



2018 First Half Briefing

August 2018

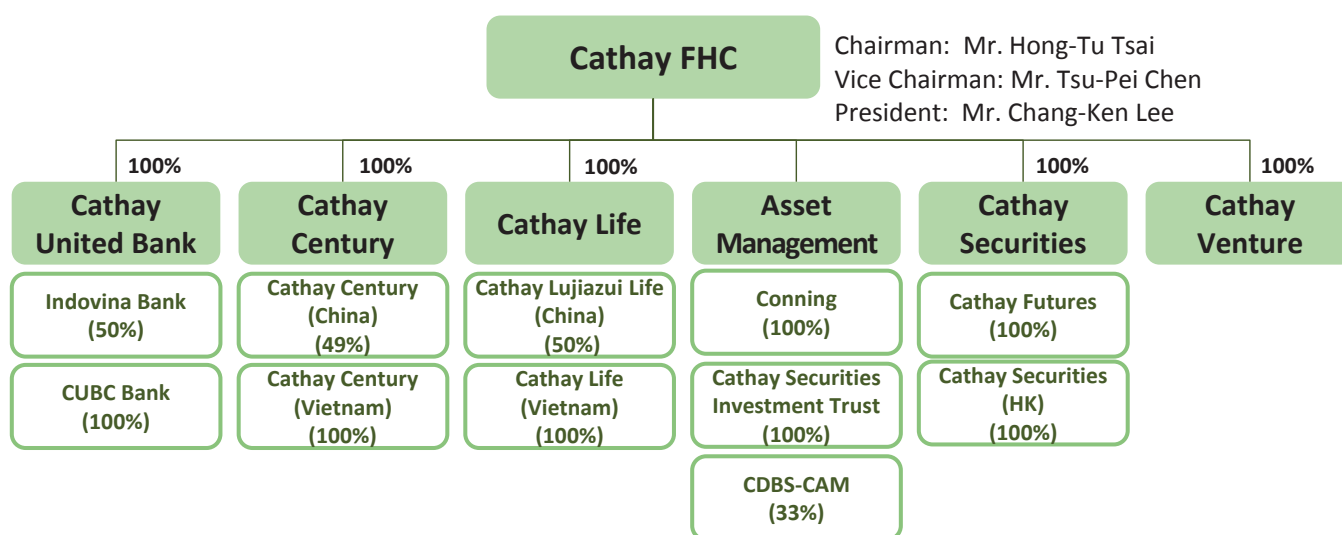
Disclaimer

- ❑ This document is provided by Cathay Financial Holding Co., Ltd. (the "Company"). Except for the numbers and information included in the Company's financial statements, the information contained in this document has not been audited or reviewed by any accountant or independent expert. The Company makes no express or implied representations or warranties as to the fairness, accuracy, completeness, or correctness of such information or opinions. This document is provided as of the date herein and will not be updated to reflect any changes hereafter. The Company, its affiliates and their representatives do not accept any responsibility or liability for any damage caused by their negligence or any other reasons, nor do they accept responsibility or liability for any loss or damages arising from the use of this document or the information contained herein or anything related to this document.
- ❑ This document may contain forward-looking statements, including but not limited to all statements that address activities, events or developments that the Company expects or anticipates to take place in the future based on the projections of the Company toward the future, and various factors and uncertainty beyond the Company's control. Therefore, the actual results may differ materially from those contained in the forward-looking statements.
- ❑ This document is not and cannot be construed as an offer to purchase or sell securities or other financial products or solicitation of an offer.
- ❑ This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.

Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

Cathay FHC: largest FHC, comprehensive products



- One of the largest private banks in terms of total assets
- No. 2 credit card issuer
- The largest brokerage settlement bank

- 2nd biggest non-life insurer
- Market share in premium income: 12.5% (1H18).

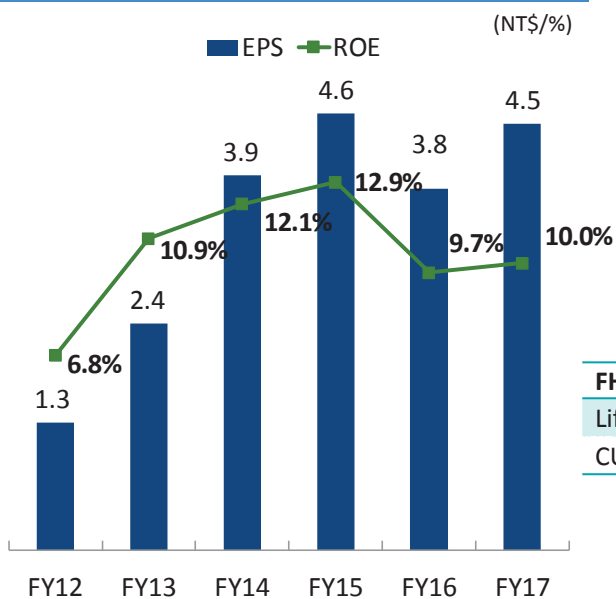
- No. 1 life insurer in terms of total assets and total premium
- Market share in total premium: 20.2% (1H18).

- Largest AUM among asset managers in Taiwan
- Qualified QFII to invest in China
- Pursue business opportunity from QDII of China

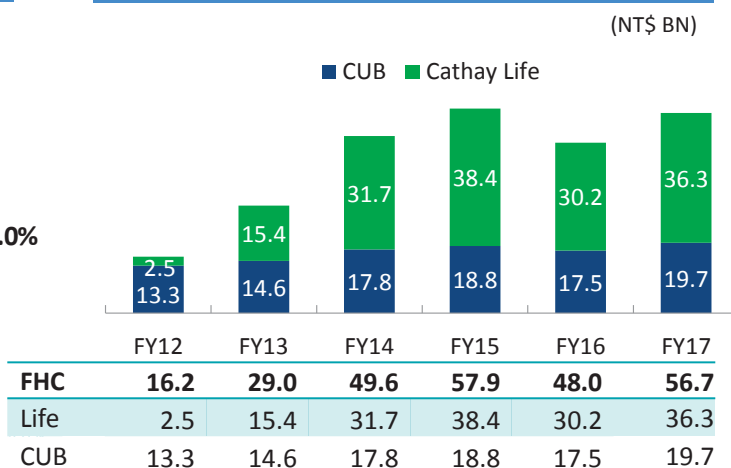
- Investment banking, brokerage, and prop trading businesses
- Strong underwriting and capital raising platform
- Diversified products and services

Cathay's earnings accelerates as life turnarounds

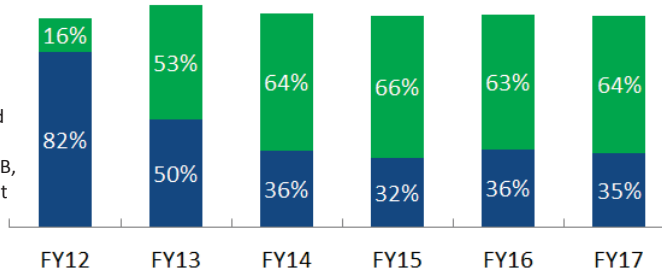
EPS & ROE



Profit contribution



	FY12	FY13	FY14	FY15	FY16	FY17
FHC	16.2	29.0	49.6	57.9	48.0	56.7
Life	2.5	15.4	31.7	38.4	30.2	36.3
CUB	13.3	14.6	17.8	18.8	17.5	19.7

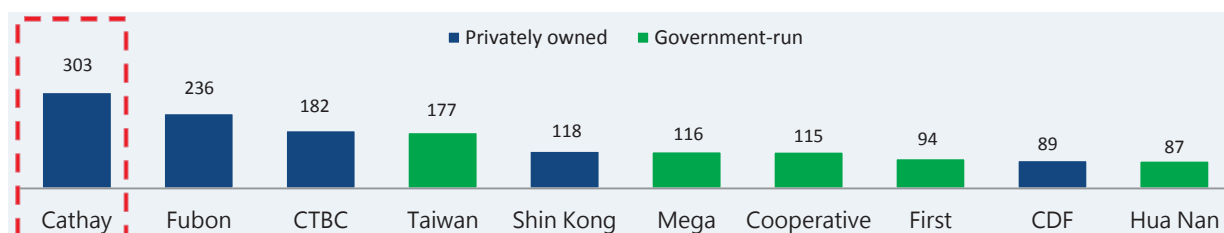


- Note: (1) FY13 figures do not reflect the impact from applying fair value method on investment property.
 (2) Since Cathay FHC has more subsidiaries other than Cathay Life and CUB, besides, due to affiliate transactions, the Cathay FHC net income might not equal to the sum of Cathay Life and CUB's.
 (3) EPS has been adjusted for stock dividend (stock split).

Market leader in Taiwan's FIG sector

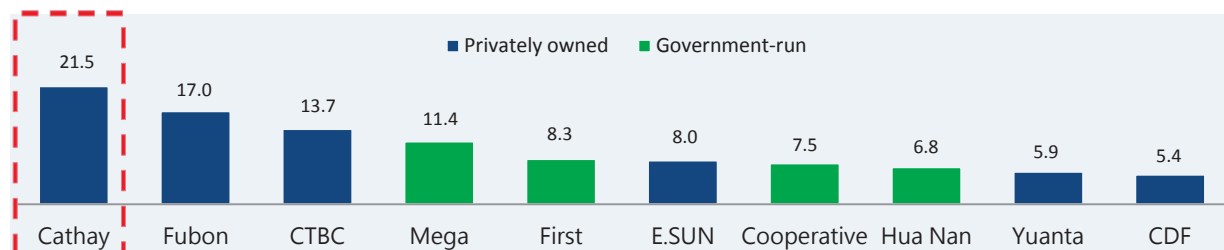
█ Largest listed financials group by market capitalization and assets.

Ranking of total asset (US\$bn)



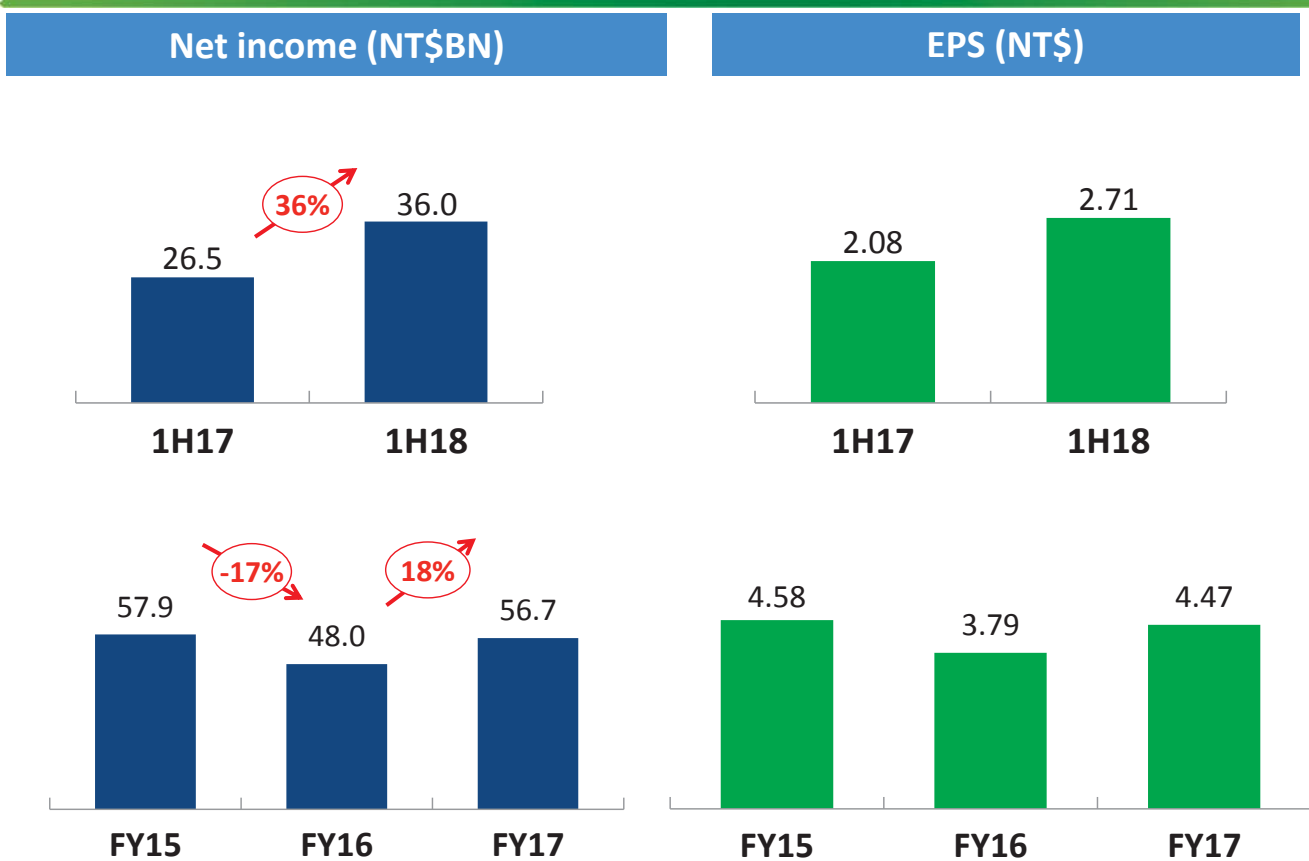
Note: Total assets as of Jun. 30, 2018

Ranking of market cap (US\$bn)

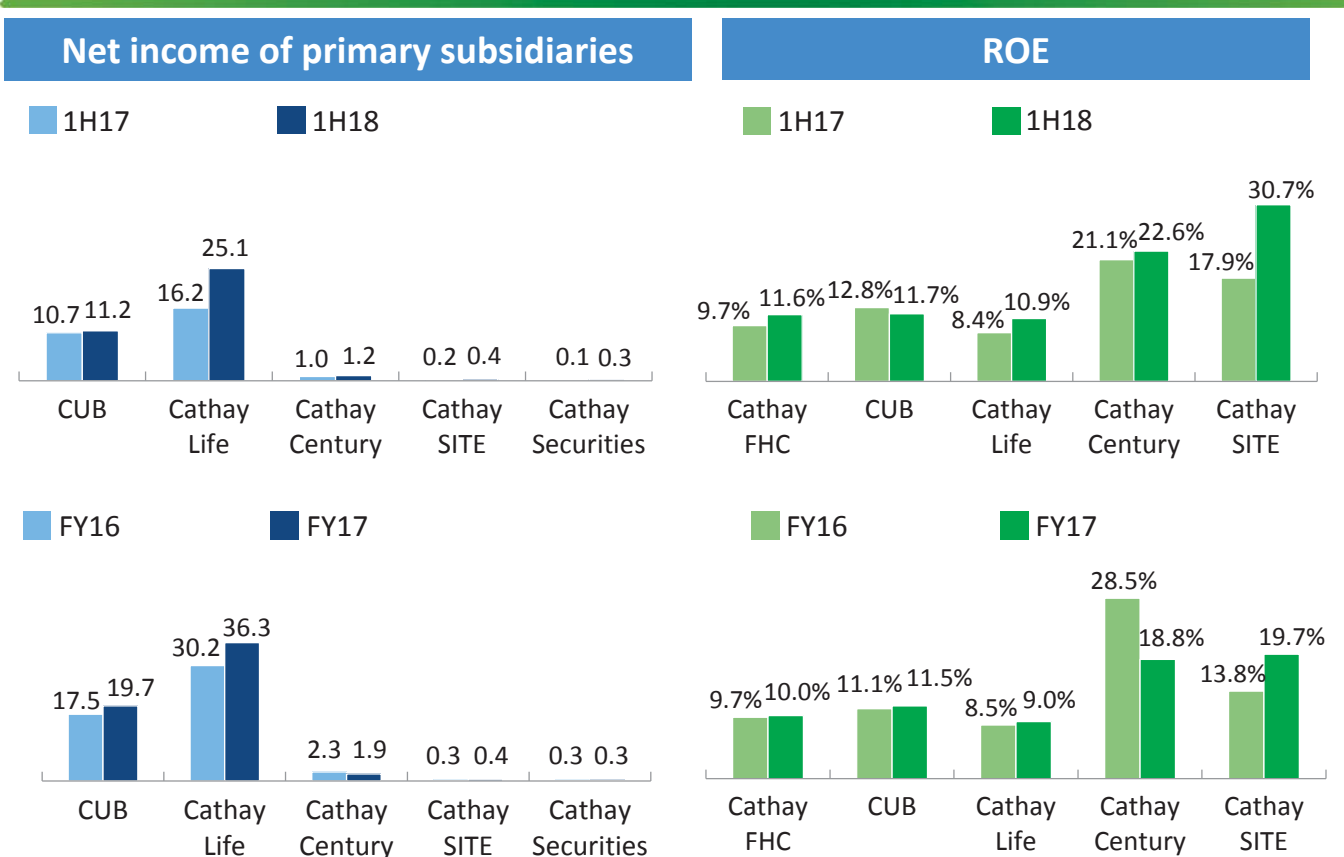


Note: Market capitalization as of Aug. 31, 2018

Cathay FHC – Net income & EPS

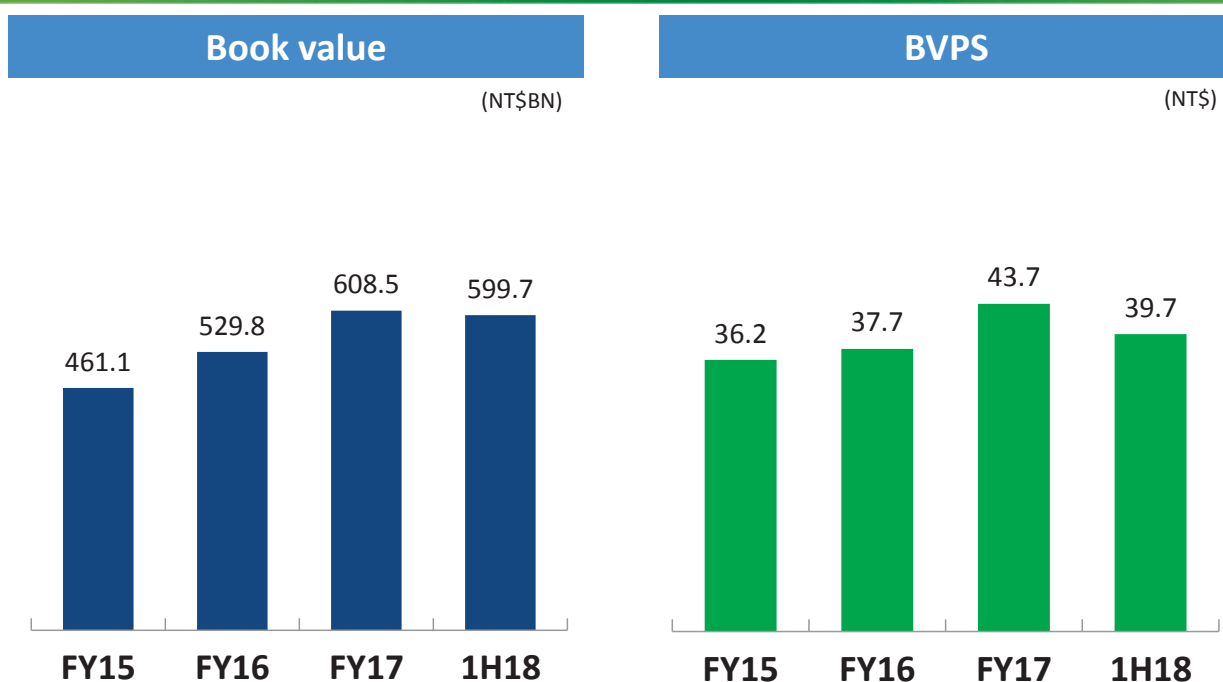


Cathay FHC – Net income & EPS



Note: Starting from 1Q18, ROE calculation was based on IFRS 9.

Cathay FHC – Book value & BVPS



Note: (1) Book value includes preferred shares and minority interests, BVPS represented BVPS attributable to common shareholders.
(2) Starting Jan.1, 2018, the reporting was based on IFRS 9.

Agenda

- Introduction of Cathay FHC
- **1H18 Business overview**
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

1H18 Business overview

Cathay United Bank

- Loan and deposit delivered mild growth with benign credit quality.
- Continued to expand overseas business. FX loan grew 25% YoY.
- Fee income increased steadily. Credit card fee grew 15%. Active card number ranked No.1 in the industry.

Cathay Life

- Focused on value-driven. FYP for protection products grew 64% YoY. FYP and FYPE remained No. 1 in the industry.
- Hedging cost improved to 1.09%. After-hedging investment yield reached 4.2%. Overall investment performance maintained stable.

Cathay Century

- Premium income grew 5% YoY. Remained in second place with 12.5% market share.
- Developed on-line business in China. Extended cross-selling opportunities and enlarged local team in Vietnam. Overseas premium income continued to rise.

Cathay SITE

- Ranked No.1 in terms of AUM, which amounted to NT\$612.8 BN.
- Received "Best Institutional House" and "Best New ETF" awards from Asia Asset Management and "Risk Management Award" from Benchmark magazine. Selected by Thomson Reuters Lipper and Morningstar as "Taiwan Fund Award" winner.

Cathay Securities

- Brokerage business grew steadily. Sub-brokerage market share ranked No.1.
- Optimized customer experience with new digital business model.

Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- **Overseas Expansion**
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

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	46 ⁽¹⁾	50									
P&C	27	2									
Asset Mgt.	1			1							
Securities				1							

Note: (1) Cathay Lujiazui Life obtained approval to set up a branch office in Henan, China.

(2) Footprints in Thailand, Myanmar and Indonesia are representative offices.

(3) Investments in RCBC and Bank Mayapada are funded by Cathay Life.

(4) Cathay FHC owns 49% stake of Cathay Century (China), and 33% stake of CDBS Cathay Asset Management.

Banking

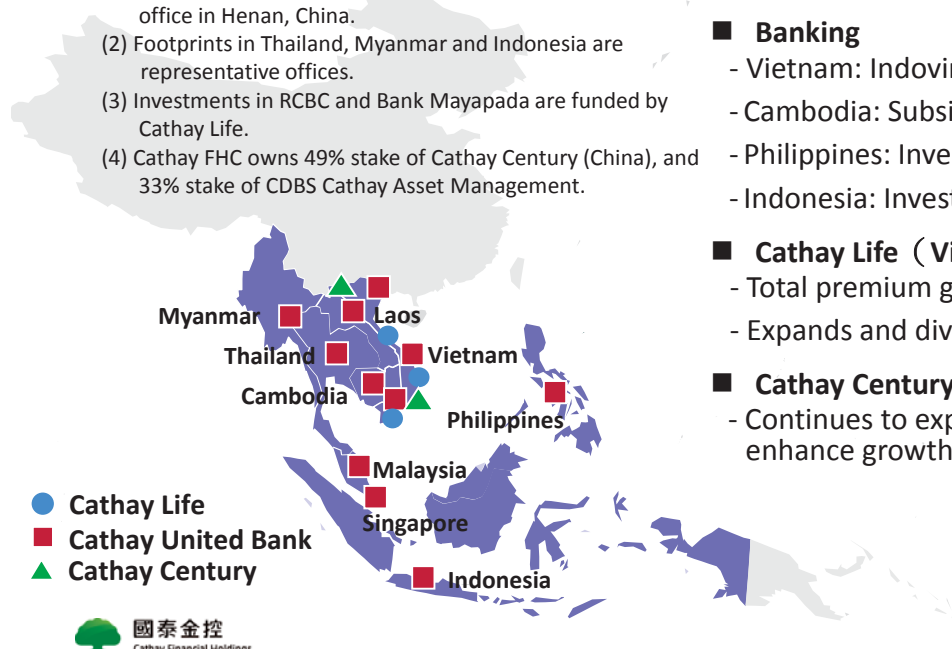
- Vietnam: Indovina Bank posts solid results
- Cambodia: Subsidiary's businesses grows steadily
- Philippines: Invests 23% stake in RCBC⁽³⁾
- Indonesia: Invests 40% stake in Bank Mayapada⁽³⁾

Cathay Life (Vietnam)

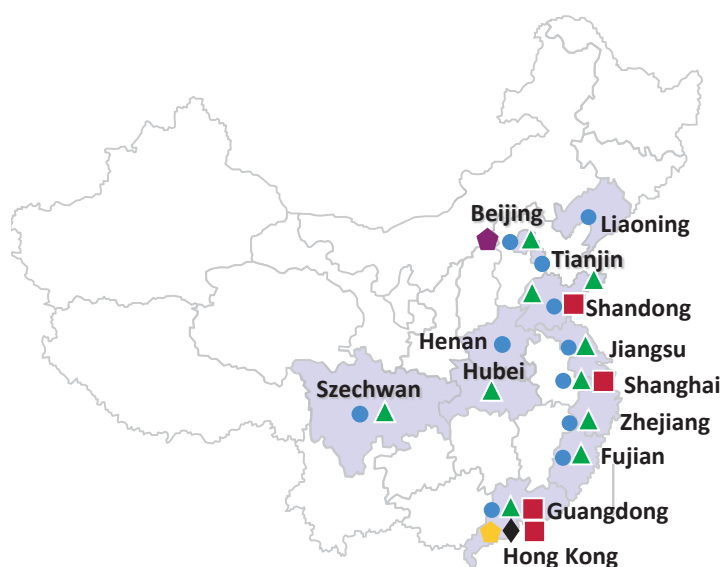
- Total premium grew 46% YoY to VND301BN in 1H18
- Expands and diversifies distribution channels

Cathay Century

- Continues to expand local distribution channels to enhance growth momentum



Cathay FHC in China



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

Cathay United Bank

- Expects to convert Shanghai branch into subsidiary in 3Q18

Cathay Lujiazui Life

- Total premium grew 54% YoY to RMB 1.2 BN in 1H18

Cathay Century (China)

- Forms a strategic alliance with Ant Financial group to capture new business opportunities

Cathay Securities (HK)

- Each business line grows steadily

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

- Continues to launch new products. Mainly focus on fixed income funds

Conning Asia Pacific Limited

- Continues to expand asset management business

Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- Overseas Expansion
- Business Performance Summary

Cathay United Bank

Cathay Life

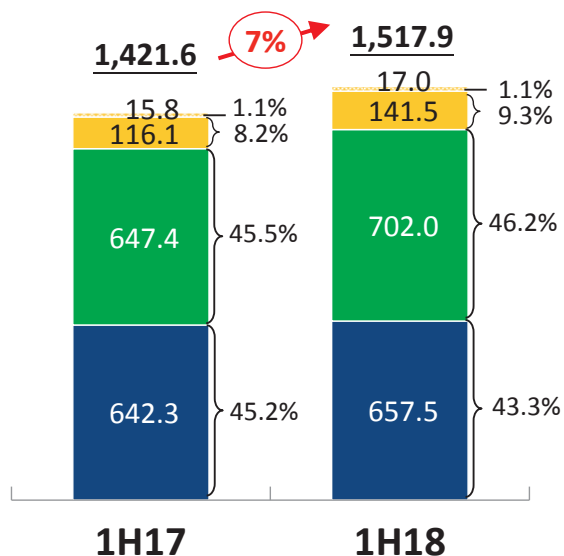
Cathay Century

- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

Cathay United Bank – Loan & deposit breakdown

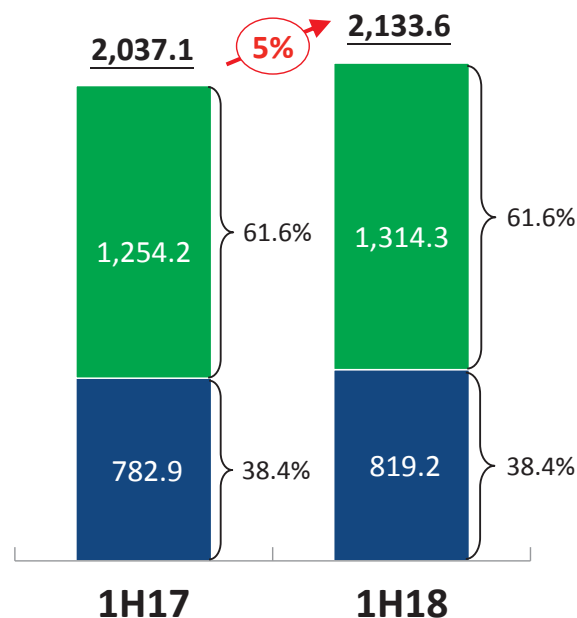
Loan breakdown (NT\$BN)

- Credit Card related
- Consumer
- Mortgage
- Corporate



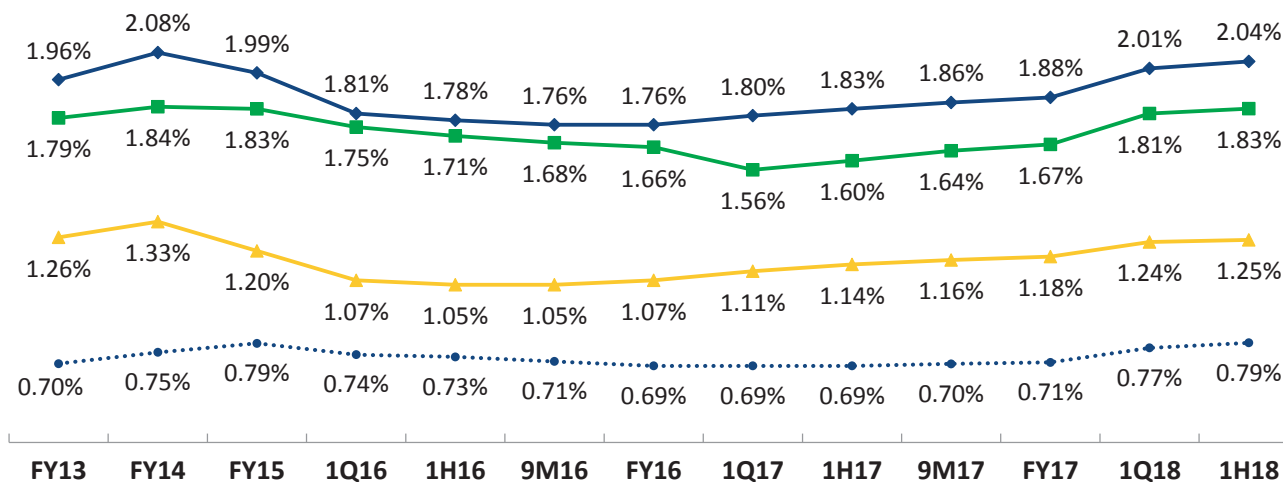
Deposit breakdown (NT\$BN)

- Demand Deposit
- Time Deposit



Cathay United Bank – Interest yields

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



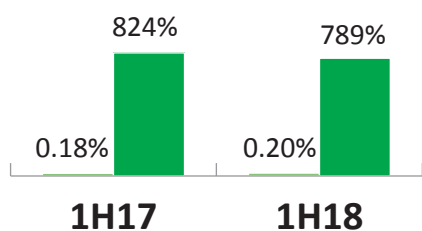
	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Quarterly Spread	1.81%	1.75%	1.68%	1.62%	1.59%	1.56%	1.64%	1.74%	1.76%	1.81%	1.85%
Quarterly NIM	1.12%	1.07%	1.02%	1.06%	1.10%	1.11%	1.18%	1.20%	1.22%	1.24%	1.26%

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

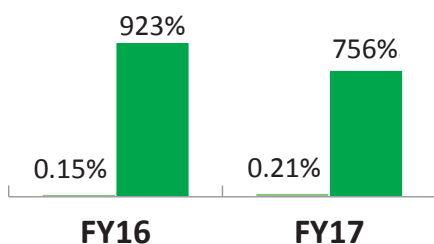
Cathay United Bank – Credit quality

NPL & Coverage ratio

■ NPL ratio
■ Coverage ratio



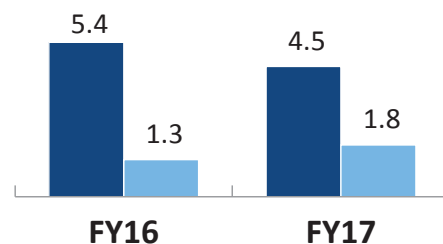
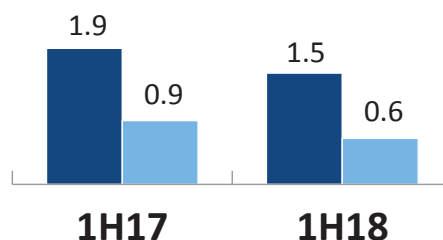
Mortgage NPL **0.11%** **0.14%**



Mortgage NPL **0.08%** **0.15%**

Gross provision

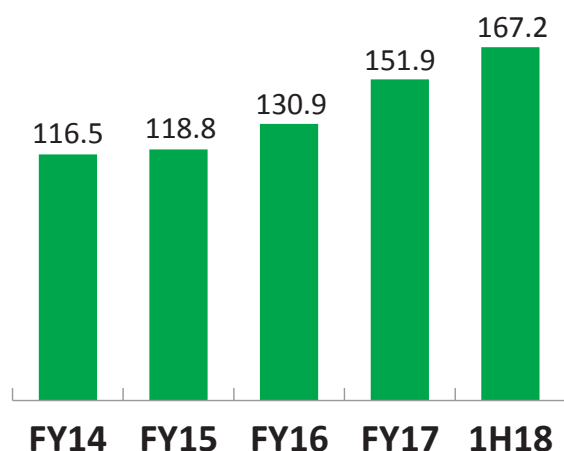
■ Gross provision (NT\$BN)
■ Recovery



Cathay United Bank – SME & FX loans

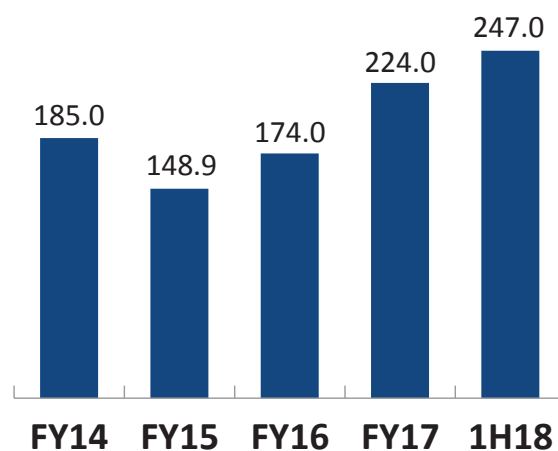
SME loans

(NT\$BN)



Foreign currency loans

(NT\$BN)



As % of total loans

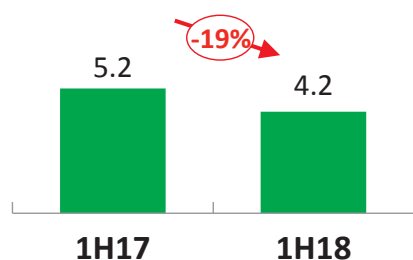


Note: Total loans exclude credit card revolving balance.

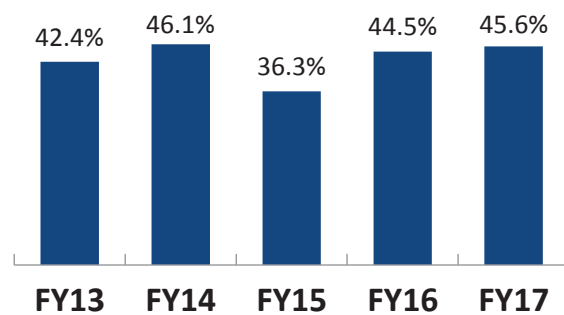
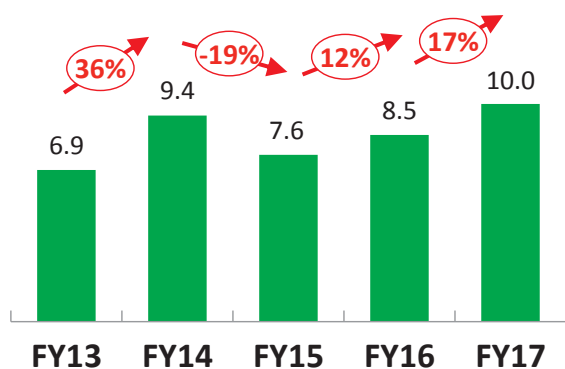
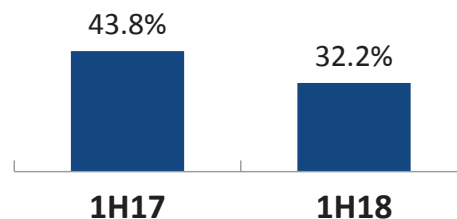
Cathay United Bank – Offshore earnings

Offshore earnings

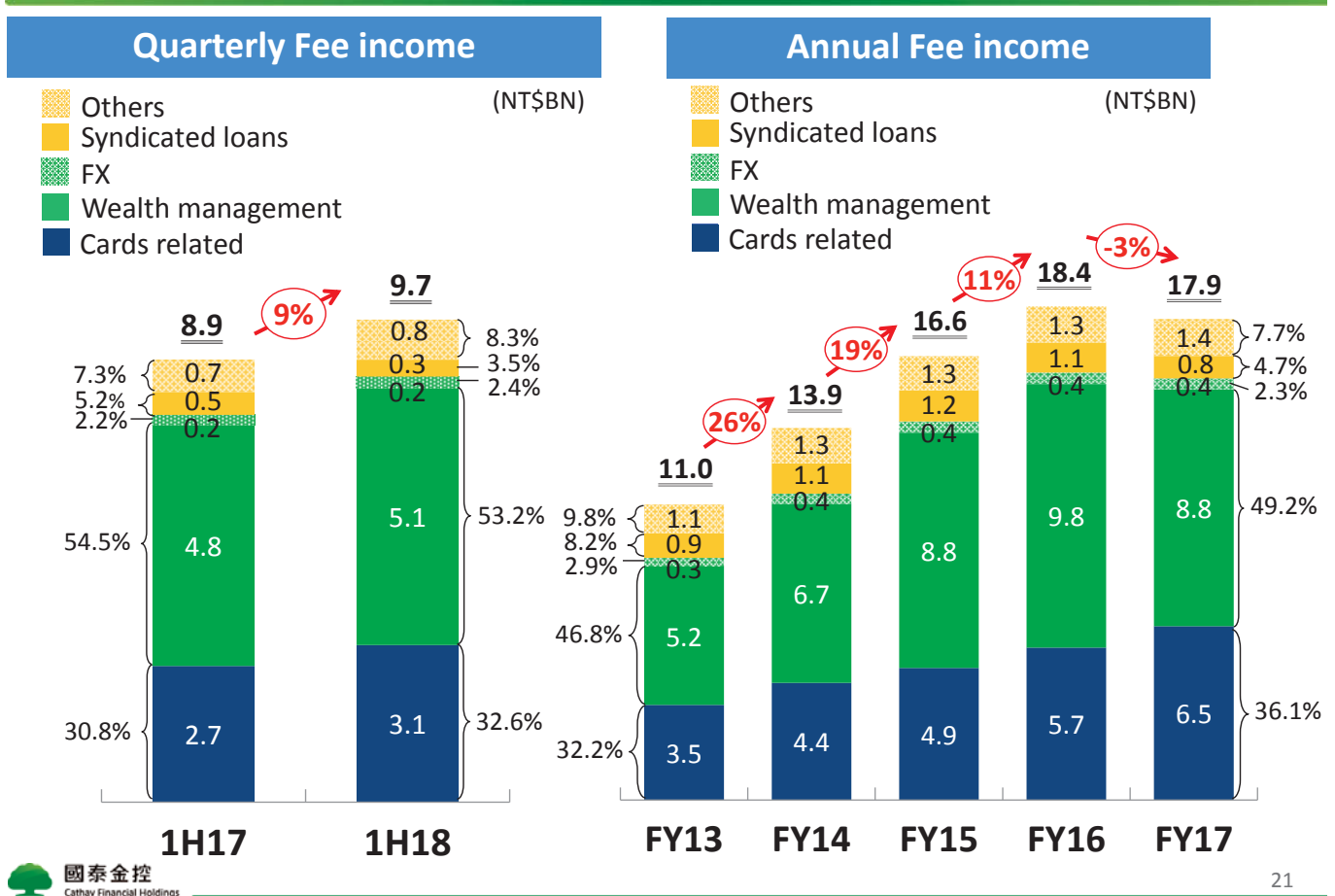
(NT\$BN)



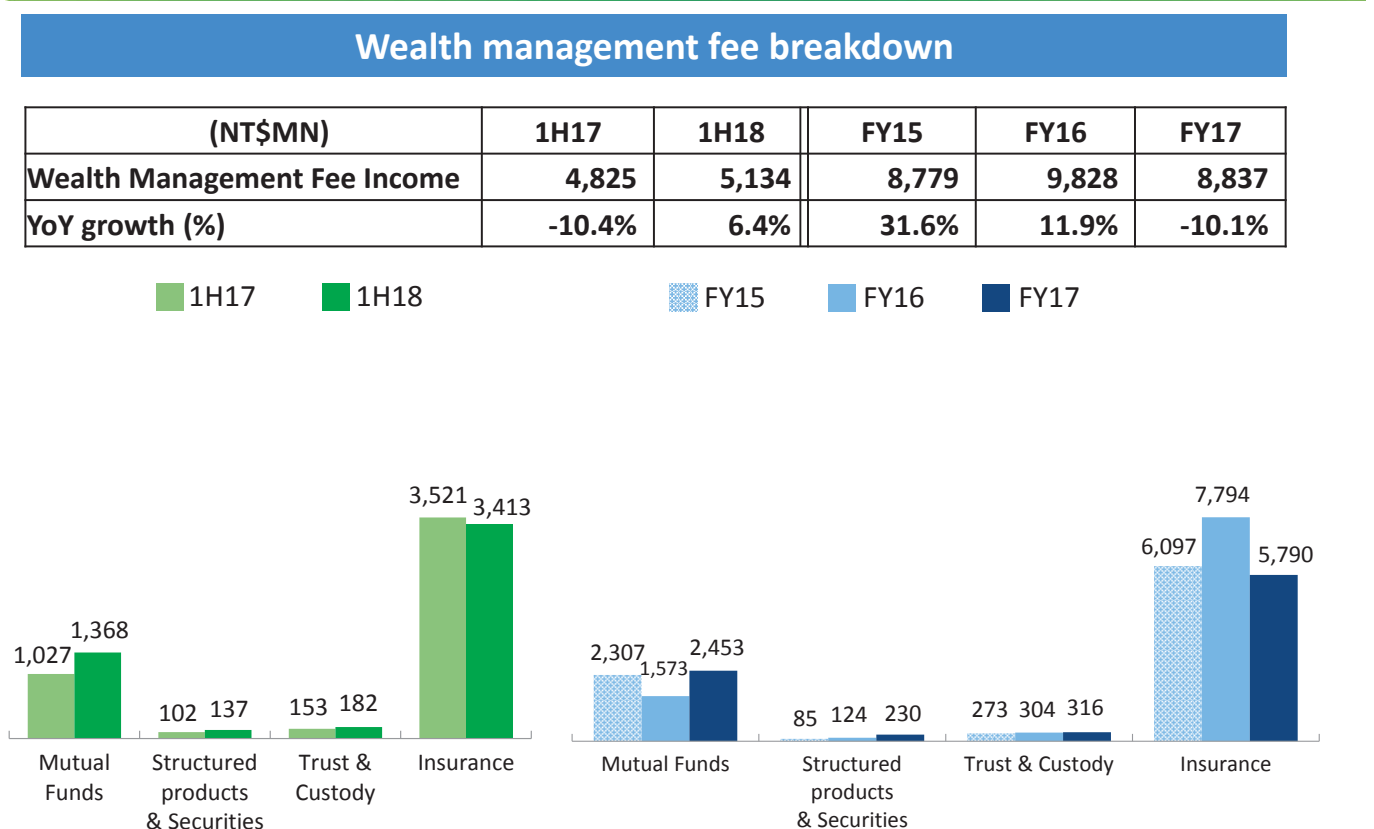
As % of CUB pre-tax profits



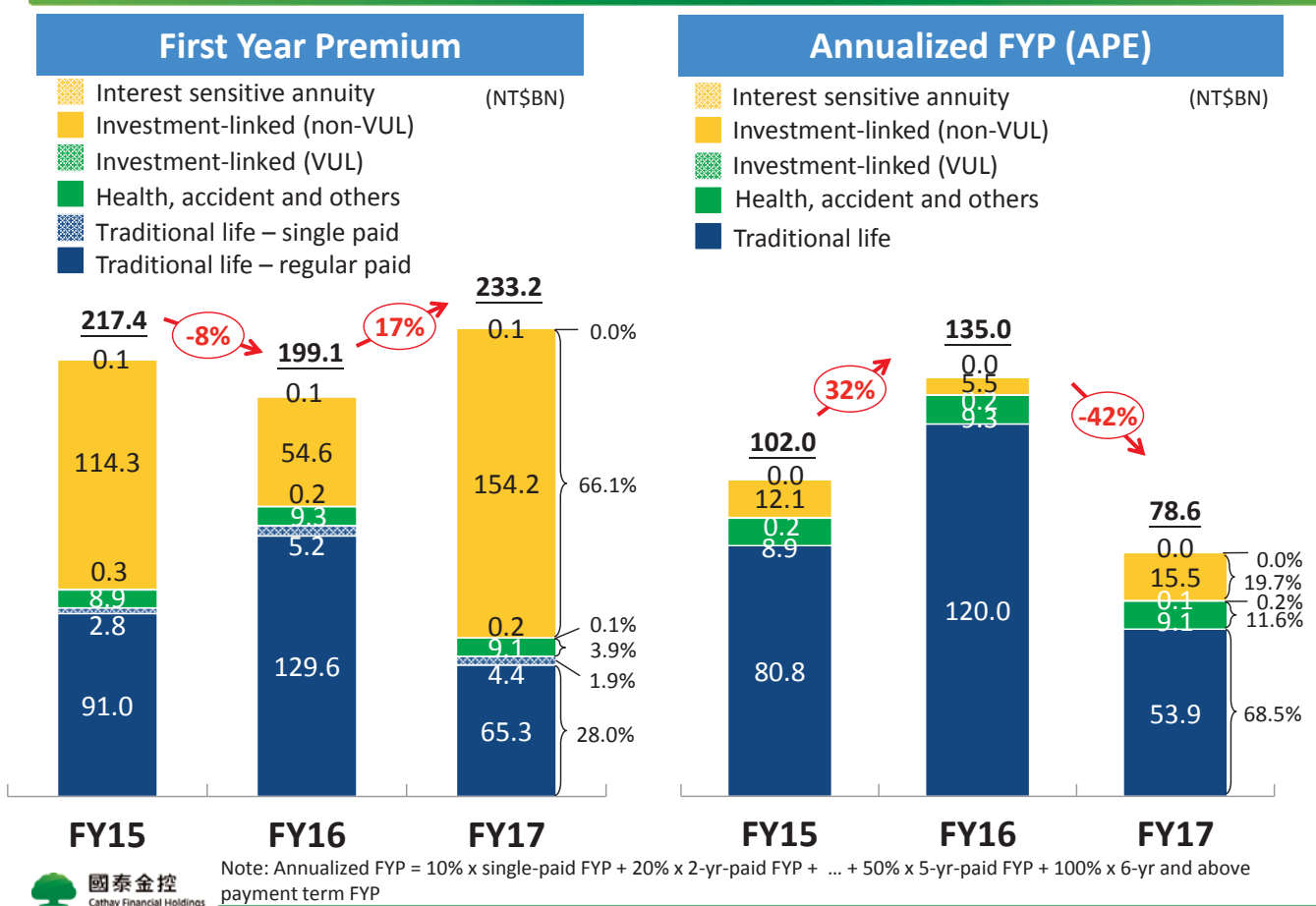
Cathay United Bank – Fee income



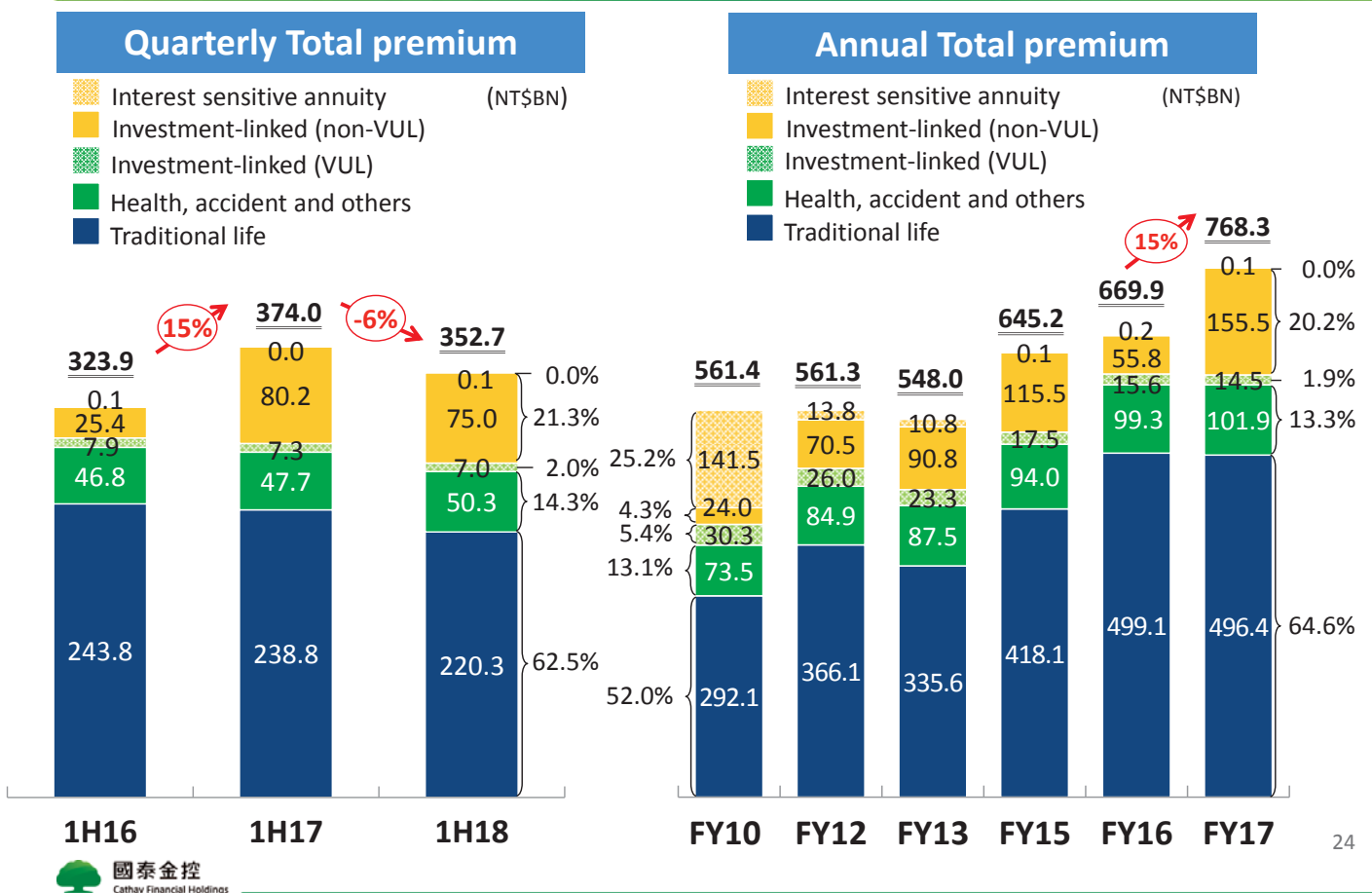
Cathay United Bank – Wealth management fee



Cathay Life – Annual FYP & APE



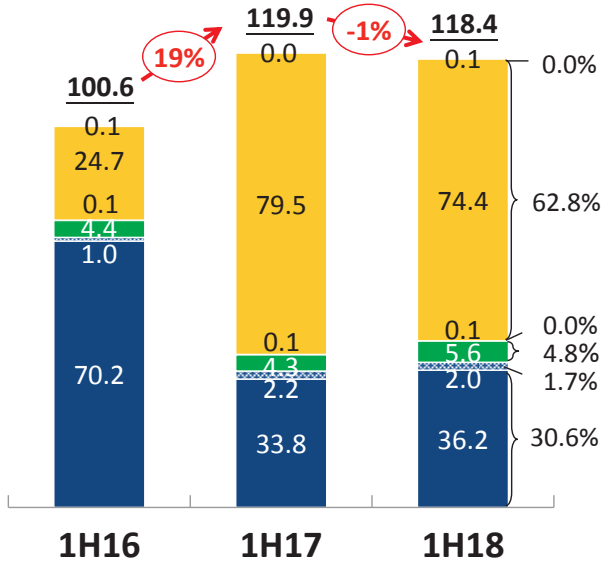
Cathay Life – Total premium



Cathay Life – Quarterly FYP & APE

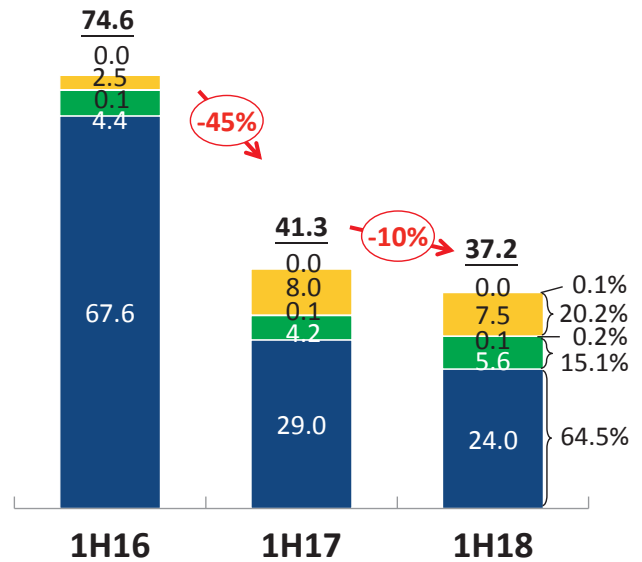
First Year Premium

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



Annualized FYP (APE)

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

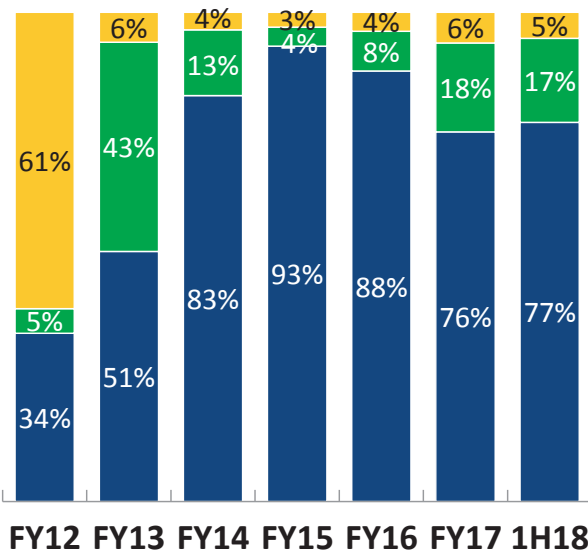


Note: Annualized FYP = 10% x single-paid FYP + 20% x 2-yr-paid FYP + ... + 50% x 5-yr-paid FYP + 100% x 6-yr and above payment term FYP

Cathay Life – Regular paid policies remain as focus

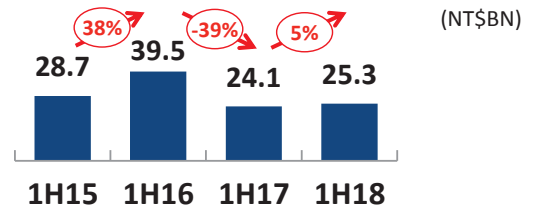
Breakdown of Traditional FYP

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

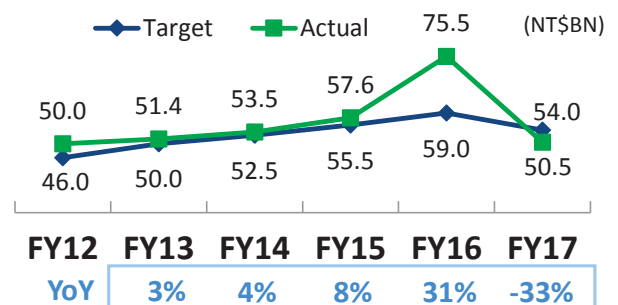


Value for New Business

Profit Margin	1H15	1H16	1H17	1H18
VNB/FYP	26%	39%	20%	21%
VNB/FYPE	59%	53%	58%	68%

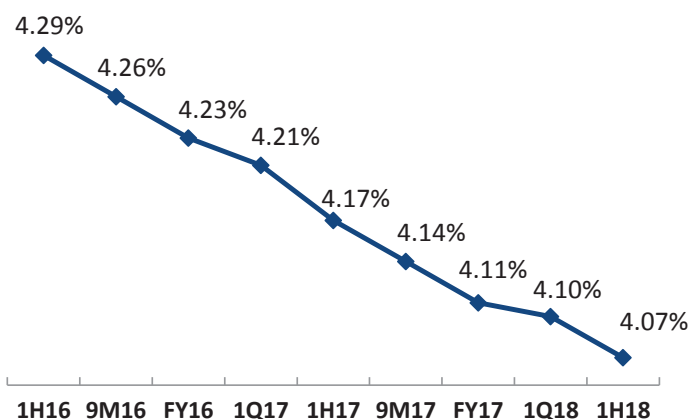


Profit Margin	FY12	FY13	FY14	FY15	FY16	FY17
VNB/FYP	19%	26%	23%	27%	38%	22%
VNB/FYPE	54%	70%	75%	57%	56%	64%

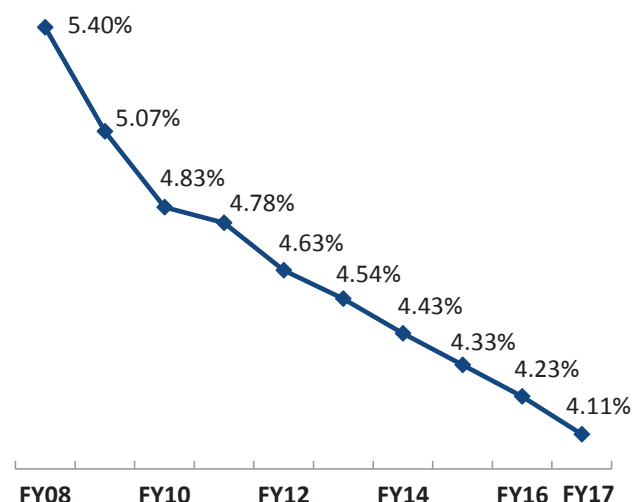


Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of Liability (annual)



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

Cathay Life – Investment portfolio

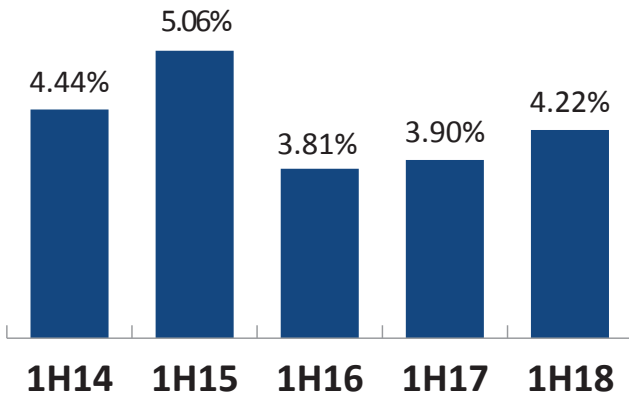
(NT\$BN)	FY15	FY16	FY17			1H18		
Total investments ⁽¹⁾	4,636.6	5,001.1	5,502.6			5,698.9		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	1.3%	1.3%	1.6%	87	0.5%	2.1%	120	0.6%
Equity- Domestic	7.4%	7.9%	8.4%	465	9.1%	8.0%	456	9.7%
Equity- International ⁽²⁾	6.2%	6.4%	6.3%	347	8.3%	6.8%	387	13.4%
Bond- Domestic	8.0%	6.5%	5.5%	305	2.1%	5.2%	294	3.1%
Bond- International ⁽¹⁾⁽²⁾	50.6%	53.8%	55.7%	3,063	5.0%	56.5%	3,223	4.7%
Mortgage & Secured loans	10.2%	8.9%	8.1%	444	1.8%	7.6%	436	1.9%
Policy loans	3.6%	3.3%	3.0%	166	5.8%	2.9%	167	5.7%
Real estate	10.5%	9.8%	9.2%	496	2.3%	8.8%	499	2.2%
Others	2.1%	2.2%	2.4%	130		2.1%	118	

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

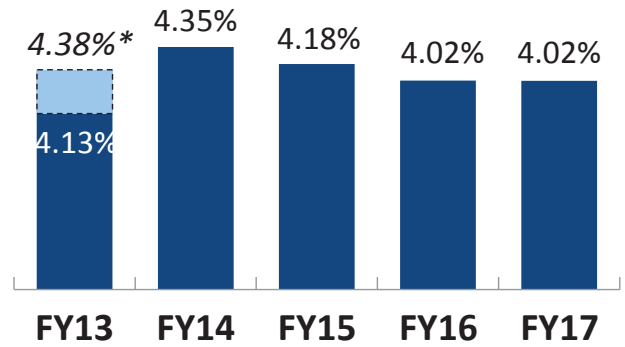
(2) Yields of international equity and international bond are pre-hedge investment yields.

Cathay Life – Investment performance highlight

After-hedging investment yield



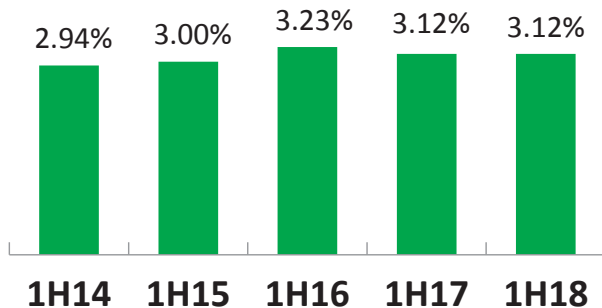
After-hedging investment yield



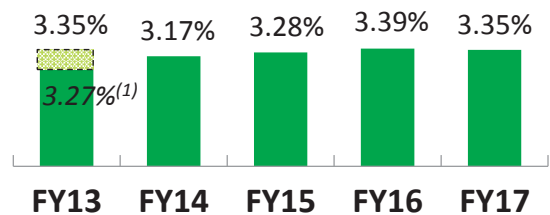
Note: FY13 (4.38%) was pro forma adjusted number of fair value method on investment property.

Cathay Life – Investment performance highlight

Pre-hedging recurring yield

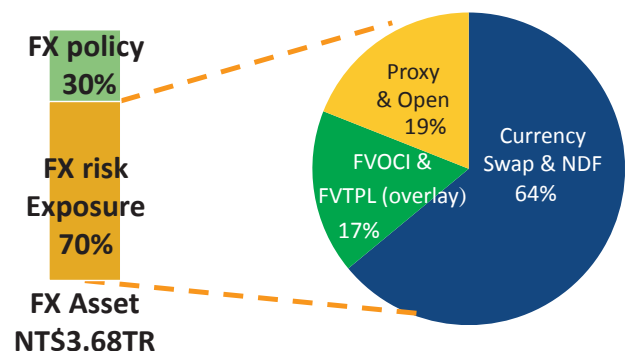


Pre-hedging recurring yield



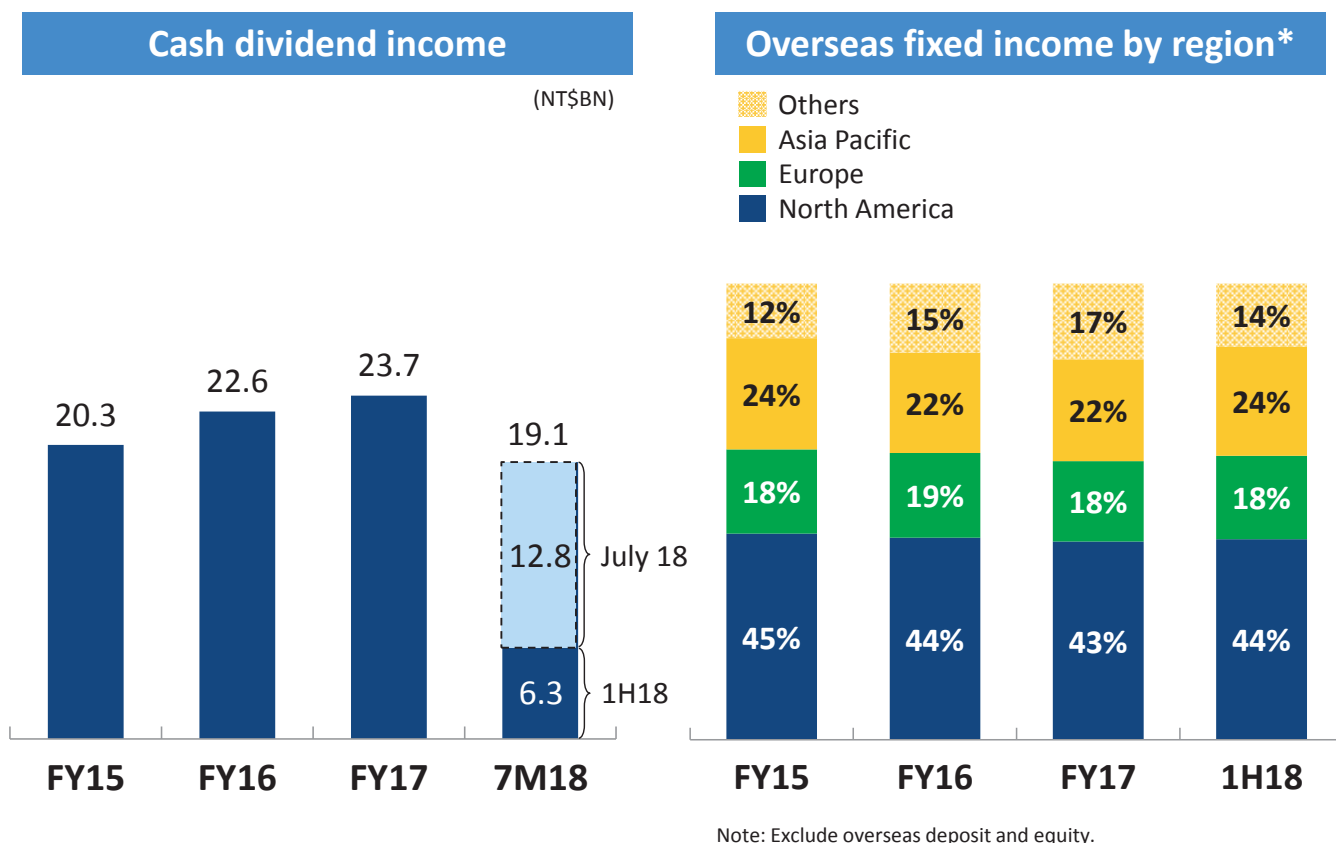
Currency Hedging Structure

1H18 Hedging cost 1.09%

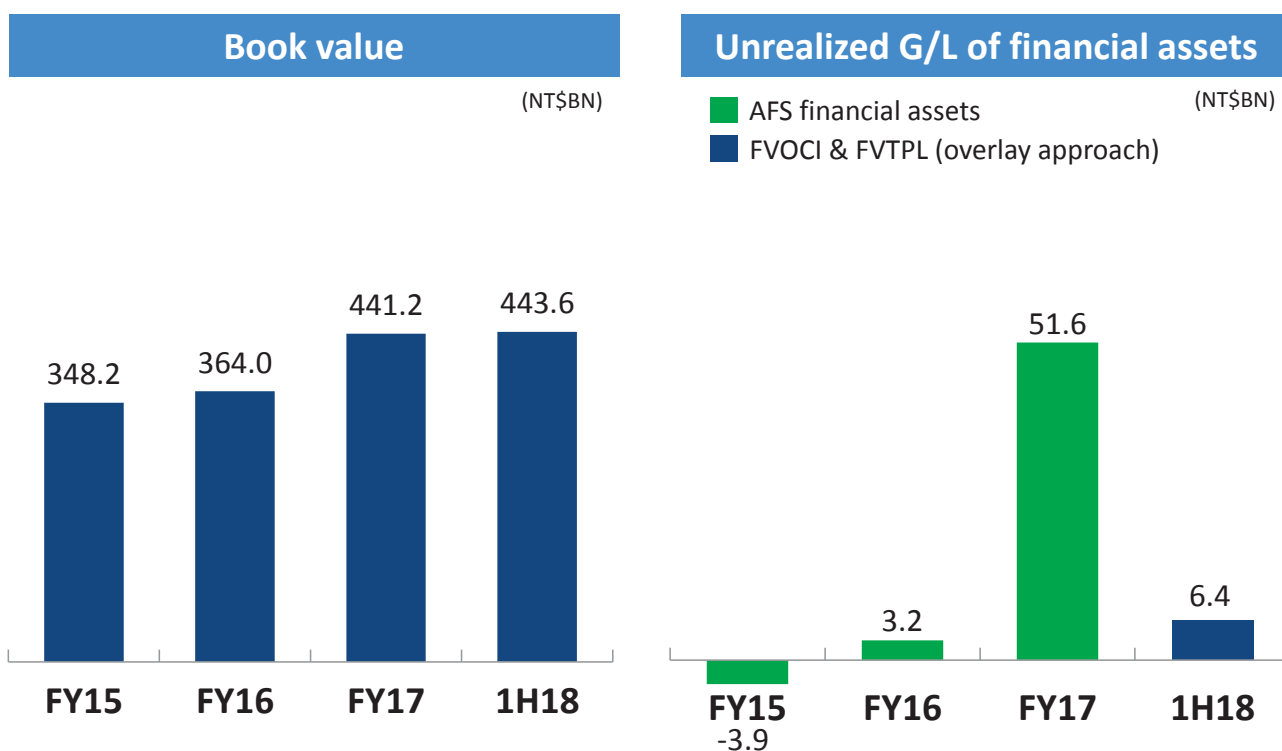


Note: (1) FY13 (3.27%) was pro forma adjusted number of fair value method on investment property.
(2) Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend. Most dividend will be recognized in 2Q & 3Q.

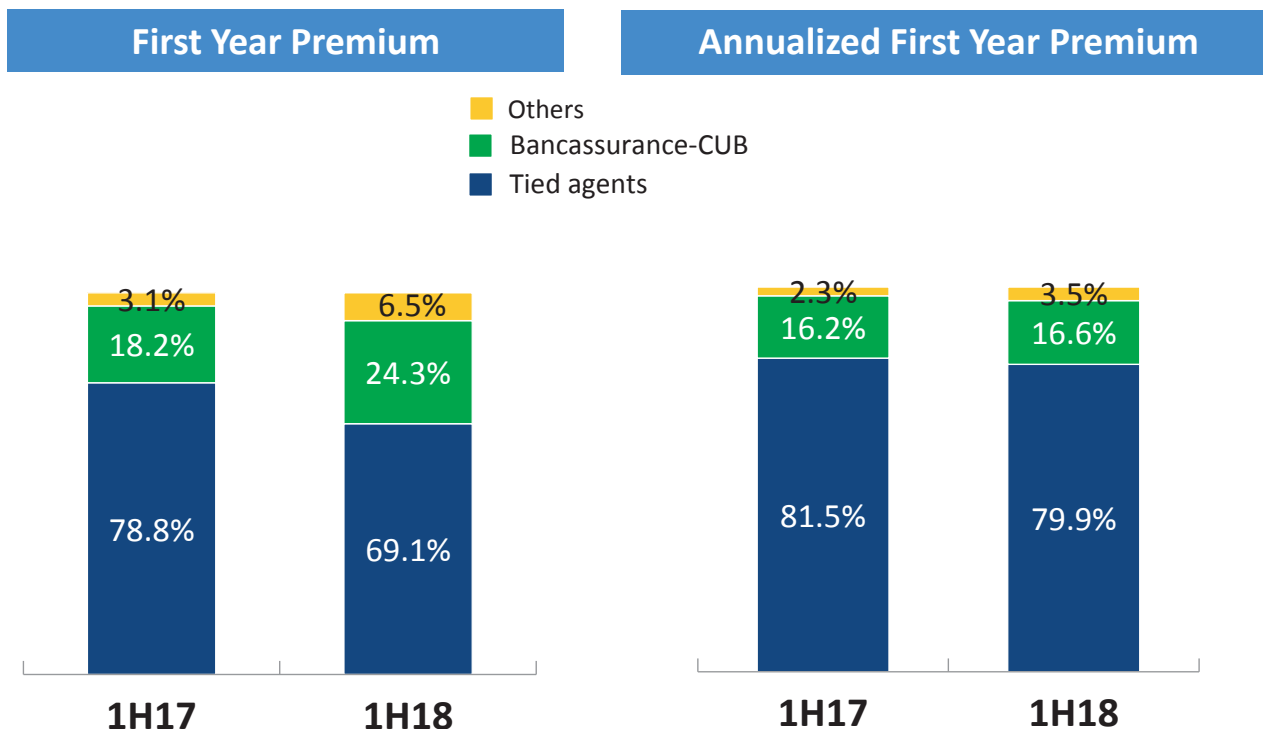
Cathay Life – Cash dividend income & Overseas fixed income by region



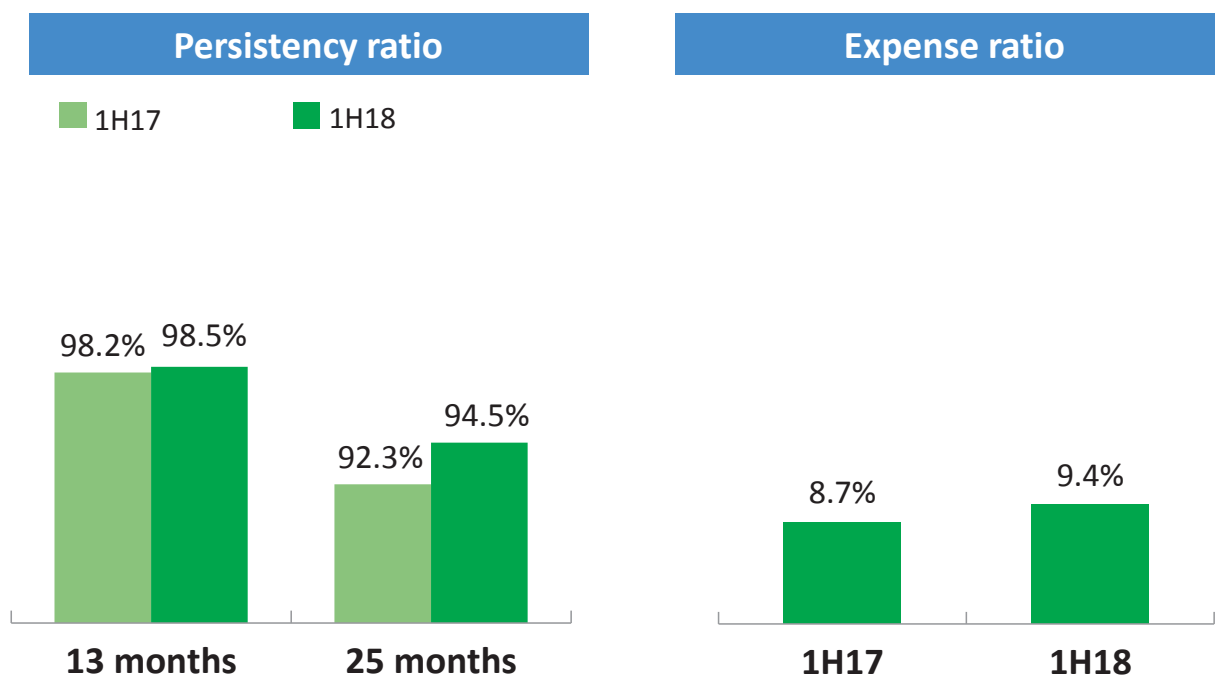
Cathay Life – Book value & Unrealized G/L of financial assets



Cathay Life – Distribution channel



Cathay Life – Operational indicators



Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- Overseas Expansion
- Business Performance Summary

Cathay United Bank

Cathay Life

Cathay Century

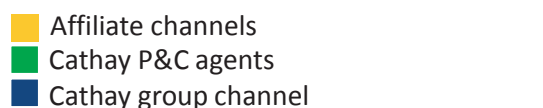
- Cathay's CSR Efforts
- M&A Key Highlights
- Appendix

Cathay Century – Premium income & distribution

Premium income (NT\$BN)



Distribution channel

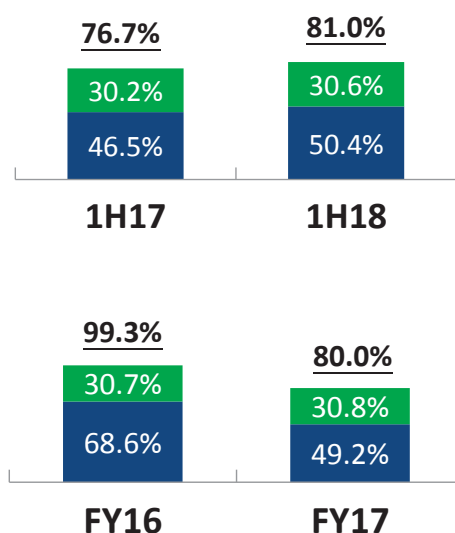


Market share	12.5%	12.5%
Retention	75.7%	77.0%

Cathay Century – Combined ratio

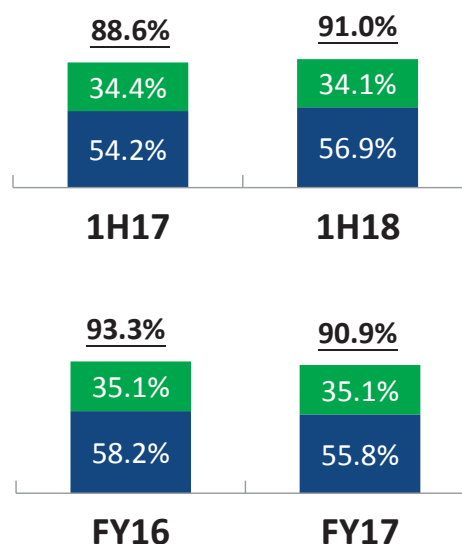
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



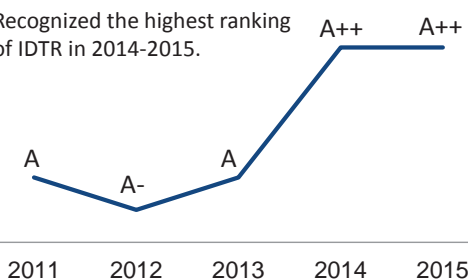
Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay's CSR Efforts**
- M&A Key Highlights
- Appendix

Continuous efforts in CSR

Superior Corporate Governance Performance

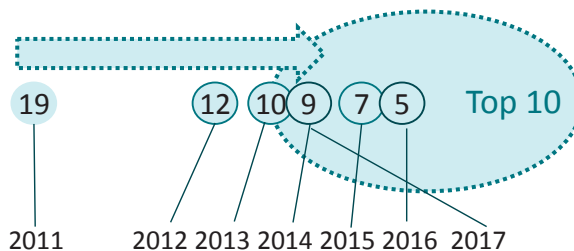
Recognized the highest ranking of IDTR in 2014-2015.



Cathay FHC has been ranked as top 5% of TWSE Corporate Governance Evaluation in 2017.

Ranked Top 10 of Taiwan Corporate Citizenship Award

Ranked top 10 for 5 consecutive years



Recognized by representative international ESG institutions

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

vigeo eiris
BEST EM PERFORMERS

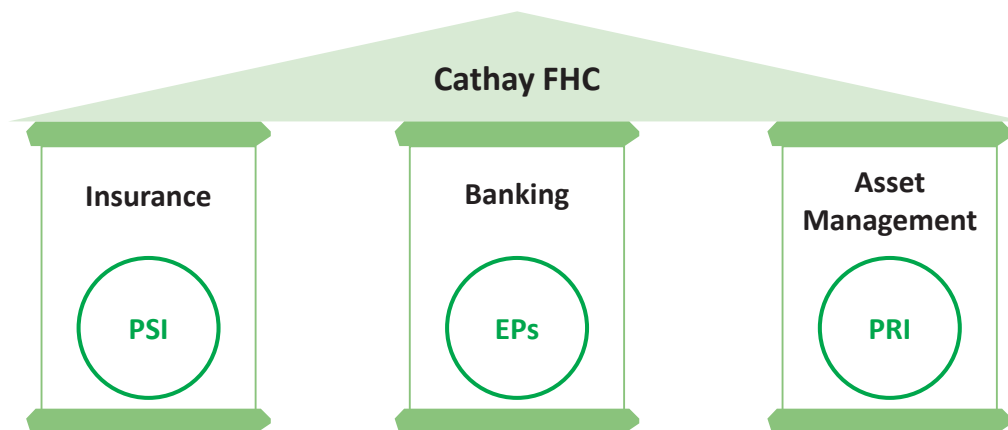
- ✓ Selected in DJSI Emerging Markets since 2015
- ✓ The first Taiwan insurance company included in DJSI

- ✓ Constituents of Vigeo Eiris Best EM Performers

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.

Cathay FHC integrates sustainability into business



Key initiatives

- In 2016, Cathay Life was the first Taiwanese life insurer voluntarily complying with the PSI.
- Cathay Century P&C Insurance also followed PSI framework in 2017.

- In 2015, CUB was the first Taiwanese financial institution signing the Equator Principles (EPs).

- Conning Inc., subsidiary of Conning Holding which was acquired by Cathay FHC, is the PRI signatory.
- Cathay SITE also signed Taiwan Stewardship Code in 2016.

Team in-charge

Corporate Sustainability (CS) team in Cathay Life and Cathay Century

Sustainable Finance Management Section in Cathay United Bank

Responsible investments team under Cathay FHC CS committee

Integrating ESG issues into all business processes

Business Processes	Risk Management	Products & Services	Operation	After-Sales Management	Investment
Integrating ESG into Business Process	<ul style="list-style-type: none"> Consider ESG emerging risks Improve the management of climate risk and opportunity by following TCFD framework Set investment/lending limits and management procedures 	<ul style="list-style-type: none"> Fintech and one-stop service Strengthen the green finance and inclusive finance services Integrate ESG issues to the underwriting and lending processes 	<ul style="list-style-type: none"> Paperless operations and Fintech GHG inventory and carbon emission reduction Water and waste control 	<ul style="list-style-type: none"> Review the product details and offer flexibility to customers when significant ESG incidents occur Trigger critical disaster claims mechanism when significant ESG incidents occur Disclose EPs projects 	<ul style="list-style-type: none"> Exclusion policy ESG integration Sustainability themed investing Corporate engagement and shareholders' actions Investment mandate management

Actively participate in Global ESG initiatives



- Cathay FHC was **the first Taiwanese financial institution joining CDP in 2012** aiming to improve the carbon emission data transparency of Cathay's investee companies and loan customers.
- Participated in the **CDP non-discloser engagement campaign** since 2017 encouraging Cathay's investee companies to respond CDP questionnaires.
- The **response rate in 2017 reached 19%**, higher than overall response rate.



- Cathay FHC was **the only Taiwanese financial institution joining Low Carbon Investment Registry** initiated by GIC in 2014.
- The low carbon investment amount registered in 2015 reached US\$ 1.73 billion.



- **Cathay FHC joined AIGCC in 2016** and participates in the monthly conference calls discussing the global trends of climate change.



- Cathay Life and Cathay SITE are the **signatories of Climate Action 100+ initiatives**.
- Cathay will **engage with Taiwanese companies who are the substantial greenhouse emitters** by encouraging them to disclose the impact of climate-related risks and opportunities based on TCFD recommendation.

Agenda

- Introduction of Cathay FHC
- 1H18 Business overview
- Overseas Expansion
- Business Performance Summary
 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- Cathay's CSR Efforts
- **M&A Key Highlights**
- Appendix

M&A Transaction: Conning in USA

- Cathay Life acquired 100% stake of Conning Holdings Corporation in 2015 for US\$240 MN. 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 US\$132 BN AuM (1H2018)
- Conning operates through its offices in North America, Europe and Asia

<u>Assets by Client Type (US\$BN)</u>	<u>Assets</u>	<u>Assets by Region (US\$BN)</u>	<u>Assets</u>
Life	45.9	North America	69.1
Property-Casualty	42.2	APAC	43.9
Managed CLO Funds	13.8	United Kingdom	5.7
Mutual Fund	8.4	Continental Europe	10.4
Pension Plans	12.1	Bermuda	1.7
Healthcare	2.3	Other	1.0
Banks	1.8		
Others	5.3		
Total AUM	131.8	Total AUM	131.8

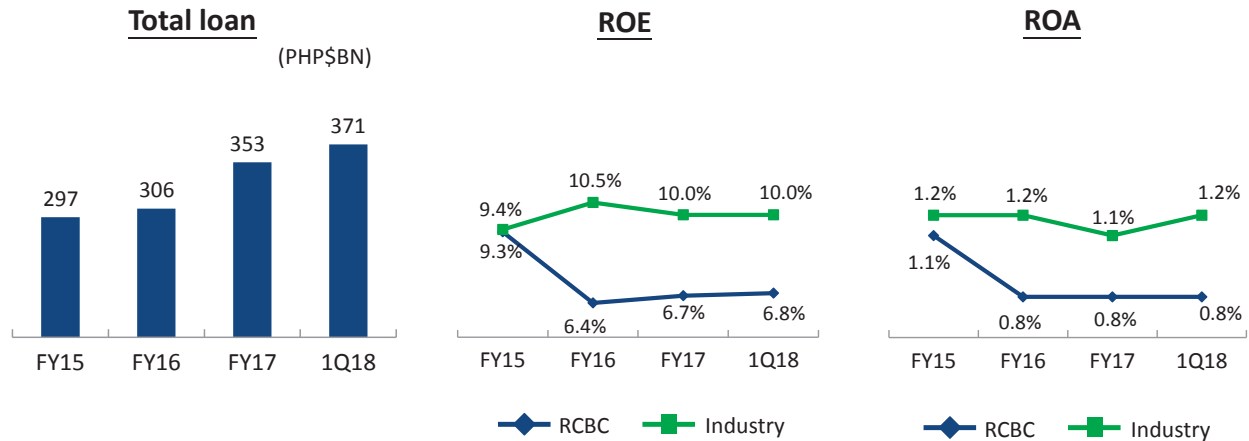
Note: Totals may not sum due to rounding.

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 PHP\$17.9 BN (c. US\$400 MN). 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

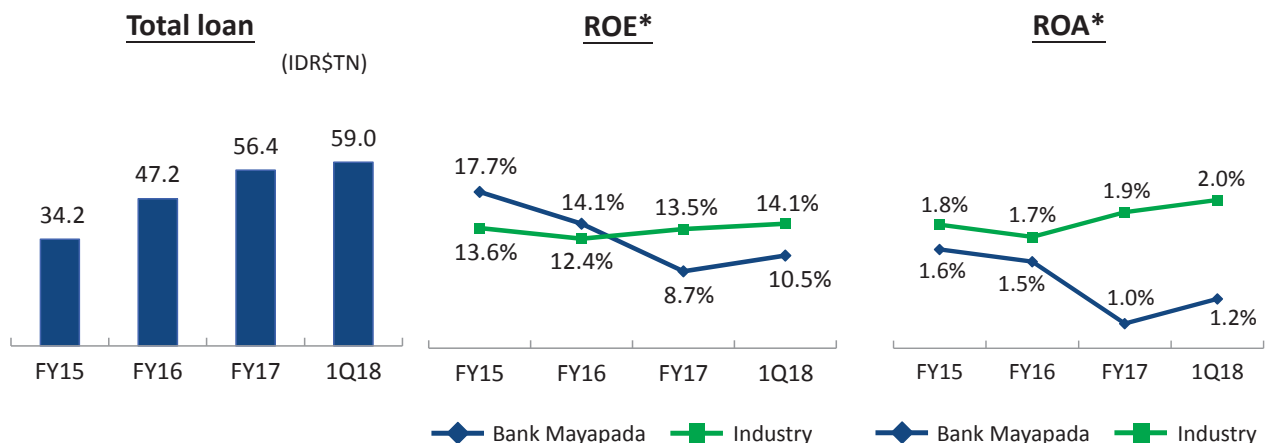
- RCBC is one of the large private-owned banks in terms of total assets, with 509 branches and over 6,836 employees



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 (US\$ 164 MN) – completed in 1H15
 - Stage 2 : acquire 15.1% stake – completed in Oct 2016
- Total investment was ~IDR\$3.52 TN (US\$ 295 MN), representing a ~3.15x P/B multiple upon announcement

Bank Mayapada’s Performance



Note: ROE: Profit After Tax/Average Total Equity, ROA: Profit After Tax/Average Total Assets; ROE and ROA in the unaudited report are 25.5%(=Profit After Tax /Average Core Capital (Tier1) and 2.4% (=Profit Before Tax/Average Total Assets) respectively.

Embedded Value & Appraisal Value

NT\$BN, except for per share figures

Valuation date	2016/12/31	2017/12/31
In-force business investment yield	4.00% ~ Year 2036 5.05% for NTD policies 4.76% ~ Year 2036 5.82% for USD policies (Equivalent investment yield: 4.50% Rolling over to 2017: 4.51%)	3.92% ~ Year 2037 5.05% for NTD policies 4.67% ~ Year 2037 5.82% for USD policies (Equivalent investment yield: 4.43%)
Risk discount rate	10%	10%
Adjusted net worth	392	464
Value of in-force business	633	670
Cost of capital (CoC)	-169	-190
Value of in-force business (After CoC)	464	480
Embedded Value (EV)	856	944
EV / per share	161.3(68.1)	164.8(75.1)
Future one year's new business investment yield	2.97% ~ Year 2036 4.91% for NTD policies 4.38% ~ Year 2036 5.84% for USD policies	2.91% ~ Year 2037 4.91% for NTD policies 4.22% ~ Year 2037 5.84% for USD policies
Value of future one year's new business (After CoC)	54.0	54.5
Appraisal Value (AV)	1,328	1,416
AV / per share	250.3(105.7)	247.3(112.7)

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 in 2016 and 2017 are 5.3bn and 5.7bn, respectively. The increase of outstanding shares of Cathay Life in 2017 reflects capital injection in June 2018.
 (4) The outstanding shares of Cathay FHC in 2016 and 2017 are 12.6bn.
 (5) May not sum to total due to rounding.

Summary

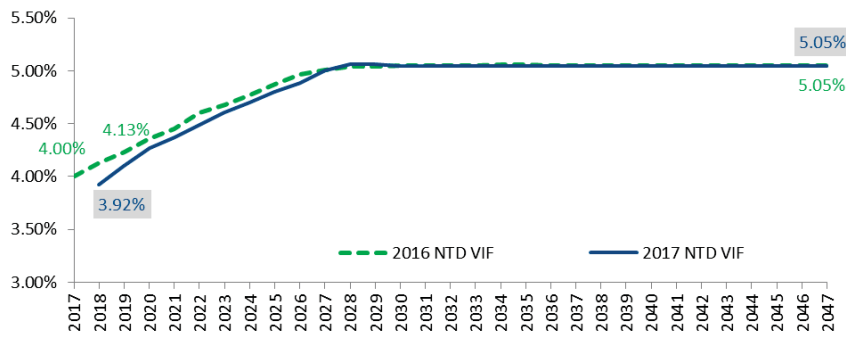
NT\$BN, except for per share figures

Valuation date		2016	2017	Growth rate	1Q18
Embedded value	Equity	361	436	21%	--
	Adjusted net worth	392	464	18%	--
	Value of in-force business(before CoC)	633	670	6%	--
	Cost of capital (CoC)	-169	-190	12%	--
	Value in-force business (after CoC)	464	480	3%	--
	Embedded value	856	944	10%	--
Value of one year's new business	First year premium (FYP)	199.1	233.2	17%	67.9
	First year premium equivalent (FYPE)	135.0	78.6	-41%	21.4
	Value of one year's new business (V1NB)	75.5	50.5	-33%	14.5
	Profit margin (V1NB/FYP)	38%	22%	--	21%
	Profit margin (V1NB/FYPE)	56%	64%	--	68%
	Profit margin (V1NB/FYP)(investment-linked(non-VUL)is excluded)	51%	57%	--	55%
Appraisal value (20 years NB)	Multiple	8.7	8.7	--	--
	Appraisal value	1,328	1,416	7%	--
Basic Value per share	EV / per share of Cathay FHC	68.1	75.1	10%	--
	AV / per share of Cathay FHC	105.7	112.7	7%	--

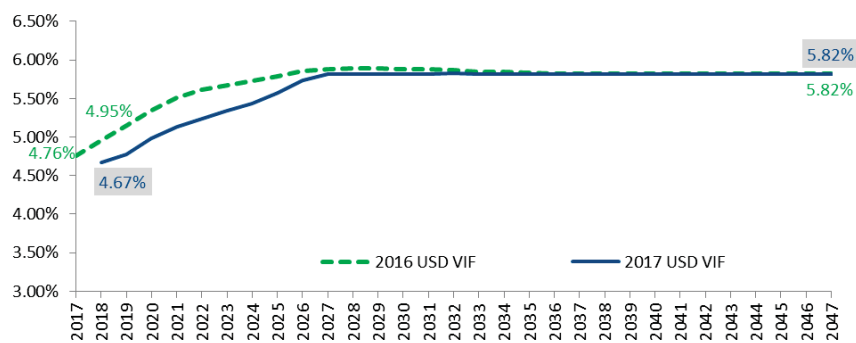
Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares 12.6bn.
 (2) Totals may not sum due to rounding.

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 2016 & 2017.

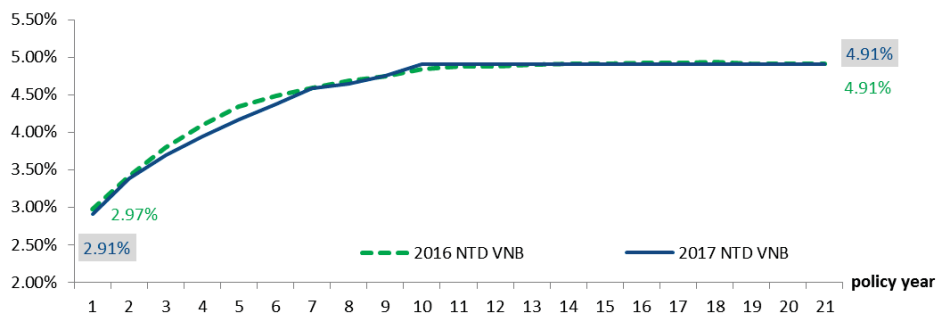


- Investment return assumptions for the value of in force business of USD-denominated policies as of the end of 2016 & 2017.

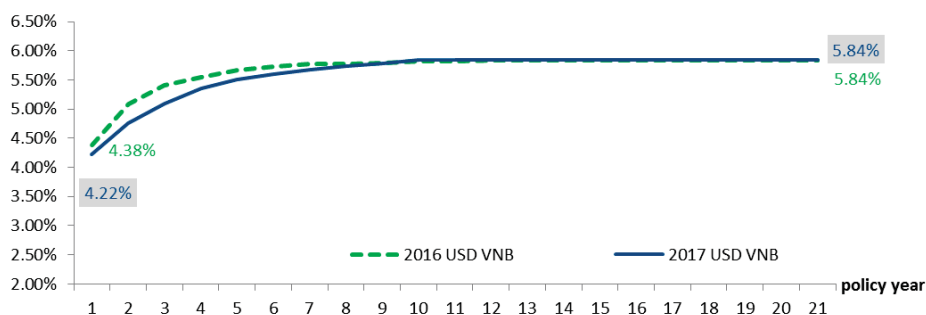


Economic Assumptions: Future one year's new business investment yield

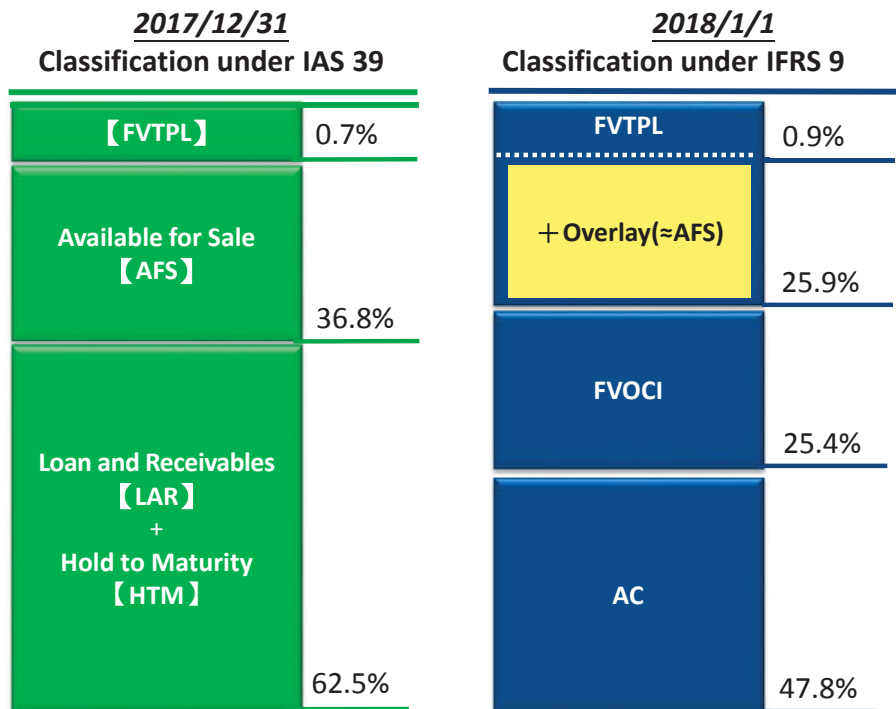
- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2016 & 2017.



- Investment return assumptions for the value of future one year's new business of USD-denominated policies as of the end of 2016 & 2017.



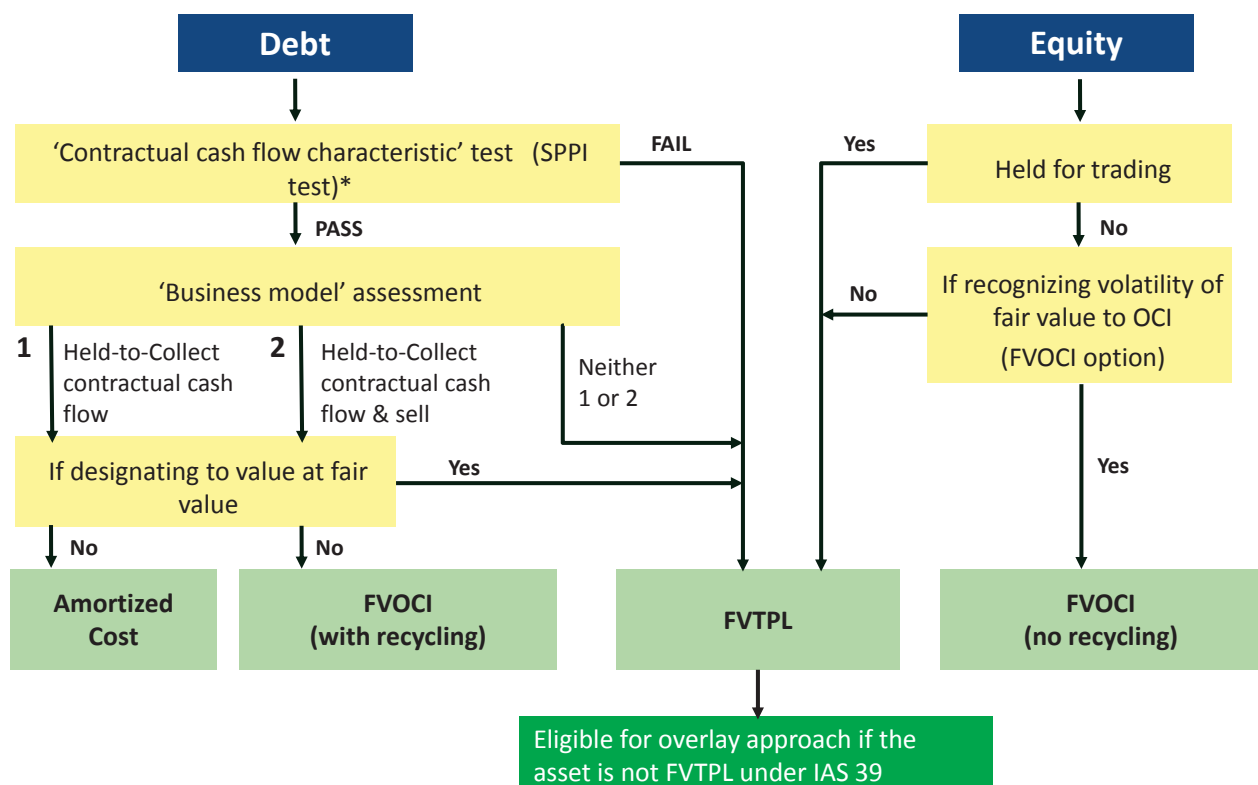
Cathay Life - Asset reclassification under IFRS 9



Cathay Life's book value increased by NT\$32.6 bn.

Note: FVTPL stands for Fair Value through Profit or Loss, FVOCI stands for Fair Value through Other Comprehensive Income, and AC stands for Amortized Cost.

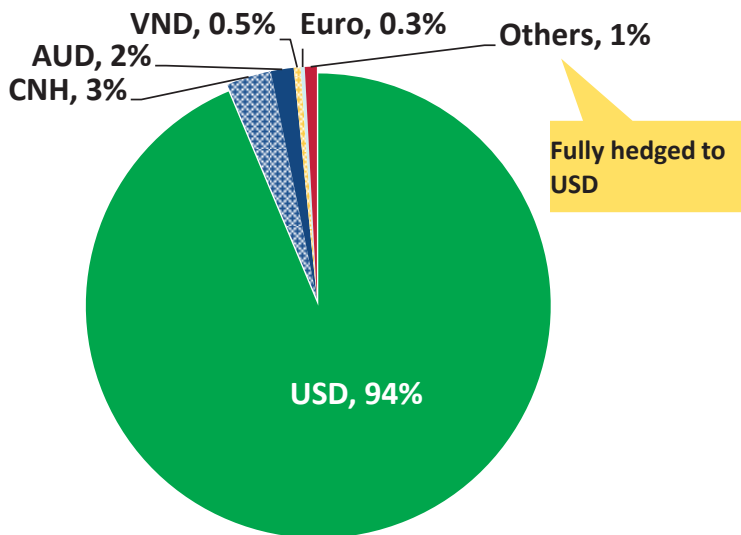
Asset classification under IFRS 9 with overlay approach



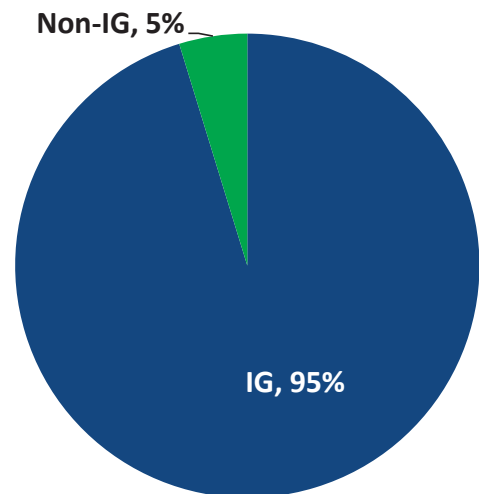
*SPPI means cash flow are solely payments of the principal and interests on the principal amount outstanding. Interests consist of the consideration of time value and credit risk associated with the principal.

Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (1H18)

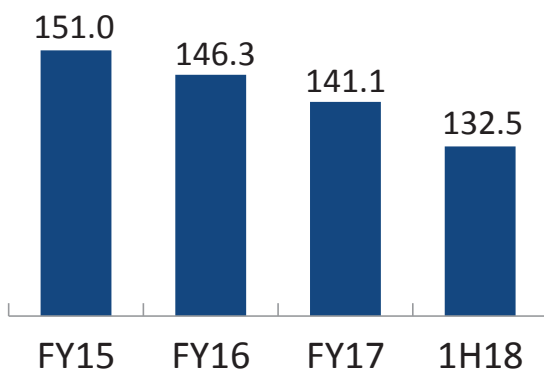


Overseas bond by rating (1H18)

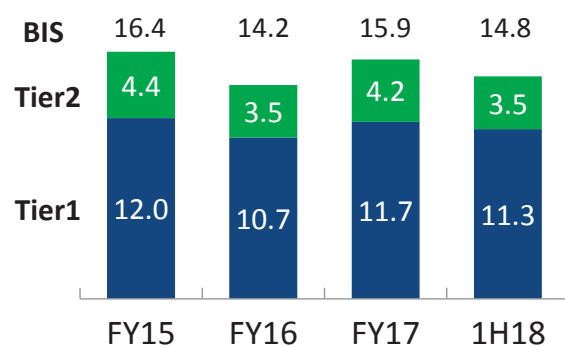


Capital adequacy

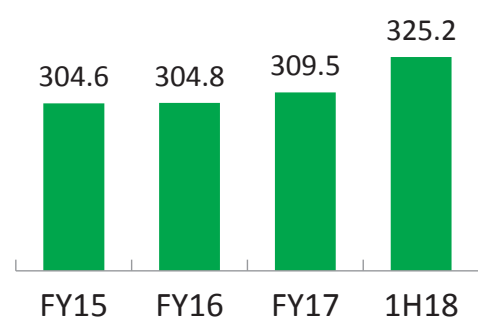
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



Cathay Life RBC (%)



Cathay Financial Holdings
(NT\$MN)

Income Statement Data (Consolidated)	FY17/			1H18/			2Q18/		
	FY16	FY17	% Chg	1H17	1H18	% Chg	2Q17	2Q18	% Chg
Operating Income									
Net interest income	153,478	168,461	10%	81,806	85,100	4%	41,281	43,996	7%
Net commission and fee	(8,050)	1,070	113%	507	1,998	294%	723	1,019	41%
Net earned premium	622,916	624,617	0%	299,246	285,848	-4%	155,371	149,480	-4%
Change in liability reserve	(408,614)	(445,833)	-9%	(208,596)	(178,135)	15%	(110,023)	(98,225)	11%
Net claims payment	(308,697)	(295,503)	4%	(146,689)	(174,476)	-19%	(73,378)	(84,726)	-15%
Investment income	37,782	62,065	64%	23,272	58,054	149%	18,207	26,892	48%
Contribution from associates-equity method	1,202	1,298	8%	690	537	-22%	218	470	116%
Other net non-interest income	40,606	22,446	-45%	15,781	(1,769)	-111%	5,264	(2,983)	-157%
Bad debt expense	(5,232)	(3,460)	34%	(1,274)	(1,444)	-13%	(954)	(1,027)	-8%
Operating expense	(75,207)	(75,526)	0%	(35,098)	(38,162)	-9%	(17,922)	(19,143)	-7%
Income before taxes	50,185	59,636	19%	29,646	37,552	27%	18,787	15,754	-16%
Income taxes	(2,145)	(2,962)	-38%	(3,191)	(1,538)	52%	(3,123)	(2,996)	4%
Net income	48,039	56,673	18%	26,455	36,014	36%	15,665	12,757	-19%
EPS (NT\$)	3.79	4.47		2.08	2.71		1.23	0.87	
Dividend Payout									
Cash dividend per share	2.00	2.50							
Stock dividend per share	0.00	0.00							
Weighted average outstanding shares (Millions of common shares)	12,563	12,563		12,563	12,563				
Balance Sheet Data									
Total assets	8,135,137	8,841,510		8,463,548	9,209,246				
Total shareholders' equity	529,824	608,471		562,421	599,671				
Operating Metrics									
ROAE (Consolidated)	9.70%	9.96%		9.69%	11.58%				
ROAA (Consolidated)	0.61%	0.67%		0.64%	0.80%				
Double leverage ratio(inc. preferred stock)	105%	108%		108%	112%				
Capital Adequacy Metrics									
Capital Adequacy Ratio	146%	141%		129%	133%				

Notes:

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) Total may not sum due to rounding.

(3) Starting from 2018/1/1, Cathay FHC adopted IFRS9. The comparative information for prior periods was not restated.

Cathay Life
 (NT\$MMN)

	FY17/ FY16			1H18/ 1H17			2Q18/ 2Q17		
<u>Income Statement Data (Consolidated)</u>	FY16	FY17	% Chg	1H17	1H18	% Chg	2Q17	2Q18	% Chg
Net written premium	605,910	608,404	0%	291,336	277,352	-5%	151,225	145,106	-4%
Net earned premium	605,231	607,547	0%	291,408	277,566	-5%	150,915	145,041	-4%
Reinsurance commission earned	363	301	-17%	287	445	55%	234	390	66%
Fee income	5,542	9,468	71%	4,611	4,945	7%	2,022	2,285	13%
Recurring investment income	161,051	173,846	8%	79,127	88,063	11%	41,578	47,720	15%
Gain on disposal of investment									
Realized gain (loss)-Equity	18,210	43,625	140%	26,144	37,642	44%	11,401	12,553	10%
Realized gain (loss)-Debt	29,382	21,233	-28%	11,569	10,982	-5%	6,338	2,172	-66%
Gain on investment property	5,000	(756)	-115%	(355)	(635)	-79%	(354)	(616)	-74%
FX and others, net	(21,333)	(28,258)	-32%	(16,740)	(16,734)	0%	(5,923)	(5,593)	6%
Investment income, net	192,310	209,691	9%	99,745	119,319	20%	53,041	56,236	6%
Other operating income	5,032	5,069	1%	2,469	2,626	6%	1,301	1,336	3%
Separate account revenues	39,589	44,304	12%	20,522	17,062	-17%	15,702	14,384	-8%
Net claims payment	(297,201)	(284,023)	4%	(141,820)	(169,127)	-19%	(70,449)	(81,873)	-16%
Changes in liability reserves	(408,398)	(445,843)	-9%	(208,429)	(178,220)	14%	(109,991)	(98,186)	11%
Acquisition and commission expense	(38,901)	(32,507)	16%	(15,566)	(16,427)	-6%	(7,335)	(7,807)	-6%
Other operating costs	(6,381)	(6,418)	-1%	(2,847)	(3,970)	-39%	(1,314)	(1,907)	-45%
Financial cost	(413)	(1,963)	-375%	(767)	(1,147)	-50%	(474)	(579)	-22%
Separate account expense	(39,589)	(44,304)	-12%	(20,522)	(17,062)	17%	(15,702)	(14,384)	8%
Operating expense	(30,768)	(28,790)	6%	(14,134)	(14,295)	-1%	(7,023)	(6,929)	1%
Net non-operating income	1,956	1,442	-26%	719	701	-3%	349	376	8%
Income taxes	1,861	2,294	23%	541	2,665	393%	(192)	(32)	83%
Net income	30,235	36,268	20%	16,214	25,079	55%	11,083	8,352	-25%
Balance Sheet Data									
Total assets	5,556,950	6,097,655		5,821,673	6,370,070				
General account	5,058,936	5,542,385		5,288,624	5,796,356				
Separate account	498,014	555,269		533,049	573,714				
Reserves for life insurance liabilities	4,567,324	4,944,292		4,718,697	5,148,873				
Total liabilities	5,192,967	5,656,473		5,417,319	5,926,488				
Total shareholders' equity	363,984	441,181		404,353	443,582				
Operating Metrics									
First Year Premium(FYP)	199,082	233,250		119,896	118,375				
First Year Premium Equivalent(FYPE)	135,035	78,602		41,282	37,221				
Expense ratio	10.3%	8.6%		8.7%	9.4%				
13-M persistency ratio	98.3%	98.2%		98.2%	98.5%				
25-M persistency ratio	92.2%	94.3%		92.3%	94.5%				
ROAE	8.49%	9.01%		8.44%	10.93%				
ROAA	0.56%	0.62%		0.57%	0.80%				
Capital Adequacy Metrics									
RBC ratio (Standalone)	305%	309%		308%	325%				

Notes:

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) Total may not sum due to rounding.

(3) Starting from 2018/1/1, Cathay Life adopted IFRS9. The comparative information for prior periods was not restated.

Cathay United Bank

(NT\$MN)			FY17/ FY16			1H18/ 1H17			2Q18/ 2Q17
<u>Income Statement Data (Consolidated)</u>	FY16	FY17	% Chg	1H17	1H18	% Chg	2Q17	2Q18	% Chg
Operating Income									
Net interest income	25,910	29,701	15%	14,440	15,972	11%	7,408	8,261	12%
Fee income	15,745	14,862	-6%	7,419	8,122	9%	3,569	3,640	2%
Investment income	8,278	9,442	14%	4,261	4,810	13%	2,793	2,735	-2%
Other income	1,222	1,216	0%	538	423	-21%	255	244	-4%
Net operating income	51,154	55,222	8%	26,658	29,327	10%	14,025	14,880	6%
Operating expenses	(26,959)	(29,301)	-9%	(13,077)	(14,725)	-13%	(6,527)	(7,650)	-17%
Pre-provision profit	24,195	25,920	7%	13,581	14,602	8%	7,498	7,230	-4%
Net provisions for possible losses	(4,455)	(3,494)	22%	(1,308)	(1,492)	-14%	(937)	(1,059)	-13%
Income before taxes	19,740	22,426	14%	12,273	13,110	7%	6,561	6,171	-6%
Income tax	(2,229)	(2,763)	-24%	(1,552)	(1,951)	-26%	(848)	(815)	4%
Net income	17,511	19,664	12%	10,721	11,159	4%	5,713	5,356	-6%
Balance Sheet Data									
Total assets	2,566,669	2,735,704		2,626,136	2,825,811				
Loans, net	1,437,531	1,434,558		1,417,573	1,516,146				
Financial assets	849,989	859,590		812,764	904,802				
Total liability	2,406,701	2,553,396		2,451,877	2,631,073				
Deposits	2,032,600	2,098,368		2,053,747	2,150,273				
Financial Debenture Payable	51,900	63,350		63,350	55,600				
Total shareholders' equity	159,968	182,308		174,259	194,738				
Operating Metrics									
Cost income ratio	52.70%	53.06%		49.06%	50.21%				
ROAE	11.06%	11.49%		12.83%	11.74%				
ROAA	0.71%	0.74%		0.83%	0.80%				
Assets Quality									
NPL	2,133	2,982		2,556	2,949				
NPL ratio	0.15%	0.21%		0.18%	0.20%				
NPL provisions	19,686	22,553		21,075	23,257				
Coverage ratio	923%	756%		824%	789%				
Capital Adequacy Metrics									
BIS ratio (Standalone)	14.2%	15.9%		14.8%	14.8%				
Tier I Ratio (Standalone)	10.7%	11.7%		10.8%	11.3%				

Notes:

- (1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.
For more details, please refer to our official financial reports.
- (2) Total may not sum due to rounding.
- (3) Starting from 2018/1/1, Cathay United Bank adopted IFRS9. The comparative information for prior periods was not restated.

Cathay Century

(NT\$MM)	FY17/			1H18/			2Q18/		
	FY16	FY17	FY16 % Chg	1H17	1H18	1H17 % Chg	2Q17	2Q18	2Q17 % Chg
Income Statement Data (Consolidated)									
Premium income	22,774	21,878	-4%	10,786	11,370	5%	5,706	6,006	5%
Net written premium	17,390	16,610	-4%	8,129	8,707	7%	4,212	4,454	6%
Net earned premium	17,213	16,344	-5%	7,989	8,430	6%	4,110	4,277	4%
Reinsurance commission earned	526	489	-7%	247	272	10%	124	131	6%
Fee income	44	42	-6%	21	22	6%	11	11	1%
Investment	2,082	892	-57%	399	626	57%	220	379	73%
Interest income	568	547	-4%	269	280	4%	138	145	5%
Other investment income, net	1,514	345	-77%	130	346	166%	82	234	187%
Other operating income	0	0	0%	0	0	0%	0	0	0%
Net claims payment	(9,559)	(9,138)	4%	(4,246)	(4,707)	-11%	(2,230)	(2,297)	-3%
Changes in liability reserves	(209)	10	105%	(167)	86	152%	(32)	(39)	-23%
Commissions and other operating costs	(3,015)	(2,859)	5%	(1,378)	(1,457)	-6%	(699)	(694)	1%
Operating expenses	(4,248)	(3,609)	15%	(1,756)	(1,865)	-6%	(895)	(958)	-7%
Operating income	2,834	2,170	-23%	1,111	1,407	27%	608	811	33%
Net non-operating income	(1)	(16)	-1862%	(9)	(7)	16%	(4)	(3)	21%
Income taxes	(492)	(297)	40%	(149)	(231)	-55%	(86)	(122)	-41%
Net income	2,342	1,858	-21%	953	1,168	23%	518	685	32%
Balance Sheet Data									
Total assets	38,250	38,351		38,940	39,603				
Total stockholders' equity	9,216	10,517		8,830	10,119				
Operating Metrics									
Gross Combined ratio	99.3%	80.0%		76.7%	81.0%				
Net Combined ratio	93.3%	90.9%		88.6%	91.0%				
ROAE	28.50%	18.83%		21.13%	22.63%				
ROAA	5.83%	4.85%		4.94%	5.99%				
Capital Adequacy Metrics									
RBC ratio (Standalone)	385%	392%		347%	379%				

Notes:

- (1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.
For more details, please refer to our official financial reports.
- (2) Total may not sum due to rounding.
- (3) Starting from 2018/1/1, Cathay Century adopted IFRS9. The comparative information for prior periods was not restated.