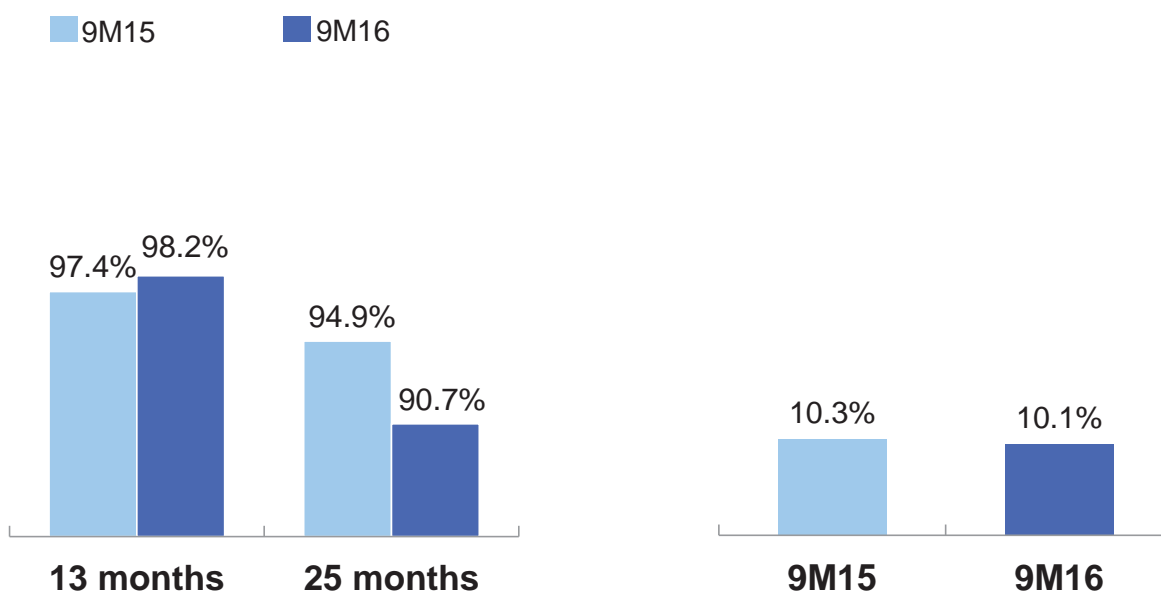


Note: Totals may not sum due to rounding.

Cathay Life – Operational indicators

Persistency ratio

Expense ratio



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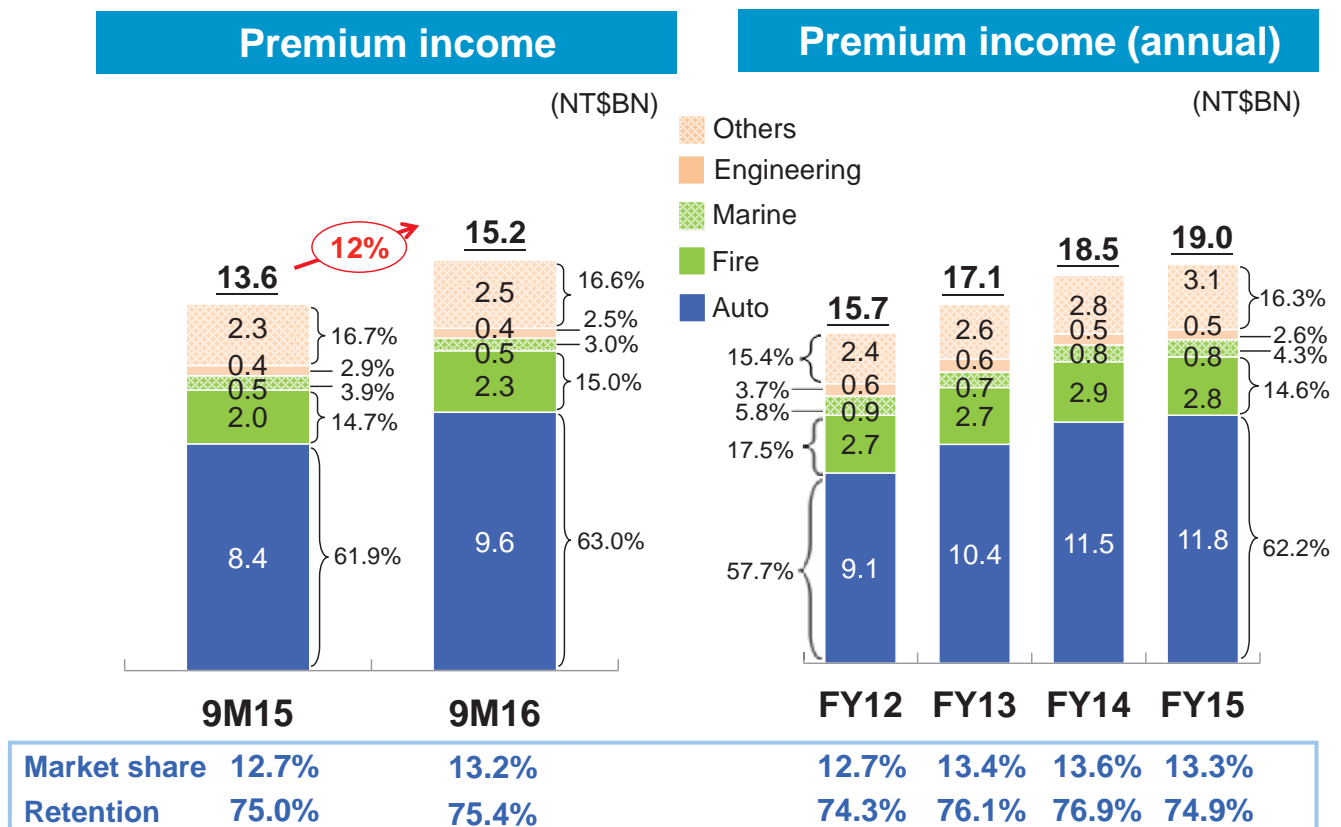
Cathay United Bank
Cathay Life

Cathay Century

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Cathay Century – Premium income



Note: Totals may not sum due to rounding.

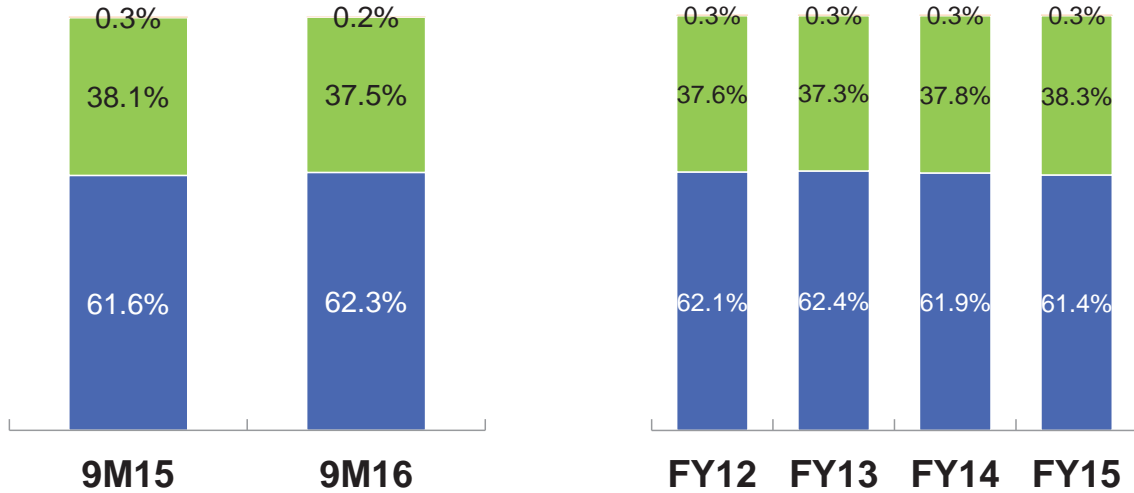
36

Cathay Century – Distribution

Distribution channel

Distribution channel (annual)

- Affiliate channels
- Cathay P&C agents
- Cathay group channel



Note: Totals may not sum due to rounding.

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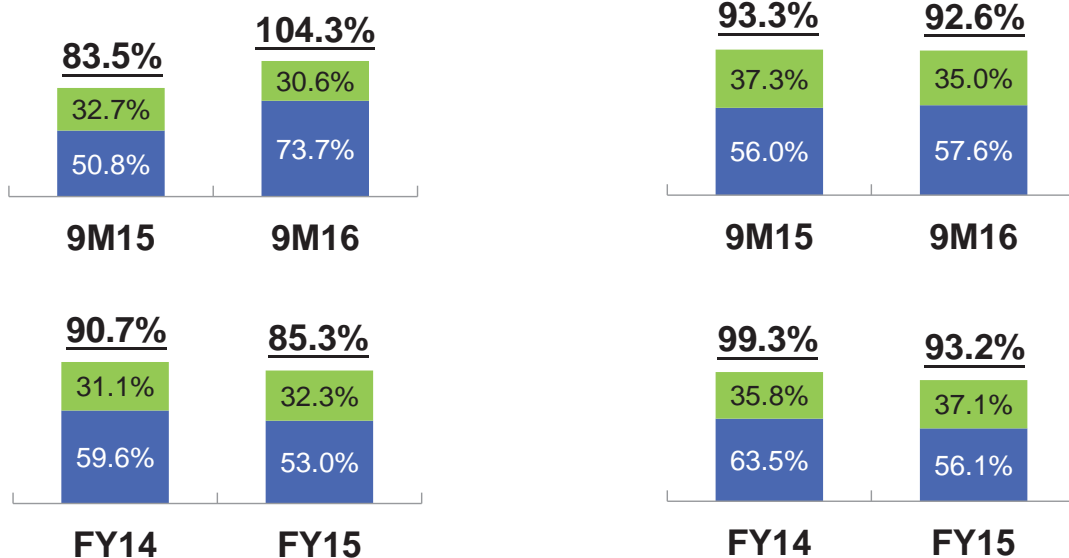
Cathay Century – Combined ratio

Gross combined ratio

Retained combined ratio

- Gross expense ratio
- Gross loss ratio

- Retained expense ratio
- Retained loss ratio



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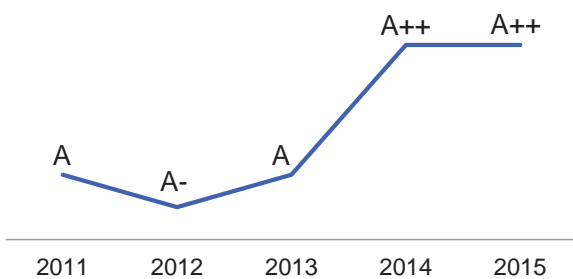
Agenda

- Introduction of Cathay FHC
- 9M16 Business Overview
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay's CSR Efforts**
- M&A Key Highlights
- Appendix

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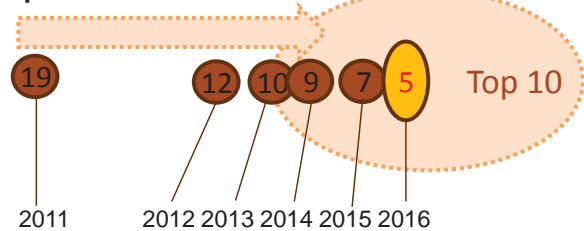
Continuous efforts in CSR

Recognized the highest ranking of IDTR in 2014-2015

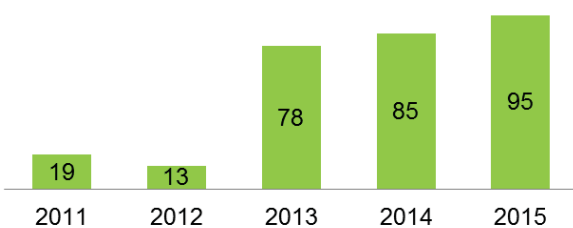


Ranked Top 5 of Taiwan Corporate Citizenship Award

Top 7 among Taiwan companies
Top 2 in Taiwan Financial sector



CDP disclosure score exceeded the worldwide industry average



Recognized by international ESG ratings

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- ✓ Selected in DJSI Emerging Markets since 2015
- ✓ The first Taiwan insurance company included in DJSI

vigeo eiris
RANKING
Emerging 70

- ✓ Selected in the index since 2015
- ✓ The only insurance company included in the index

Note:

1. Information Disclosure and Transparency Ranking (IDTR) is an important evaluation initiated by TWSE.
2. Taiwan Corporate Citizenship Award is ranked by Taiwan Common Wealth Magazine.
3. CDP has the largest database of corporate climate change related information.

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Incorporate in the DJSI emerging markets index

- ❑ Cathay FHC has been selected as a DJSI Emerging Markets Component in Sep. 2015
- ❑ Cathay FHC is committed to develop ESG in the long term. The company attained the highest rating of A++ from TWSE Information Disclosure and Transparency Ranking, and became one of the top 5% of listed companies in Corporate Governance Evaluation of Taiwan

DJSI in the World

- ❑ Dow Jones Sustainability Index (DJSI) launched in 1999, which is based on an analysis of corporate economic, environmental and social performance and select top 10% performers in each industry as its index components. The DJSI now is the most recognized sustainability index in the world.



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CUB is the first EPFI in Taiwan

EPFIs in the World

- ❑ 82 Equator Principles Financial Institutions (EPFIs) in 36 countries have officially adopted the EP as of March 2016 .
- ❑ 8 of EPFIs are Asian financial institutions.

Region	Europe	North America	Latin America	Africa	Oceania	Asia	Middle East
EPFIs no.	33	14	10	9	5	8	3



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Agenda

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M&A Transaction: Conning in USA

- Cathay Life acquired 100% stake of Conning Holdings Corporation in 2015 for US\$240 million. P/AuM was 0.26% upon announcement
- Cathay FHC expected to expand its global presence in asset management and realize “Banking + Insurance + Asset Management” strategy

Conning Asset Management

- Founded in 1912, Conning is a leading global investment management firm focusing on insurers and pension funds. It ranks as top 10 globally in insurance mandate with \$103.5 billion AuM (1Q16)
- Conning operates through its offices in North America, Europe and Asia

Assets by Client Type (US\$BN)	Assets	Assets by Region (US\$BN)	Assets
Property-Casualty	42.5	North America	78.0
Life	43.6	United Kingdom	5.5
Managed CLO Funds	8.7	Bermuda	1.3
Pension Plans	3.2	Continental Europe	2.4
Healthcare	1.6	APAC	16.2
Banks	1.6	Other	0.2
Others	2.3		
Total AUM	103.5	Total AUM	103.5

Note: Totals may not sum due to rounding.

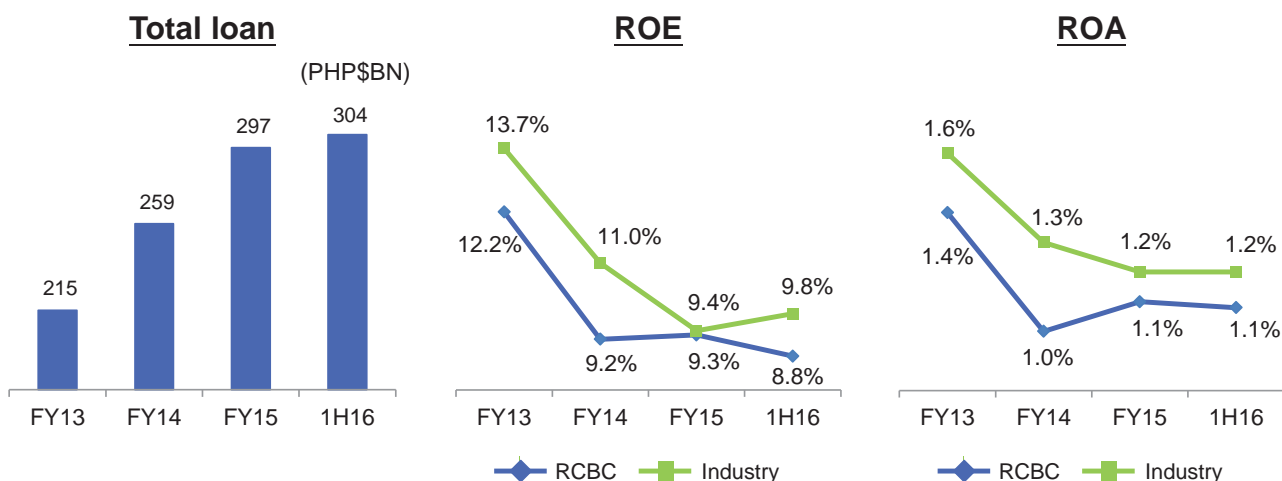
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M&A Transaction: RCBC in Philippines

- Cathay Life invested in 20% shares of Rizal Commercial Banking Corporation (“RCBC”) with 3 board seats of the company in 2015. Total investment was PHP17.92 billion (c. US\$400 million). Post-money P/B was c.1.57x upon announcement
- Cathay Life may increase its investment in RCBC via placement or open market purchase, up to 30%

RCBC’s Performance

- RCBC is one of the large private-owned banks in terms of total assets, with 448 branches and about 6,000 employees

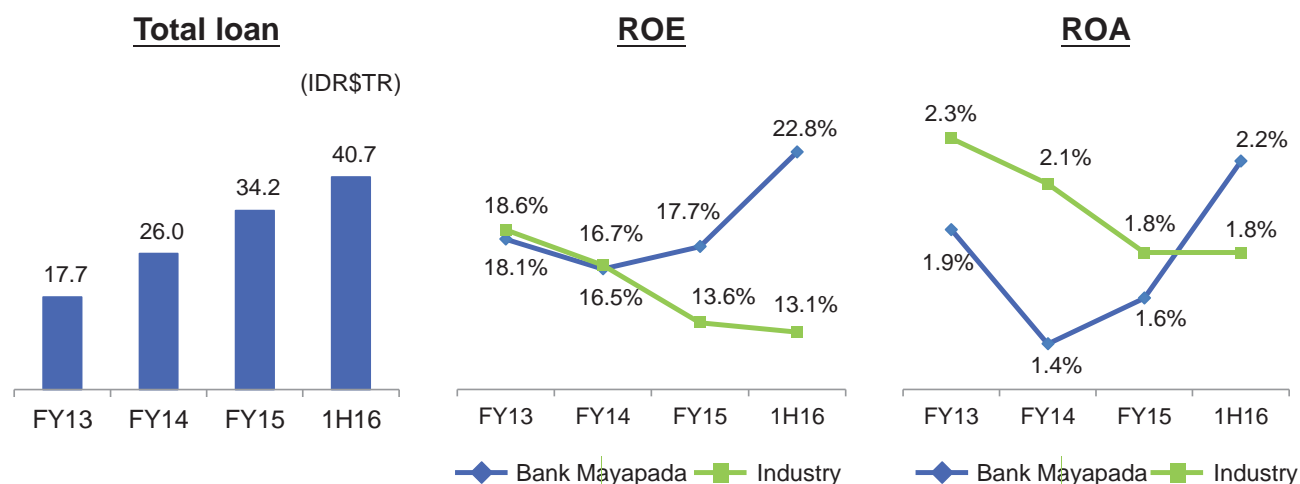


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M&A Transaction: Bank Mayapada in Indonesia

- Cathay Life has completed the acquisition of 40% stake in PT Bank Mayapada International, Tbk (“Bank Mayapada”)
 - Stage 1 : acquire 24.9% stake (USD 164 mn) – completed in 1H15
 - Stage 2 : acquire 15.1% stake – completed in Oct 2016
- Total investment will be ~IDR3.52tn (USD 295 million), representing a ~3.15x P/B multiple upon announcement

Bank Mayapada’s Performance



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Embedded Value & Appraisal Value

(NT\$BN)

Valuation date	2014/12/31	2015/12/31
In-force business investment yield	4.01% ~ Year 2034 5.05% for NTD policies 4.40% ~ Year 2034 6.07% for USD policies 2.75% ~ Year 2034 3.02% for Interest crediting annuity (Equivalent investment yield: 4.46% rolling over to 2015: 4.49%)	3.95% ~ Year 2035 5.02% for NTD policies 4.67% ~ Year 2035 5.81% for USD policies 2.77% ~ Year 2035 3.00% for Interest crediting annuity (Equivalent investment yield: 4.40%)
Future one year's new business investment yield	2.54%~ Year 2034 5.03% for NTD policies 4.47% ~ Year 2034 6.07% for USD policies 2.19% ~ Year 2034 2.62% for Interest crediting annuity	2.96%~ Year 2035 4.90% for NTD policies 4.37% ~ Year 2035 5.81% for USD policies 1.98% ~ Year 2035 2.28% for Interest crediting annuity
Risk discount rate	10%	10%
Adjusted net worth	403	393
Value of in-force business	434	490
Cost of capital (CoC)	-128	-148
Value of in-force business (After CoC)	306	342
Embedded Value (EV)	709	735
EV / per share	133.6 (56.4)	138.5 (58.5)
Appraisal Value (AV)	1,191	1,249
Value of future one year's new business (After CoC)	55.5	59.0
AV / per share	224.4 (94.8)	235.3 (99.4)

Note: (1) EV/AV calculation does not include business of Cathay Life in China and Vietnam.
(2) per share = per share of Cathay Life; (per share) = per share of Cathay FHC
(3) The outstanding shares of Cathay Life and Cathay FHC are 5.3bn and 12.6bn, respectively.
(4) May not sum to total due to rounding.

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Summary

(NT\$BN)

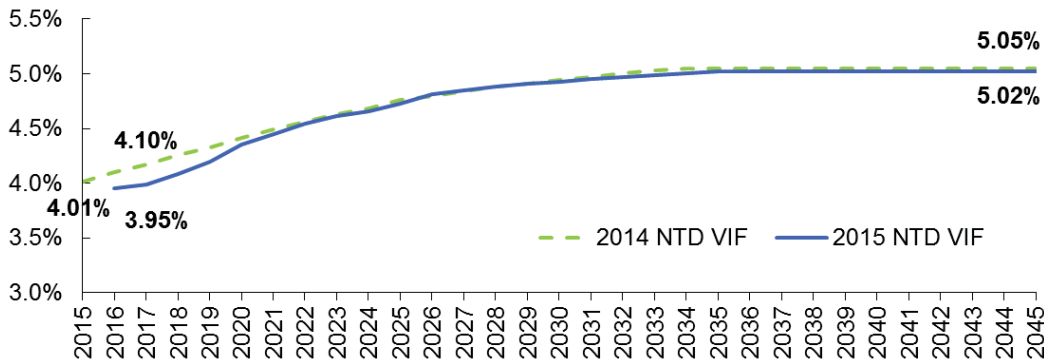
Valuation date		2014	2015	Growth rate	1Q16
Embedded value	Equity	325	346	6%	--
	Adjusted net worth	403	393	-2%	--
	Value of in-force business	434	490	13%	--
	Cost of capital (CoC)	-128	-148	16%	--
	Value in-force business (after CoC)	306	342	12%	--
	Embedded value	709	735	4%	--
Value of one year's new business	First year premium (FYP)	233.4	217.4	-7%	52.1
	First year premium equivalent (FYPE)	71.1	102.0	43%	39.8
	Value of one year's new business (V1NB)	53.5	57.6	8%	20.5
	Profit margin (V1NB/FYP)	23%	27%	--	39%
	Profit margin (V1NB/FYPE)	75%	57%	--	51%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	53%	53%	--	50%
Appraisal value (20 years NB)	Multiple	8.7	8.7	--	--
	Appraisal value	1,191	1,249	5%	--
Basic Value per share	EV / per share of Cathay FHC	56.4	58.5	4%	--
	AV / per share of Cathay FHC	94.8	99.4	5%	--

Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares 12.6bn.
(2) Totals may not sum due to rounding.

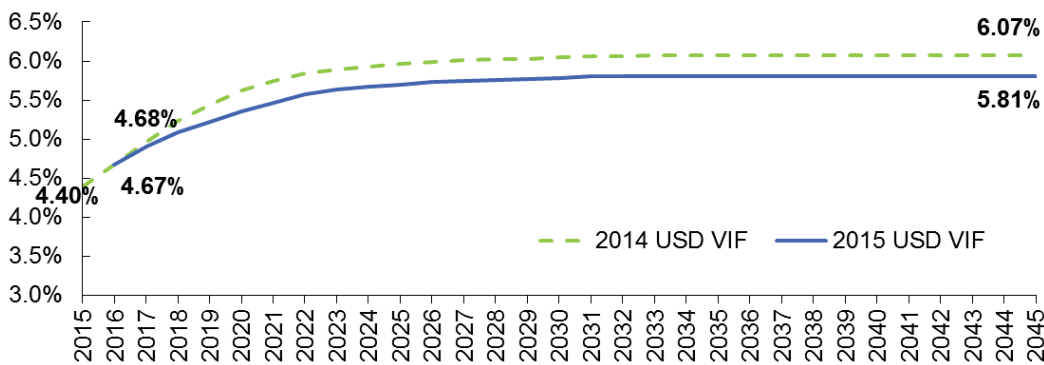
48

Economic Assumptions: In-force business investment yield

- Investment return assumptions for the value of in force business of NTD-denominated policies as of the end of 2014 & 2015.



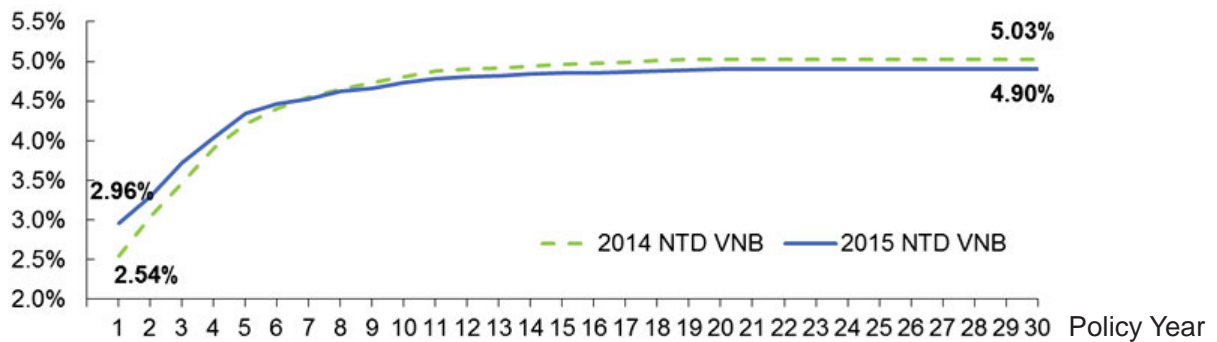
- Investment return assumptions for the value of in force business of USD-denominated policies as of the end of 2014 & 2015.



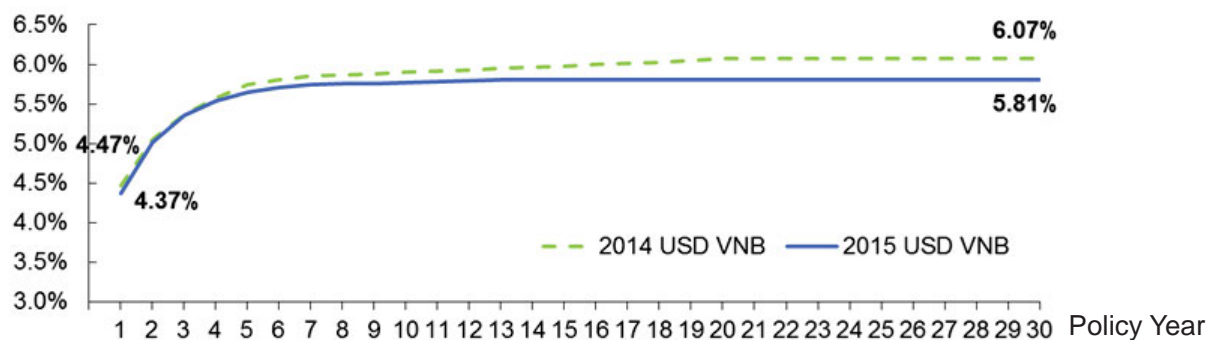
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Economic Assumptions: Future one year's new business investment yield

- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2014 & 2015.



- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2014 & 2015.

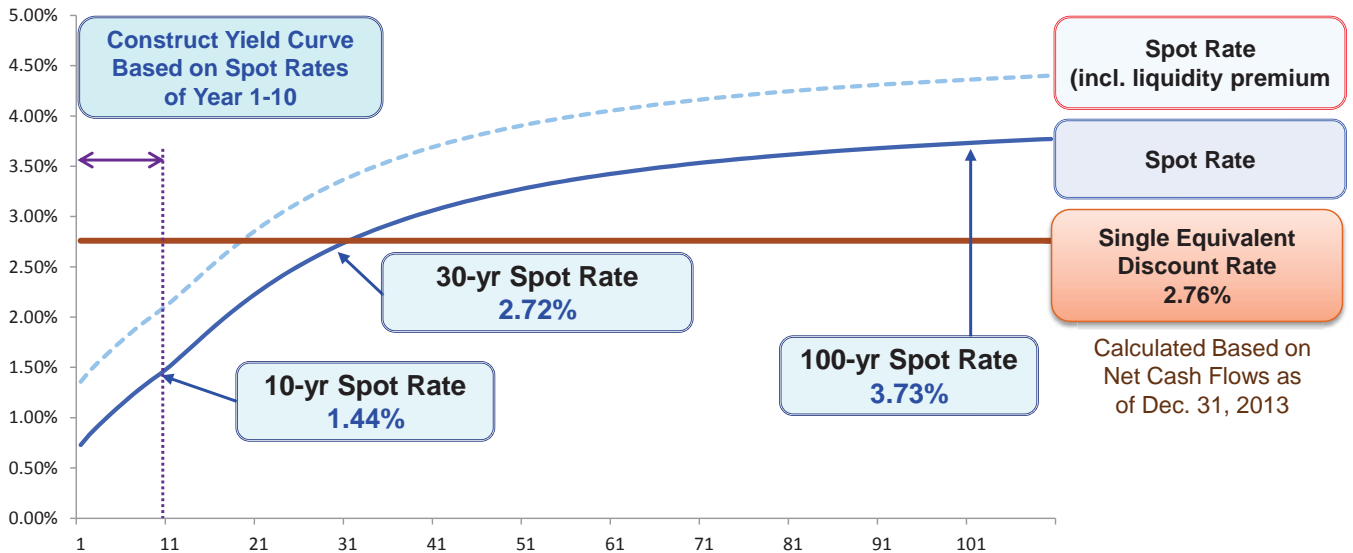


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Fair Value of Insurance Contracts: Risk-free Rate (NTD)

NTD Risk-free Rate

Calculate 3-yr daily MA yield curve based on the zero coupon yield curve announced by OTC (Svensson) and use the extrapolation method provided by [EU Solvency II QIS 5](#) to construct the complete yield curve.

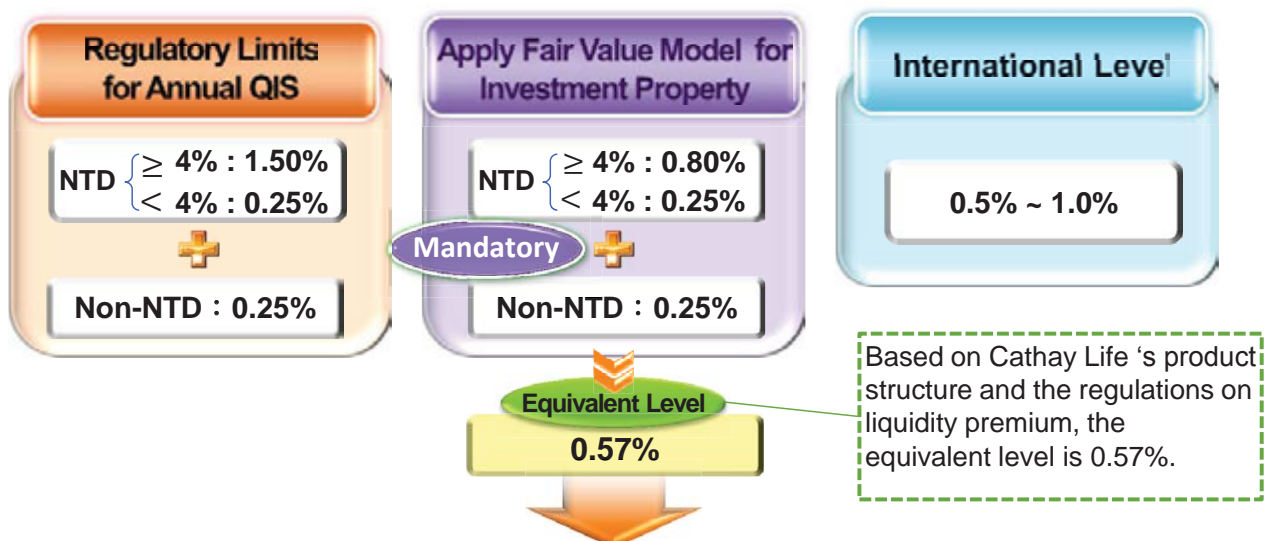


Note: The "Spot Rate" mentioned above refers to 3-yr daily MA yield curve.

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Fair Value of Insurance Contracts: Liquidity Premium

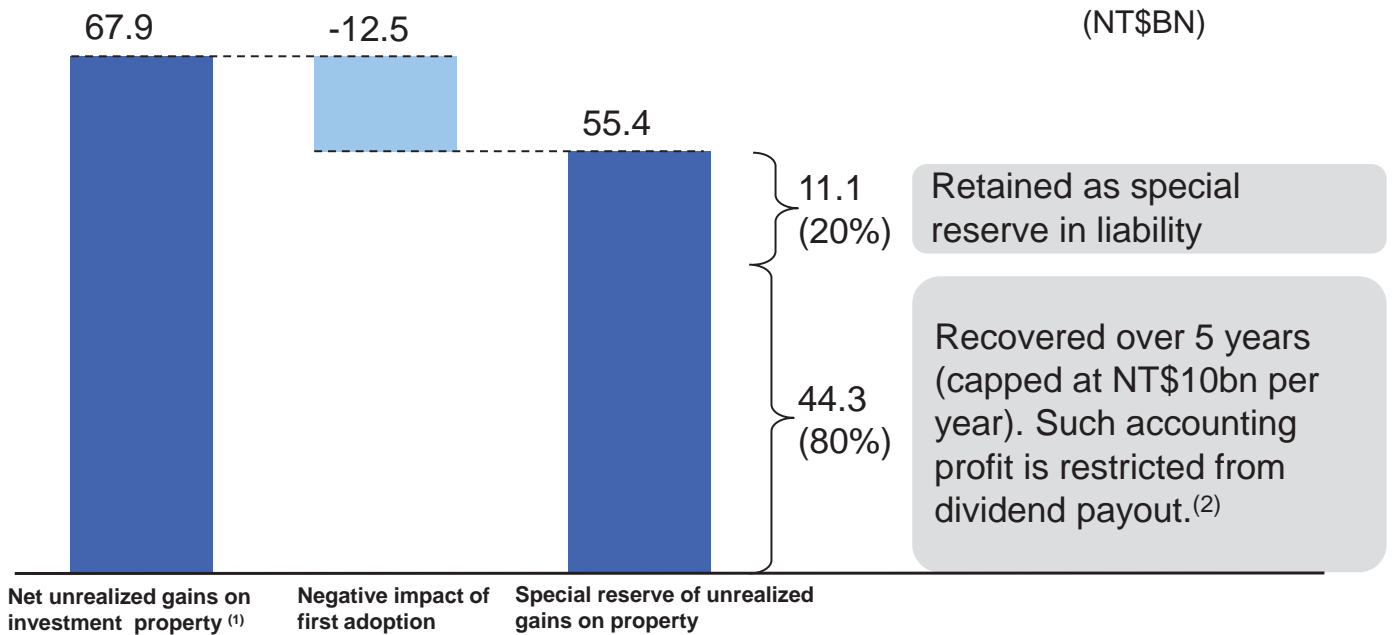
If insurers apply fair value model for investment property, their insurance liabilities should also be assessed under fair value basis. Taiwan adopts a relatively strict standard of liquidity premium compared to the international level of 0.5%~1%.



According to the regulations on liquidity premium mentioned above, Cathay Life's reserve is enough and allowed to recognize after tax full amount of investment property appraisal gain under fair value method into shareholder's equity.

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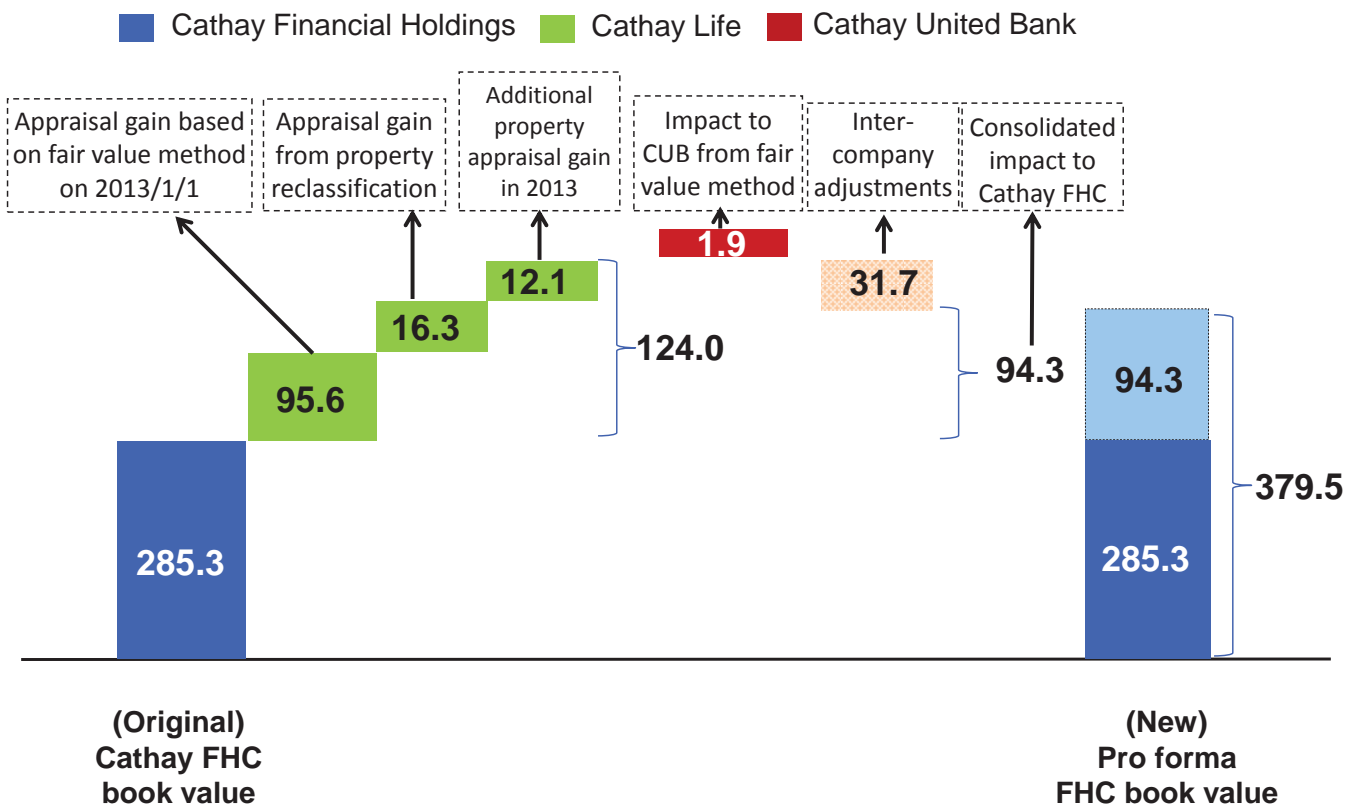
Special reserve of unrealized gains on property



Note: (1) Net unrealized gains on investment property is calculated by discounting rental income at industry average WACC(3.29%), net of related taxes. The amount is therefore well below the property market value.

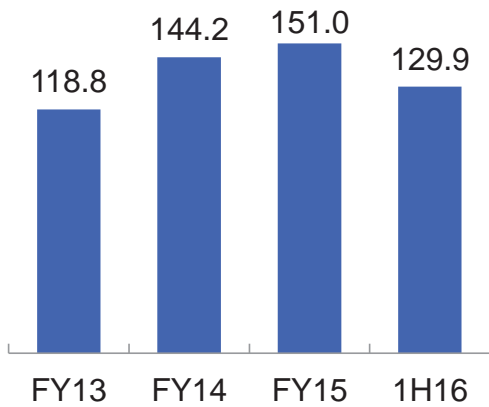
(2) The recovery of such special reserve is subject to regulatory approval each year. Hence, the actual recovery depends on the fair valuation results each year.

Illustration of 2013 pro forma BV of Cathay FHC

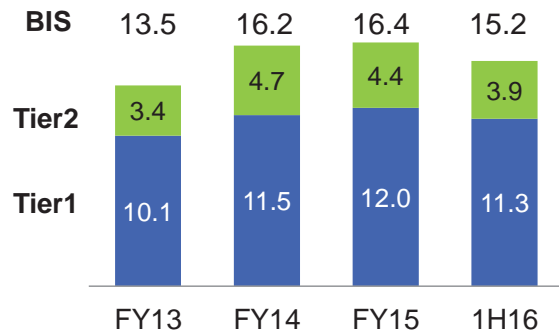


Capital adequacy

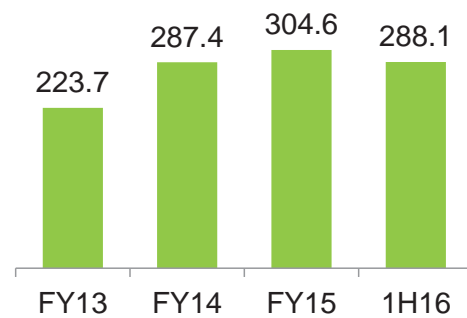
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



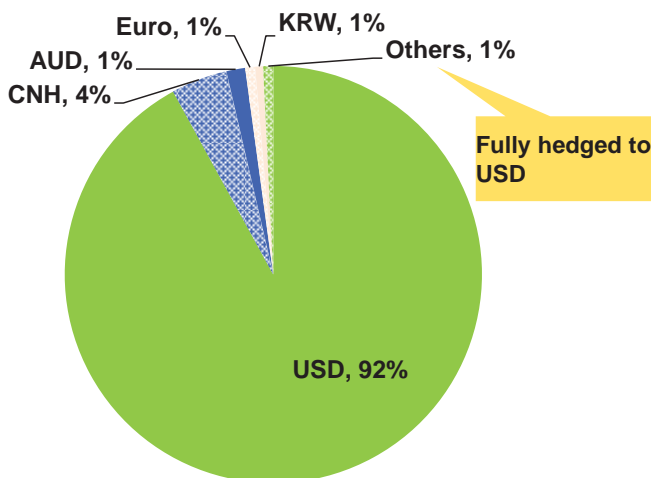
Cathay Life RBC(%)



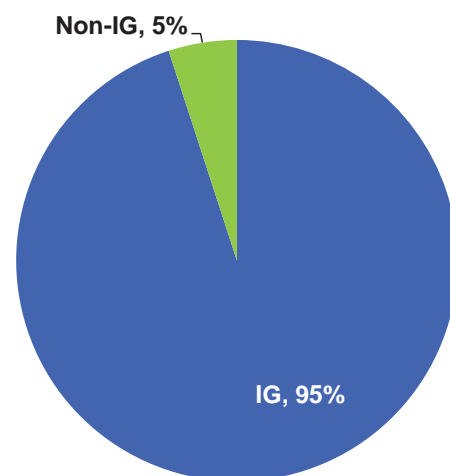
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Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (9M16)



Overseas bond by rating (9M16)



Note: Totals may not sum due to rounding.

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Cathay Financial Holdings

(NT\$MN)			FY15/ FY14 % Chg	9M15	9M16	9M16/ 9M15 % Chg	3Q15	3Q16	3Q16/ 3Q15 % Chg
Income Statement Data (Consolidated)									
Operating Income									
Net interest income	125,123	139,962	12%	102,708	114,089	11%	36,397	38,016	4%
Net commission and fee	369	(4,480)	-1313%	(2,909)	(6,078)	109%	(1,610)	(2,384)	48%
Net earned premium	488,327	535,858	10%	389,089	455,197	17%	141,975	152,253	7%
Change in liability reserve	(290,800)	(306,598)	5%	(239,059)	(305,034)	28%	(79,806)	(104,462)	31%
Net claims payment	(285,869)	(309,104)	8%	(213,175)	(223,110)	5%	(79,695)	(75,121)	-6%
Investment income	75,751	63,734	-16%	62,081	32,684	-47%	18,548	13,024	-30%
Contribution from associates-equity method	168	1,108	561%	637	951	49%	353	189	-46%
Other net non-interest income	3,449	14,188	311%	10,147	34,861	244%	(4,298)	24,046	-659%
Bad debt expense	(2,982)	(2,467)	-17%	(554)	(3,783)	583%	(387)	(1,473)	280%
Operating expense	(57,477)	(65,067)	13%	(45,682)	(52,815)	16%	(17,270)	(16,877)	-2%
Income before taxes	56,058	67,132	20%	63,284	46,963	-26%	14,206	27,211	92%
Income taxes	(6,427)	(9,250)	44%	(8,399)	(7,714)	-8%	(555)	(2,205)	297%
Net income	49,631	57,882	17%	54,885	39,249	-28%	13,651	25,006	83%
EPS (NT\$)	3.93	4.58		4.33	3.08		1.07	1.97	
Dividend Payout									
Cash dividend per share	2.00	2.00							
Stock dividend per share	0.00	0.00							
Weighted average outstanding shares (Millions of shares)	12,563	12,563		12,563	12,563				
Balance Sheet Data									
Total assets	6,944,837	7,568,975		7,520,230	7,940,728				
Total shareholders' equity	439,120	461,062		443,451	498,629				
Operating Metrics									
ROAE (Consolidated)	12.10%	12.86%		16.58%	10.91%				
ROAA (Consolidated)	0.76%	0.80%		1.01%	0.67%				
Double leverage ratio(inc. preferred stock)	113%	111%		114%	110%				
Capital Adequacy Metrics									
Capital Adequacy Ratio	144%	151%							

Notes:

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
- (3) Total may not sum due to rounding.

Cathay Life

(NT\$MN)	FY15/ FY14			9M16/ 9M15			3Q16/ 3Q15		
	FY14	FY15	% Chg	9M15	9M16	% Chg	3Q15	3Q16	% Chg
Income Statement Data (Consolidated)									
Net written premium	472,630	519,014	10%	376,994	442,299	17%	137,585	148,275	8%
Net earned premium	471,849	518,250	10%	376,690	442,183	17%	137,284	148,215	8%
Reinsurance commission earned	4,740	200	-96%	222	358	62%	(60)	(3)	-95%
Fee income	5,943	5,762	-3%	4,409	4,096	-7%	1,301	1,370	5%
Recurring investment income	124,152	140,977	14%	107,038	123,943	16%	44,365	47,887	8%
Gain on disposal of investment									
Realized gain (loss)-Equity	23,357	30,072	29%	26,696	7,978	-70%	(7,994)	4,037	-151%
Realized gain (loss)-Debt	12,828	14,804	15%	12,810	26,683	108%	2,280	19,550	757%
Gain on investment property	16,579	11,074	-33%	11,310	5,255	-54%	(1)	(96)	10512%
FX and others, net	(7,166)	(13,101)	83%	(8,635)	(11,736)	36%	3,049	(9,370)	-407%
Investment income, net	169,750	183,827	8%	149,219	152,123	2%	41,700	62,009	49%
Other operating income	9	914	9777%	115	3,640	3069%	109	1,260	1057%
Separate account revenues	115,040	17,303	-85%	5,163	32,727	534%	(994)	12,819	-1390%
Net claims payment	(275,195)	(298,102)	8%	(205,988)	(214,856)	4%	(76,981)	(72,410)	-6%
Changes in liability reserves	(290,109)	(305,864)	5%	(238,245)	(304,943)	28%	(79,430)	(104,745)	32%
Acquisition and commission expense	(32,405)	(33,238)	3%	(24,396)	(28,353)	16%	(8,280)	(10,234)	24%
Other operating costs	(4,544)	(5,541)	22%	(3,899)	(4,569)	17%	(1,440)	(1,363)	-5%
Financial cost	(106)	(296)	179%	(314)	(365)	16%	123	(200)	-262%
Separate account expense	(115,040)	(17,303)	-85%	(5,163)	(32,727)	534%	994	(12,819)	-1390%
Operating expense	(16,869)	(23,021)	36%	(15,620)	(21,300)	36%	(6,857)	(5,721)	-17%
Net non-operating income	1,482	1,265	-15%	853	1,394	64%	180	426	137%
Income taxes	(2,810)	(5,710)	103%	(5,642)	(4,045)	-28%	373	(1,055)	-383%
Net income	31,734	38,447	21%	37,402	25,365	-32%	8,022	17,547	119%

Balance Sheet Data

Total assets	4,704,976	5,180,081		5,133,994	5,411,434
General account	4,242,710	4,699,512		4,666,001	4,914,886
Separate account	462,267	480,568		467,993	496,548
Reserves for life insurance liabilities	3,770,679	4,228,117		4,162,355	4,449,375
Total liabilities	4,376,595	4,831,846		4,801,418	5,027,777
Total shareholders' equity	328,382	348,235		332,576	383,657

Operating Metrics

First Year Premium(FYP)	233,379	217,378		165,808	144,945
First Year Premium Equivalent(FYPE)	71,147	102,002		71,908	100,016
Expense ratio	9.9%	10.3%		10.3%	10.1%
13-M persistency ratio	97.9%	97.6%		97.4%	98.2%
25-M persistency ratio	94.9%	91.8%		94.9%	90.7%
ROAE	10.54%	11.36%		15.09%	9.24%
ROAA	0.71%	0.78%		1.01%	0.64%

Capital Adequacy Metrics

RBC ratio (Standalone)	287%	305%
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Cathay United Bank

(NT\$MMN)	FY15/ FY14			9M16/ 9M15			3Q16/ 3Q15		
Income Statement Data (Consolidated)	FY14	FY15	% Chg	9M15	9M16	% Chg	3Q15	3Q16	% Chg
Operating Income									
Net interest income	25,779	26,729	4%	20,295	18,973	-7%	6,921	6,642	-4%
Fee income	11,806	14,344	21%	11,222	11,962	7%	3,789	3,980	5%
Investment income	7,326	5,599	-24%	4,565	6,561	44%	1,690	2,419	43%
other income	1,064	1,380	30%	1,086	1,083	0%	310	323	4%
Net operating income	45,975	48,052	5%	37,168	38,578	4%	12,710	13,365	5%
Operating expenses	(22,804)	(24,851)	9%	(18,174)	(19,596)	8%	(6,549)	(6,939)	6%
Pre-provision profit	23,170	23,201	0%	18,994	18,982	0%	6,161	6,425	4%
Net provisions for possible losses	(2,471)	(1,922)	-22%	(173)	(3,160)	1722%	(108)	(1,227)	1041%
Income before taxes	20,700	21,279	3%	18,821	15,822	-16%	6,053	5,198	-14%
Income tax	(2,885)	(2,513)	-13%	(2,222)	(1,715)	-23%	(738)	(539)	-27%
Net income	17,814	18,767	5%	16,599	14,107	-15%	5,315	4,660	-12%
Balance Sheet Data									
Total assets	2,243,958	2,383,377		2,388,868	2,512,765				
Loans, net	1,119,281	1,127,807		1,137,114	1,305,440				
Financial assets	649,497	791,192		766,254	853,389				
Total liability	2,096,340	2,226,608		2,234,137	2,353,486				
Deposits	1,739,023	1,881,657		1,844,163	2,009,698				
Financial Debenture Payable	67,614	51,900		65,551	51,900				
Total shareholders' equity	147,617	156,769		154,730	159,279				
Operating Metrics									
Cost income ratio	49.60%	51.72%		48.90%	50.80%				
ROAE	12.71%	12.33%		14.64%	11.90%				
ROAA	0.84%	0.81%		0.96%	0.77%				
Assets Quality									
NPL	3,277	1,599		1,809	2,186				
NPL ratio	0.29%	0.14%		0.16%	0.17%				
NPL provisions	17,675	17,323		16,806	18,950				
Coverage ratio	539%	1083%		929%	867%				
Capital Adequacy Metrics									
BIS ratio (Standalone)	16.2%	16.4%							
Tier I Ratio (Standalone)	11.5%	12.0%							

Notes:

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
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Cathay Century

(NT\$MN)	FY15/ FY14			9M16/ 9M15			3Q16/ 3Q15		
Income Statement Data (Consolidated)	FY14	FY15	% Chg	9M15	9M16	% Chg	3Q15	3Q16	% Chg
Premium income	21,279	22,449	5%	16,115	17,252	7%	5,702	5,241	-8%
Net written premium	16,080	17,254	7%	12,401	13,180	6%	4,464	4,041	-9%
Net earned premium	15,626	17,169	10%	12,634	13,182	4%	4,607	4,285	-7%
Reinsurance commission earned	683	517	-24%	381	411	8%	120	115	-4%
Fee income	45	48	5%	34	34	0%	11	10	-12%
Investment	918	972	6%	768	2,074	170%	251	1,691	574%
Interest income	609	564	-7%	413	441	7%	145	150	4%
Other investment income, net	308	408	32%	355	1,633	361%	106	1,541	1357%
Other operating income	7	15	101%	14	0	-100%	9	(2)	-124%
Net claims payment	(8,747)	(9,292)	6%	(6,503)	(7,363)	13%	(2,314)	(2,616)	13%
Changes in liability reserves	(691)	(734)	6%	(814)	(91)	-89%	(376)	284	-175%
Commissions and other operating costs	(1,218)	(1,402)	15%	(1,016)	(1,038)	2%	(374)	(286)	-24%
Operating expenses	(5,823)	(6,197)	6%	(4,529)	(4,591)	1%	(1,581)	(1,361)	-14%
Operating income	801	1,095	37%	970	2,618	170%	354	2,120	499%
Net non-operating income	29	(4)	-114%	(14)	(7)	-48%	(6)	(4)	-38%
Income taxes	(174)	(287)	65%	(229)	(438)	91%	(97)	(326)	235%
Net income	657	804	22%	727	2,173	199%	251	1,790	614%
Balance Sheet Data									
Total assets	35,863	42,106		36,326	38,327				
Total shareholders' equity	6,829	7,219		7,180	9,140				
Operating Metrics									
Gross Combined ratio	90.7%	85.3%		83.5%	104.3%				
Net Combined ratio	99.3%	93.2%		93.3%	92.6%				
ROAE	10.71%	11.44%		13.84%	35.42%				
ROAA	1.94%	2.06%		2.69%	7.21%				
Capital Adequacy Metrics									
RBC ratio (Standalone)	324%	359%							

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FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.

(3) Total may not sum due to rounding.

