



2018 Third Quarter Briefing

November 2018

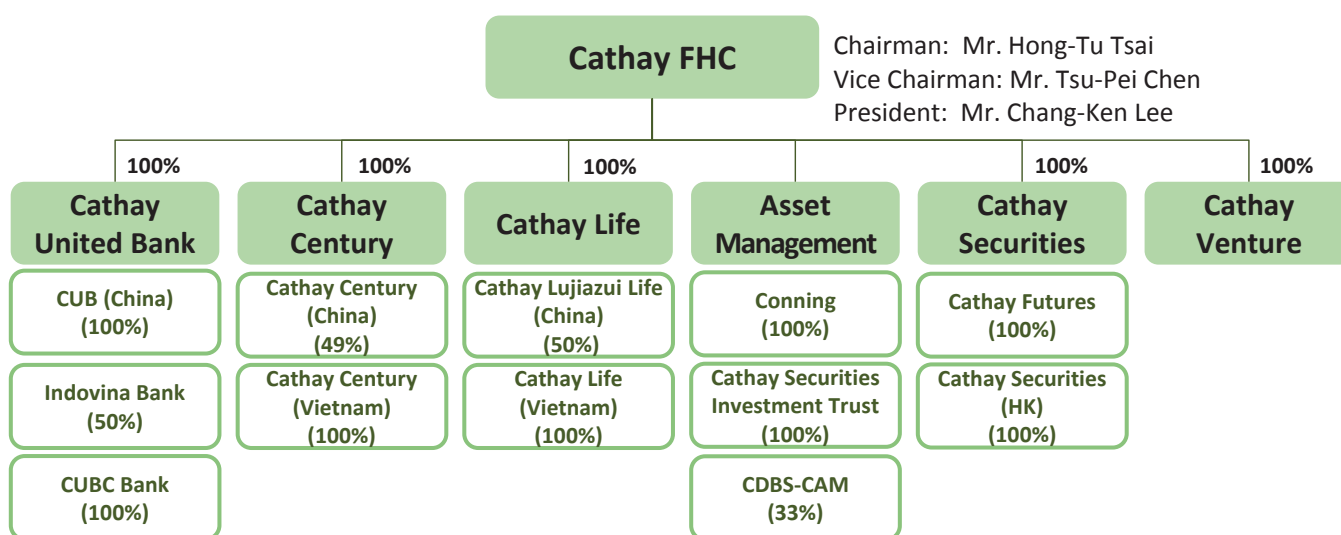
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Agenda

- Introduction of Cathay FHC
- 9M18 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: 12.7% (9M18).

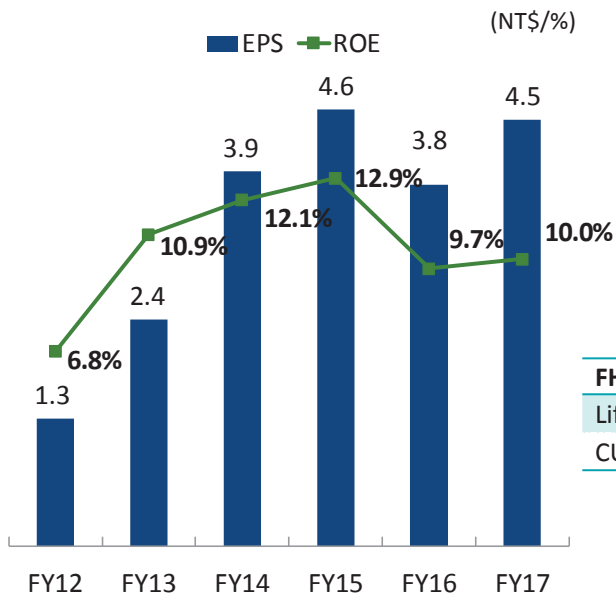
- No. 1 life insurer in terms of total assets and total premium
- Market share in total premium: 19.1% (9M18).

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

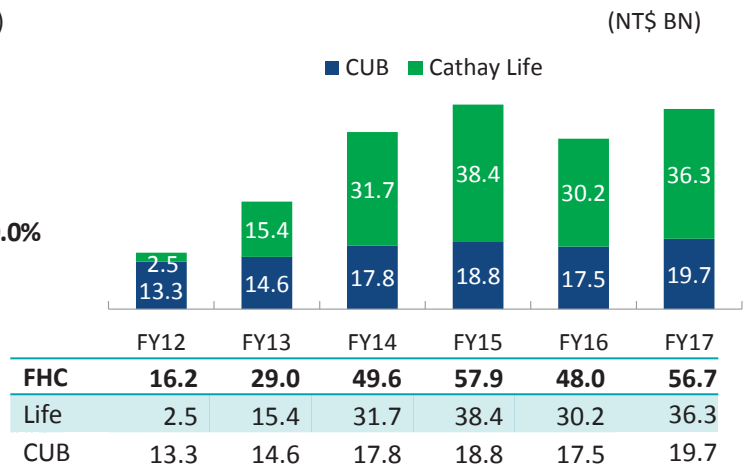
- Investment banking, brokerage, and prop trading businesses
- Strong underwriting and capital raising platform
- Diversified products and services

Cathay's earnings accelerates as life turnarounds

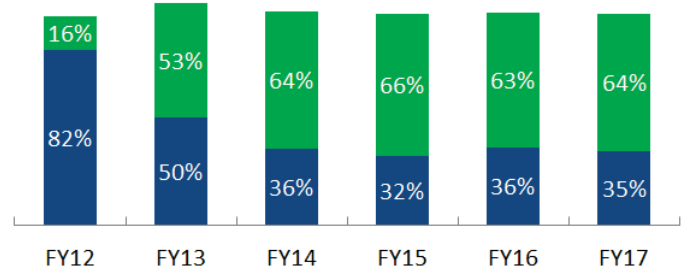
EPS & ROE



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

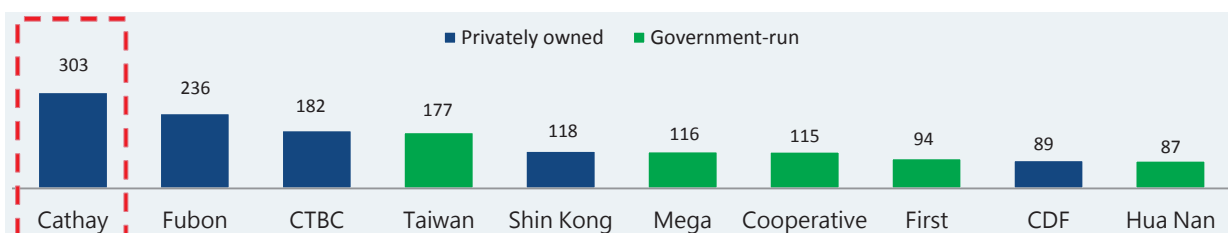


- Note: (1) FY13 figures do not reflect the impact from applying fair value method on investment property.
 (2) Since Cathay FHC has more subsidiaries other than Cathay Life and CUB, besides, due to affiliate transactions, the Cathay FHC net income might not equal to the sum of Cathay Life and CUB's.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

Market leader in Taiwan's FIG sector

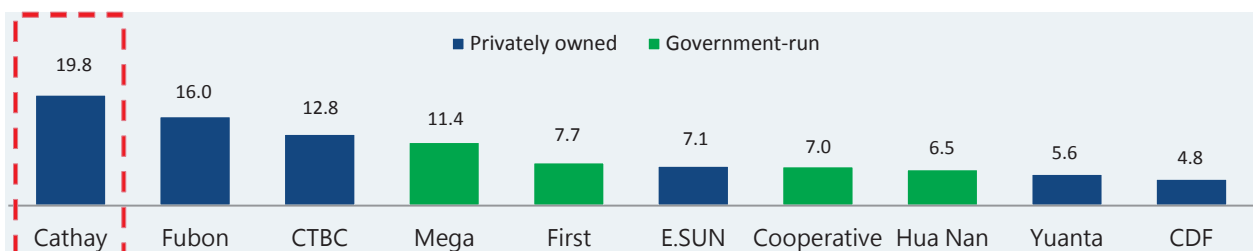
█ Largest listed financials group by market capitalization and assets.

Ranking of total asset (US\$BN)



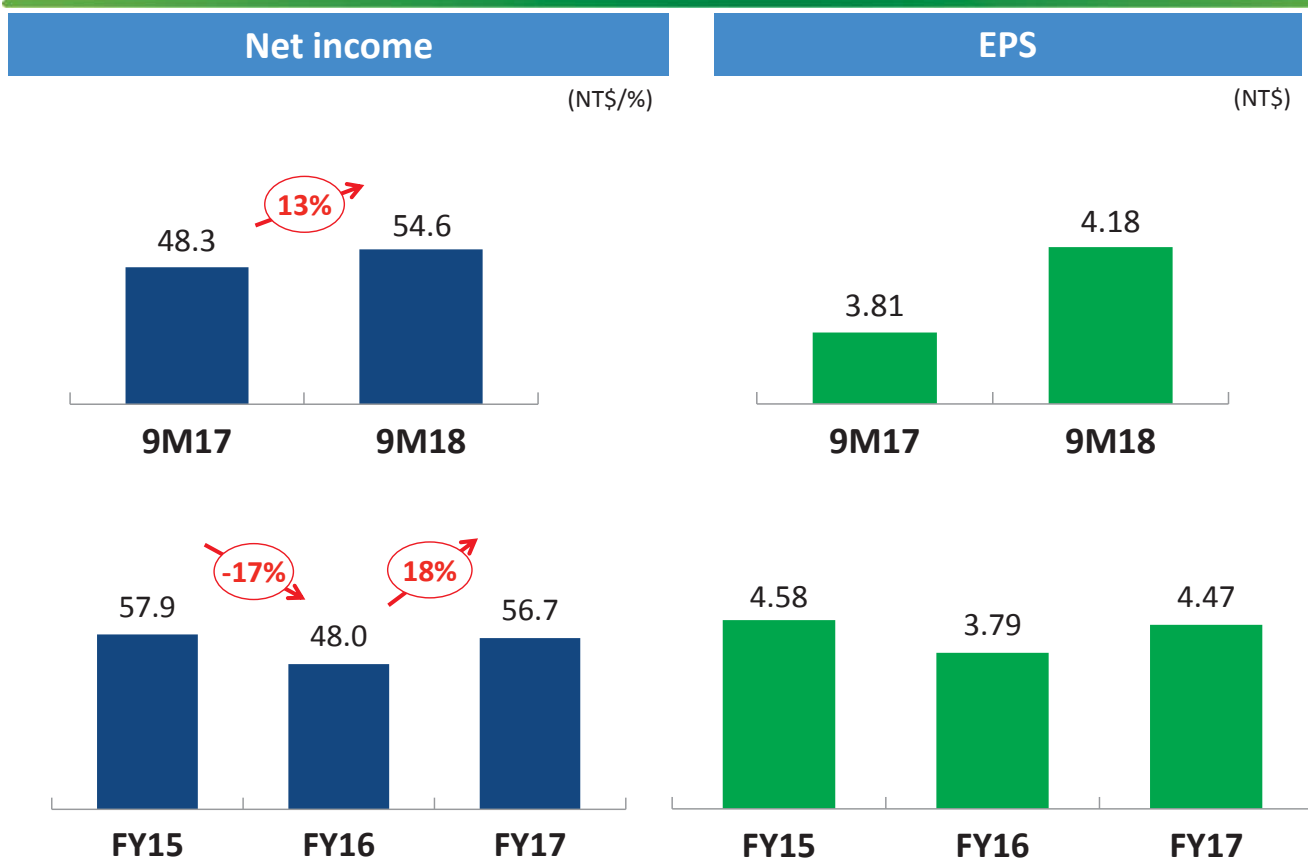
Note: Total assets as of Jun. 30, 2018

Ranking of market cap (US\$BN)

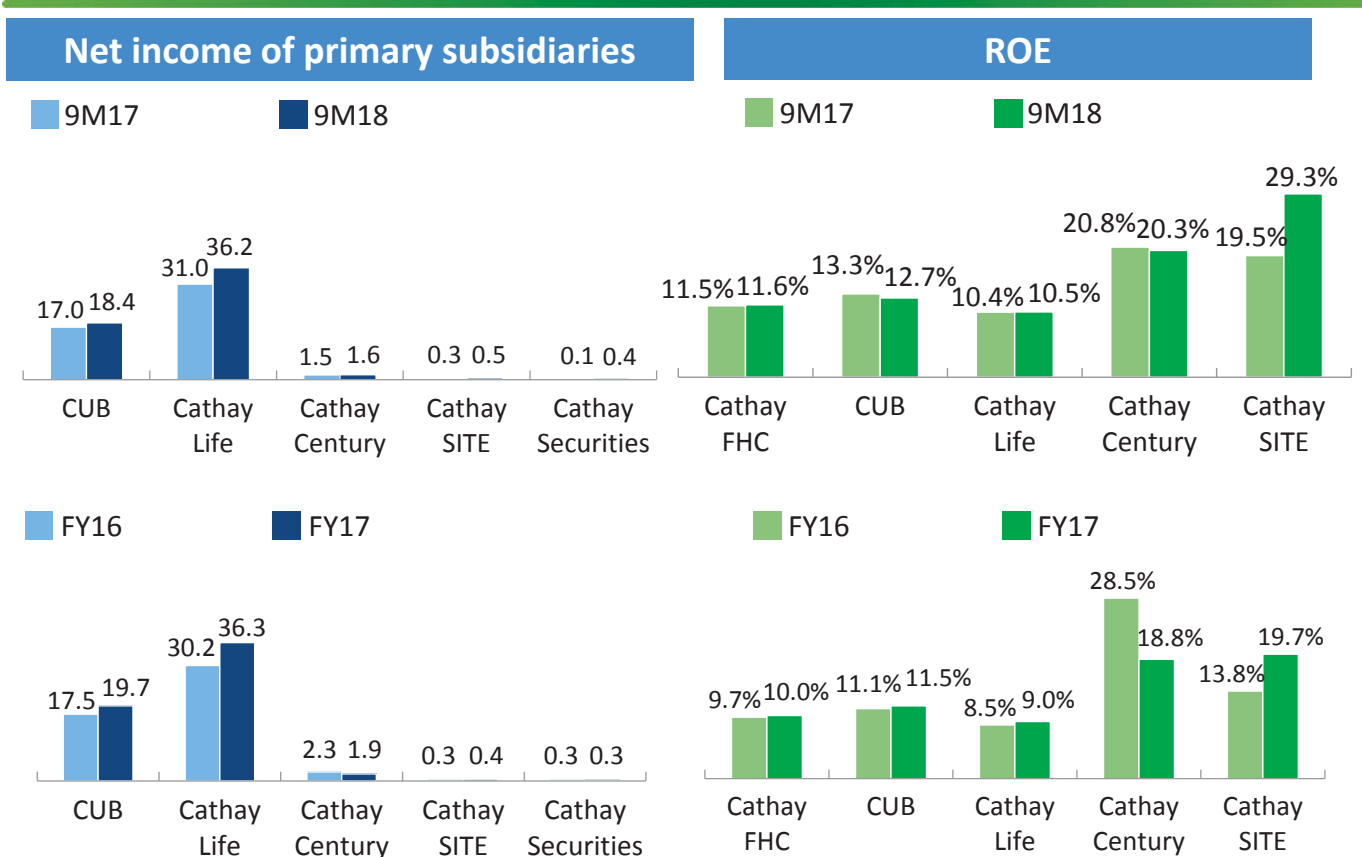


Note: Market capitalization as of Oct. 31, 2018

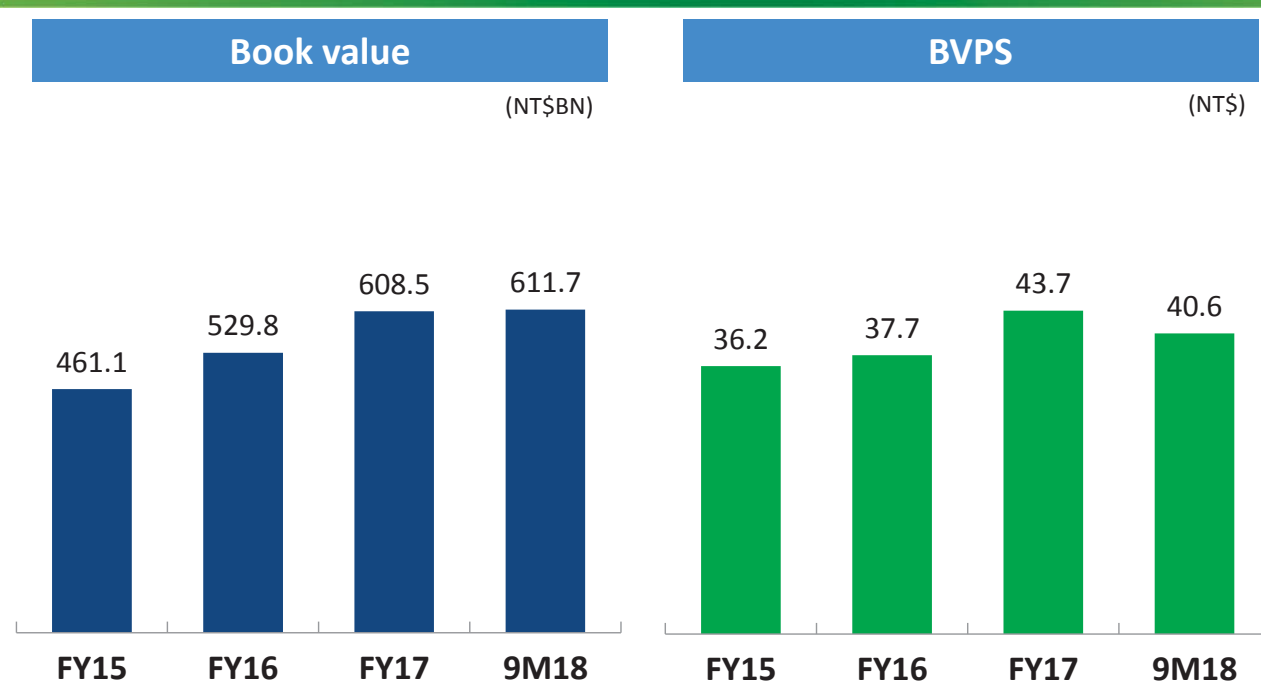
Cathay FHC – Net income & EPS



Cathay FHC – Net income & EPS



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.

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9M18 Business overview

Cathay United Bank

- Loan and deposit delivered mild growth with benign credit quality.
- Continued to expand overseas business. FX loan grew 15% YoY.
- Fee income increased steadily. Credit card fee grew 13%. Active card number ranked No.1 in the industry.

Cathay Life

- Focused on value-driven. FYP for protection products grew 61% YoY. FYP and FYPE remained No. 1 in the industry.
- After-hedging investment yield reached 4.2%. Overall investment performance maintained stable.

Cathay Century

- Premium income grew 6% YoY. Remained in second place with 12.7% market share.
- Developed on-line business in China 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\$657.4 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.

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Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Thailand	Myanmar	Indonesia
Bank	7	36	16	1	1	1	1	1	1	1	1
Life	49 ⁽¹⁾	56									
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

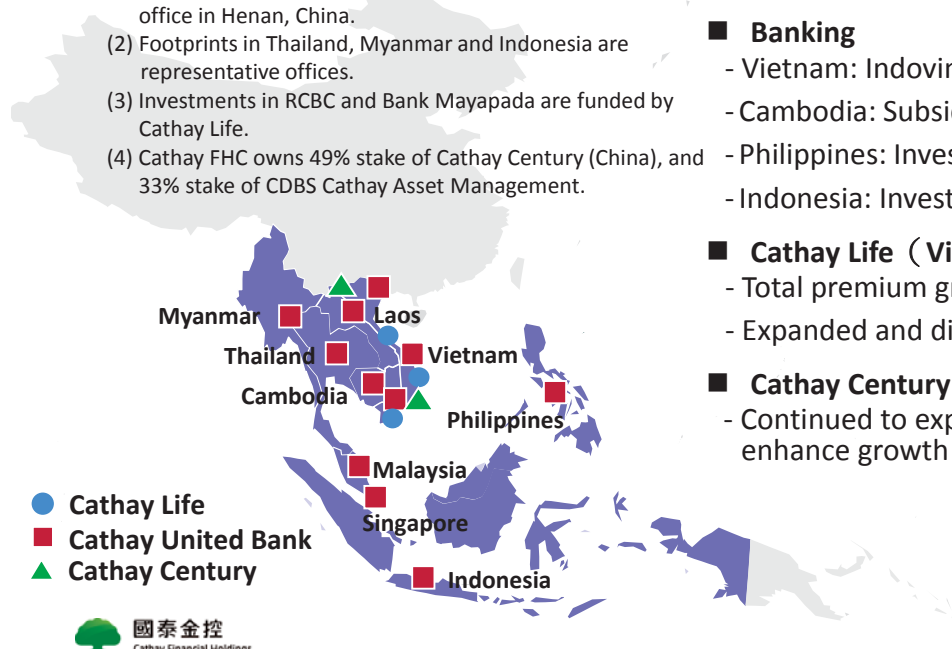
- Vietnam: Indovina Bank posted solid results
- Cambodia: Subsidiary's businesses grew steadily
- Philippines: Invested 23% stake in RCBC⁽³⁾
- Indonesia: Invested 40% stake in Bank Mayapada⁽³⁾

■ Cathay Life (Vietnam)

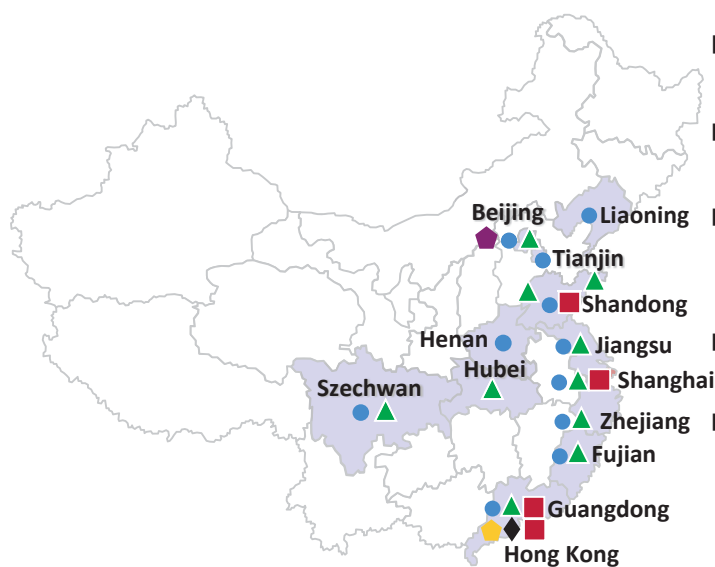
- Total premium grew 49% YoY to VND486BN in 9M18
- Expanded and diversified distribution channels

■ Cathay Century

- Continued 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

- Subsidiary in China opened in September, 2018.

■ Cathay Lujiazui Life

- Total premium grew 45% YoY to RMB 1.7BN in 9M18

■ Cathay Century (China)

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

■ Cathay Securities (HK)

- Each business line grew steadily

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

- Continued to launch new products. Mainly focused on fixed income funds

■ Conning Asia Pacific Limited

- Continued to expand asset management business

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Cathay United Bank

Cathay Life

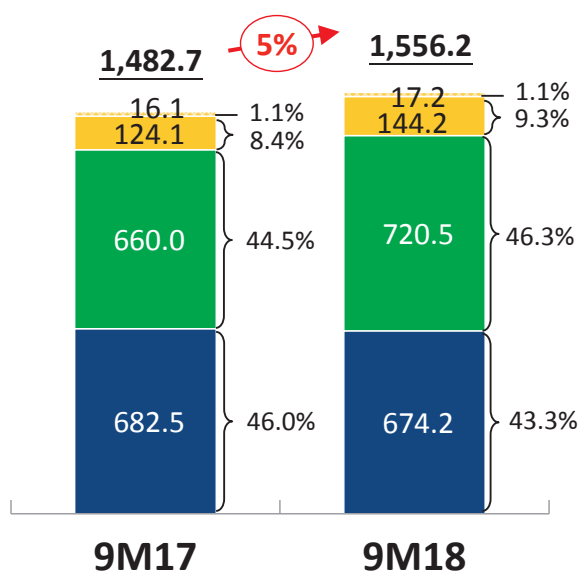
Cathay Century

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Cathay United Bank – Loan & deposit breakdown

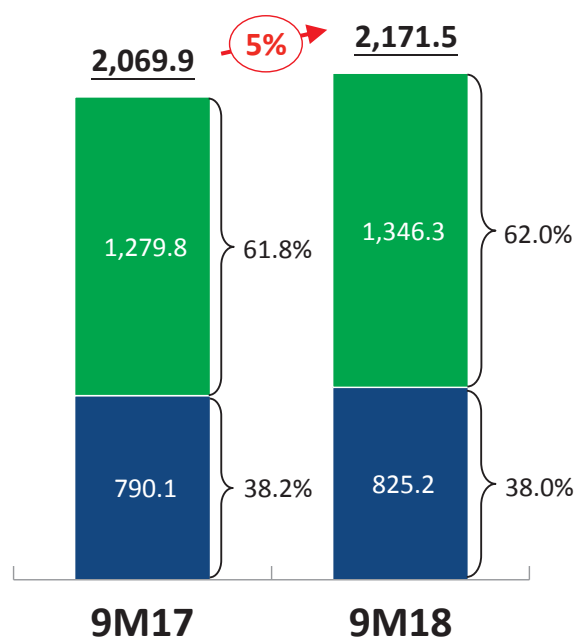
Loan breakdown (NT\$BN)

- Credit Card related
- Consumer
- Mortgage
- Corporate



Deposit breakdown (NT\$BN)

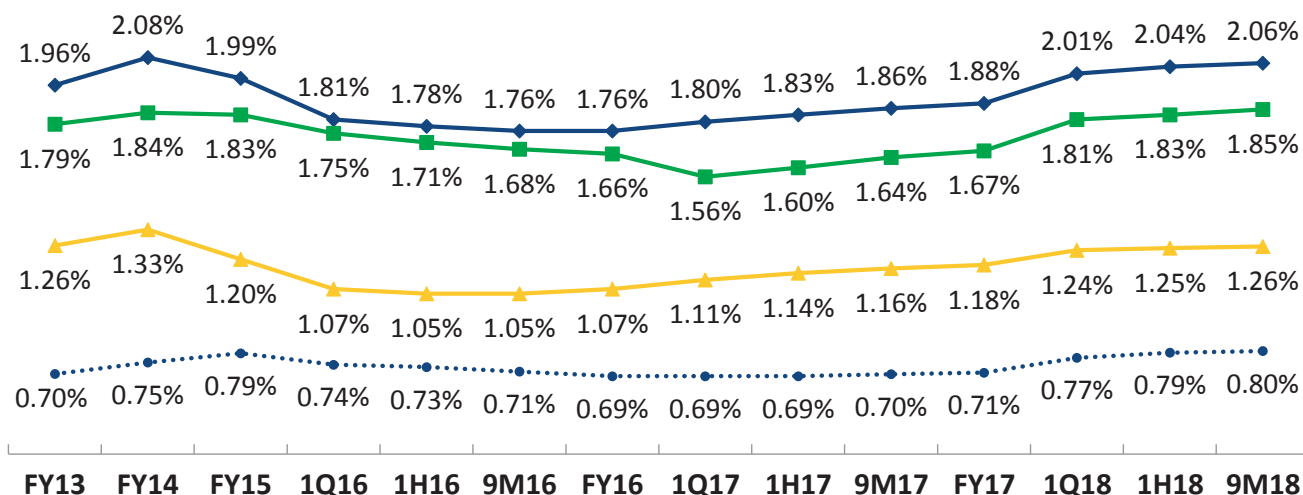
- Demand Deposit
- Time Deposit



Note : China subsidiary was launched in Sep 2018, hence 9M18 loan and deposit excluded preliminary amount of NT\$17BN and NT\$5BN, respectively.

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	3Q18
Quarterly Spread	1.81%	1.75%	1.68%	1.62%	1.59%	1.56%	1.64%	1.74%	1.76%	1.81%	1.85%	1.90%
Quarterly NIM	1.12%	1.07%	1.02%	1.06%	1.10%	1.11%	1.18%	1.20%	1.22%	1.24%	1.26%	1.27%

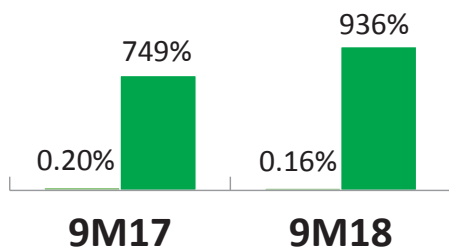


Note : (1) Credit card related loans are included in the calculation of interest spread.
 (2) China subsidiary was launched in Sep 2018, hence 9M18 number excluded China subsidiary results.

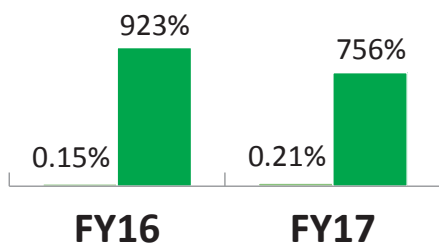
Cathay United Bank – Credit quality

NPL & Coverage ratio

■ NPL ratio
 ■ Coverage ratio



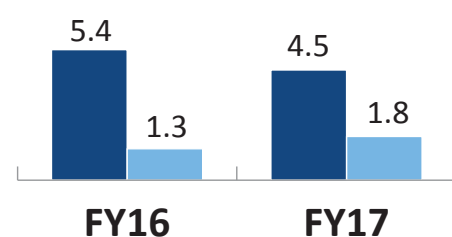
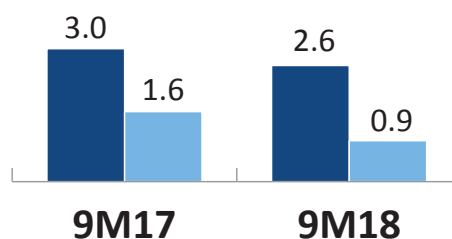
Mortgage NPL **0.14%** **0.13%**



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

Gross provision

■ Gross provision (NT\$BN)
 ■ Recovery



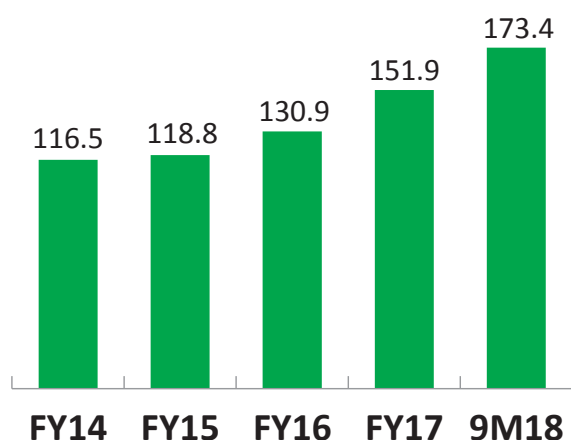
Note : China subsidiary was launched in Sep 2018, hence 9M18 number excluded China subsidiary results (NPL ratio: 0.18%, Coverage ratio: 1732.49%, Gross provision: NT\$4.8MN, Recovery: 0; preliminary basis).



Cathay United Bank – SME & FX loans

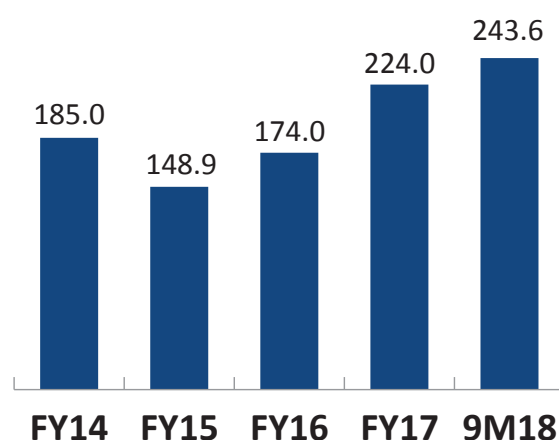
SME loans

(NT\$BN)



Foreign currency loans

(NT\$BN)



As % of total loans



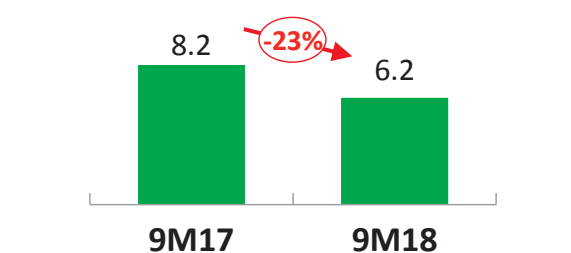
Note : (1) Total loans exclude credit card revolving balance.

(2) China subsidiary was launched in Sep 2018, hence 9M18 foreign currency loan balance excluded NT\$17BN (preliminary basis) from China subsidiary.

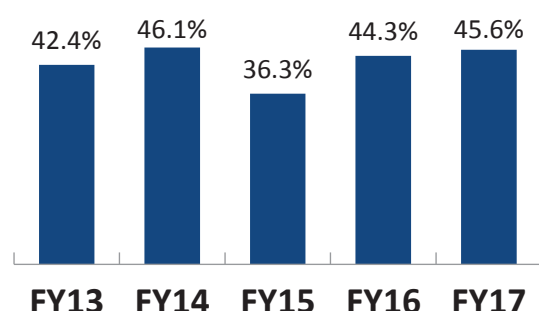
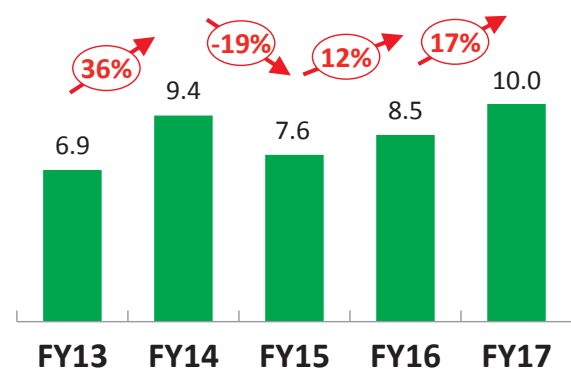
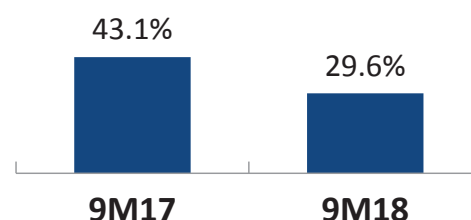
Cathay United Bank – Offshore earnings

Offshore earnings

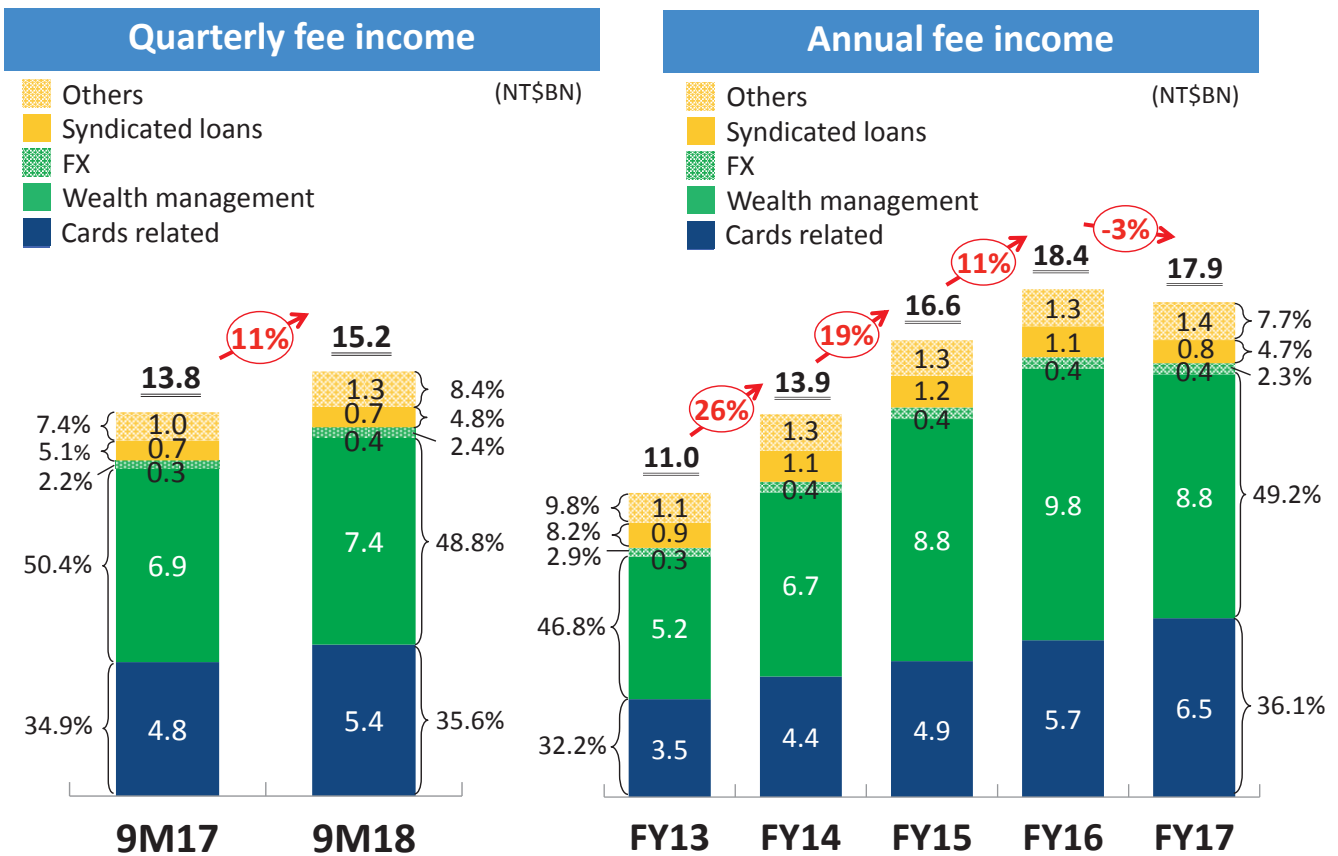
(NT\$BN)



As % of CUB pre-tax profits



Cathay United Bank – Fee income



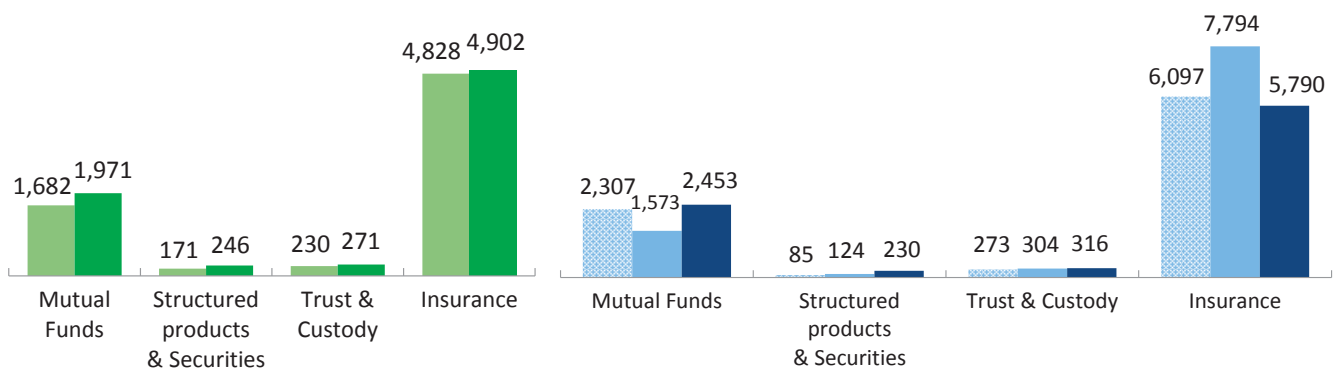
Note : China subsidiary was launched in Sep 2018, hence 9M18 fee income excluded NT\$1.5MN (preliminary basis) from China subsidiary.

Cathay United Bank – Wealth management fee

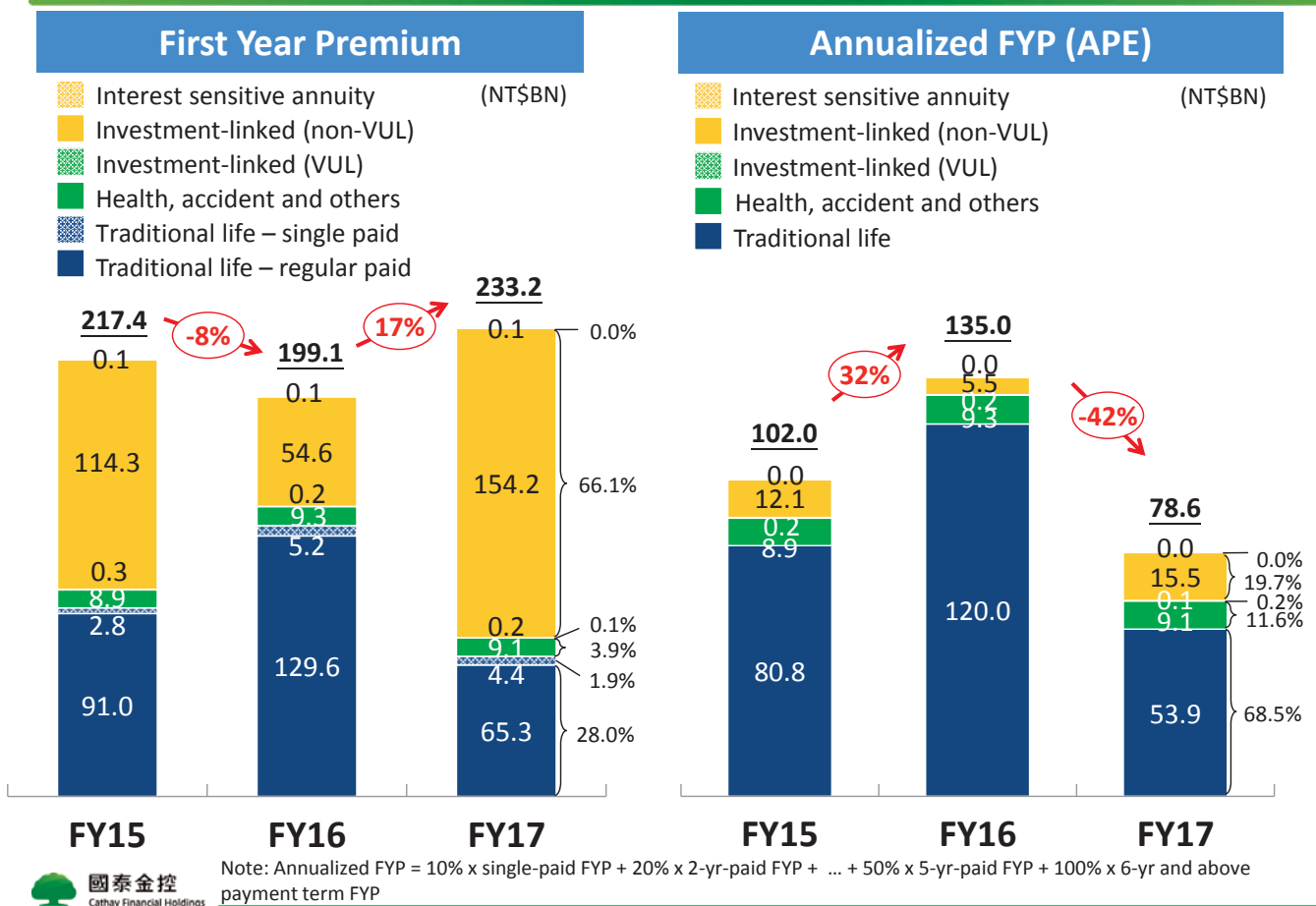
Wealth management fee breakdown

(NT\$MN)	9M17	9M18	FY15	FY16	FY17
Wealth management fee income	6,944	7,441	8,779	9,828	8,837
YoY growth (%)	-9.9%	7.2%	31.6%	11.9%	-10.1%

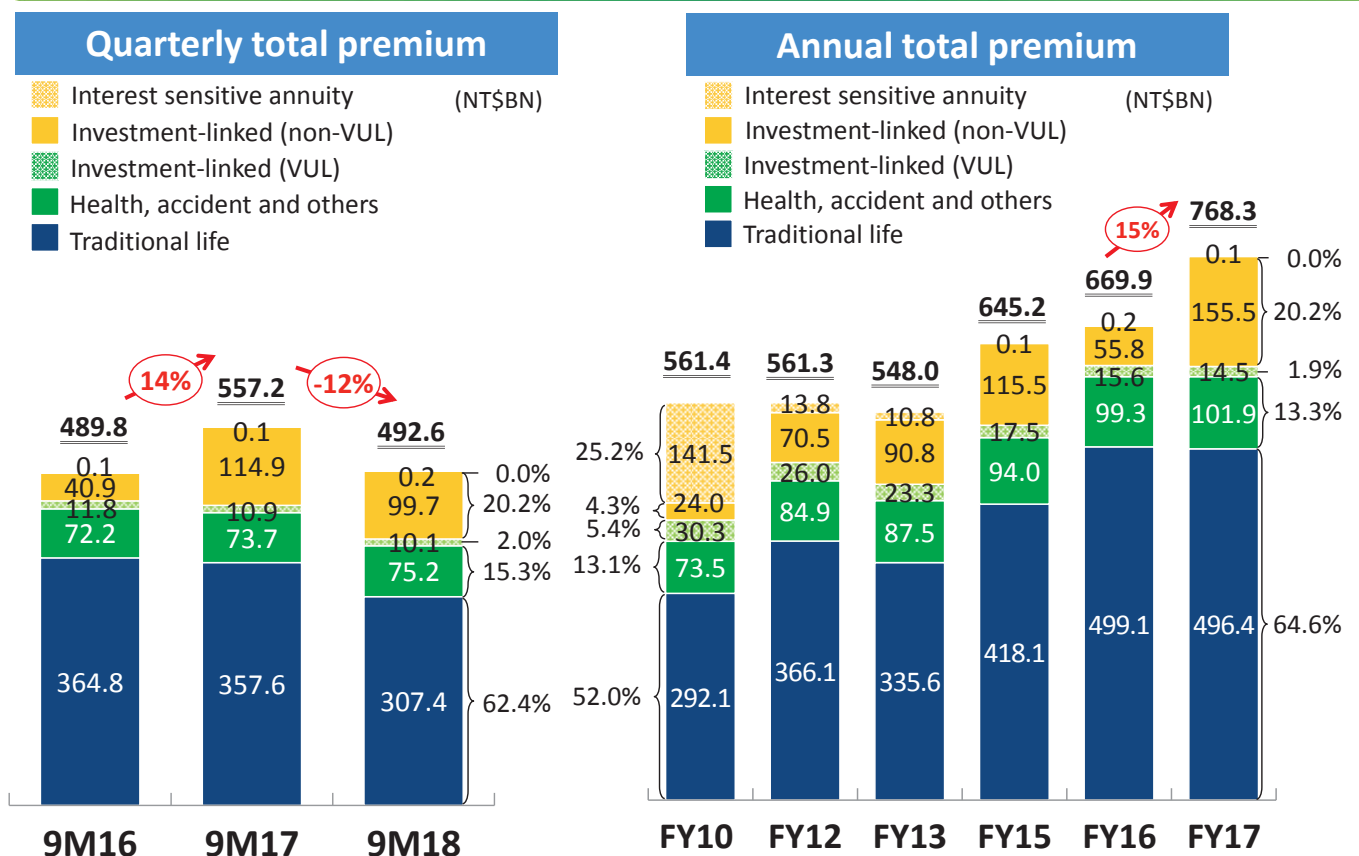
■ 9M17 ■ 9M18 ■ FY15 ■ FY16 ■ FY17



Cathay Life – Annual FYP & APE



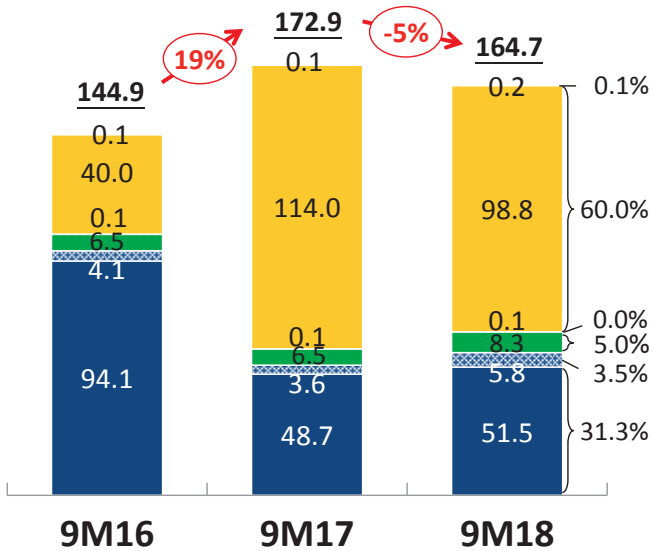
Cathay Life – Total premium



Cathay Life – Quarterly FYP & APE

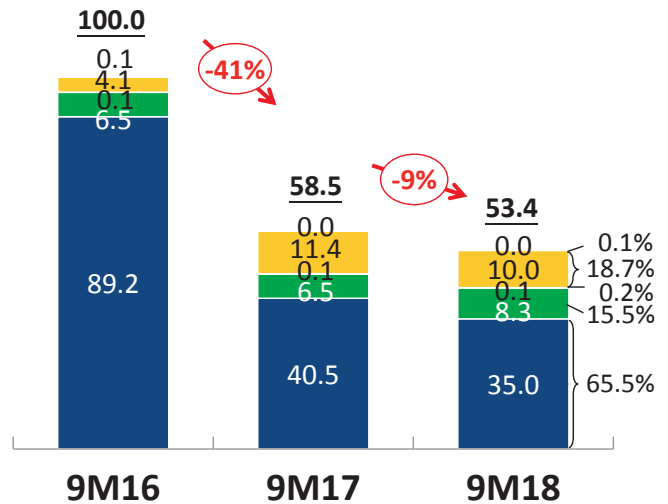
First Year Premium

- 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



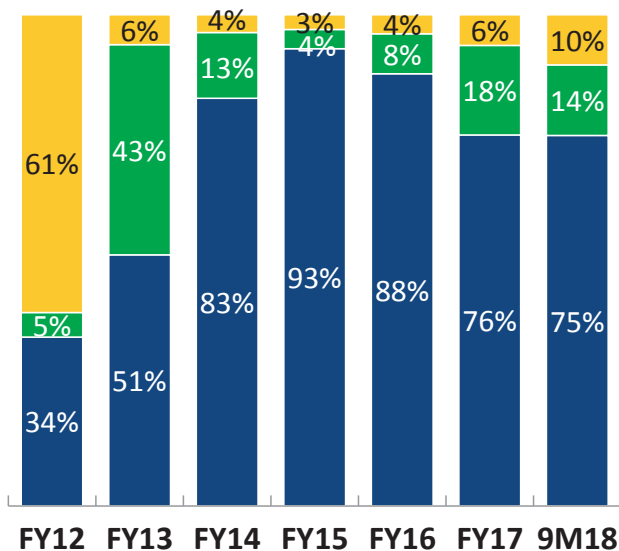
Note: Annualized FYP = 10% x single-paid FYP + 20% x 2-yr-paid FYP + ... + 50% x 5-yr-paid FYP + 100% x 6-yr and above payment term FYP

25

Cathay Life – Regular paid policies remain as focus

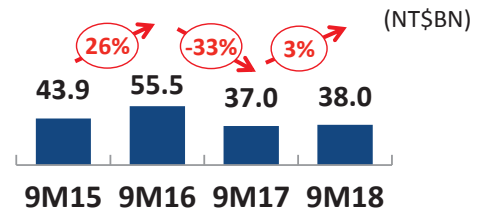
Breakdown of traditional FYP

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

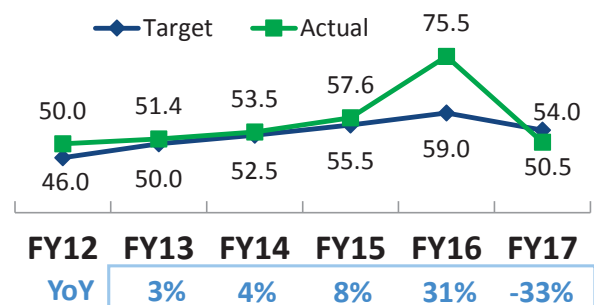


Value for New Business

	9M15	9M16	9M17	9M18
Profit Margin				
VNB/FYP	27%	38%	21%	23%
VNB/FYPE	61%	56%	63%	71%

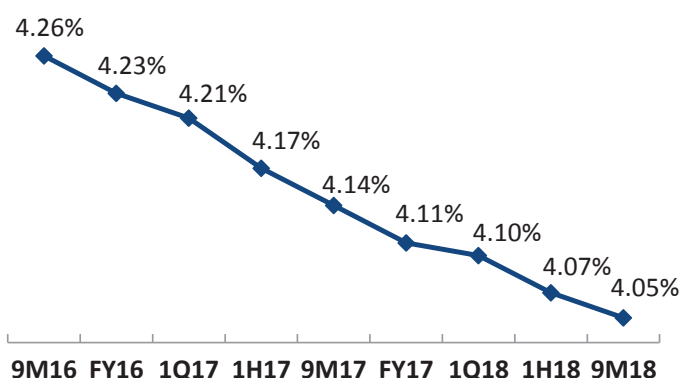


	FY12	FY13	FY14	FY15	FY16	FY17
Profit Margin						
VNB/FYP	19%	26%	23%	27%	38%	22%
VNB/FYPE	54%	70%	75%	57%	56%	64%

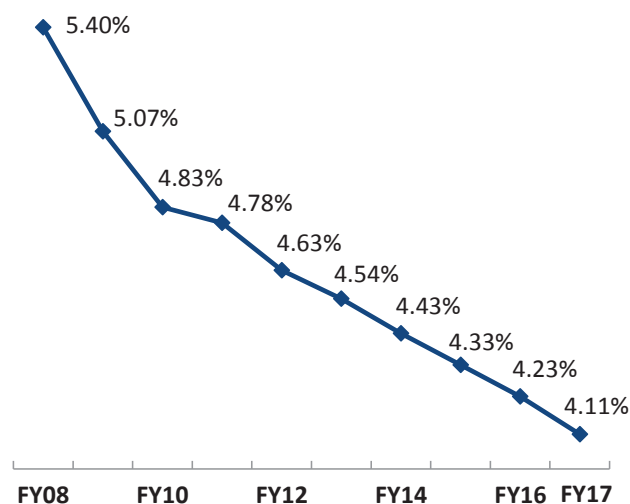


Cathay Life – Cost of liability

Cost of liability (quarterly)



Cost of Liability (annual)



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

Cathay Life – Investment portfolio

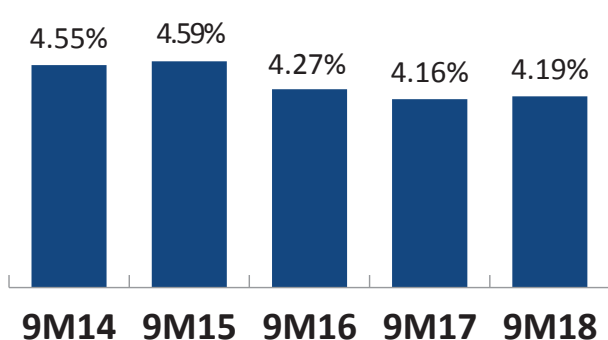
(NT\$BN)	FY15	FY16	FY17			9M18		
Total investments⁽¹⁾	4,636.6	5,001.1	5,502.6			5,748.6		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	1.3%	1.3%	1.6%	87	0.5%	1.0%	59	0.6%
Equity- Domestic	7.4%	7.9%	8.4%	465	9.1%	8.1%	464	12.1%
Equity- International ⁽²⁾	6.2%	6.4%	6.3%	347	8.3%	7.1%	407	10.8%
Bond- Domestic	8.0%	6.5%	5.5%	305	2.1%	5.0%	290	3.3%
Bond- International ⁽¹⁾⁽²⁾	50.6%	53.8%	55.7%	3,063	5.0%	57.8%	3,324	4.7%
Mortgage & Secured loans	10.2%	8.9%	8.1%	444	1.8%	7.4%	423	2.0%
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%	8.7%	500	2.3%
Others	2.1%	2.2%	2.4%	130		2.0%	115	

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

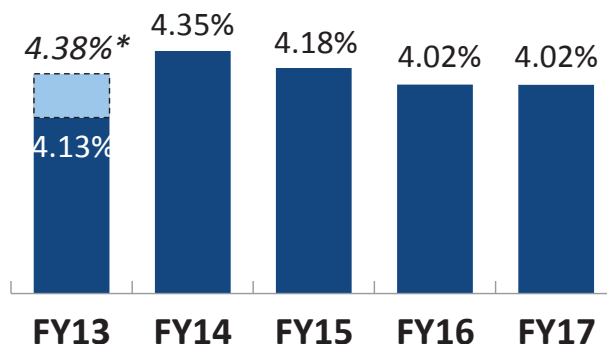
(2) Yields of international equity and international bond are pre-hedge investment yields.

Cathay Life – Investment performance highlight

After-hedging investment yield



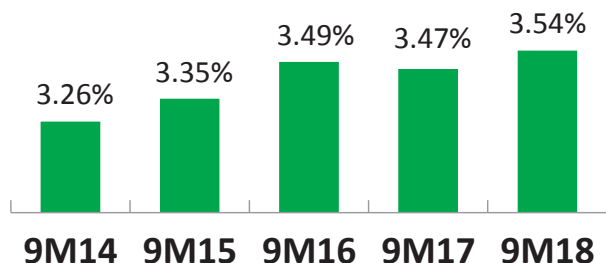
After-hedging investment yield



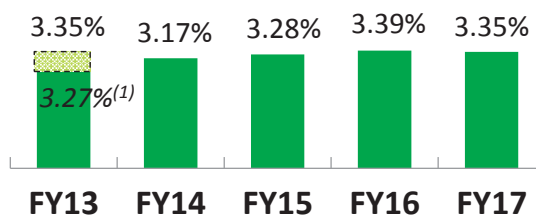
Note: FY13 (4.38%) was pro forma adjusted number of fair value method on investment property.

Cathay Life – Investment performance highlight

Pre-hedging recurring yield

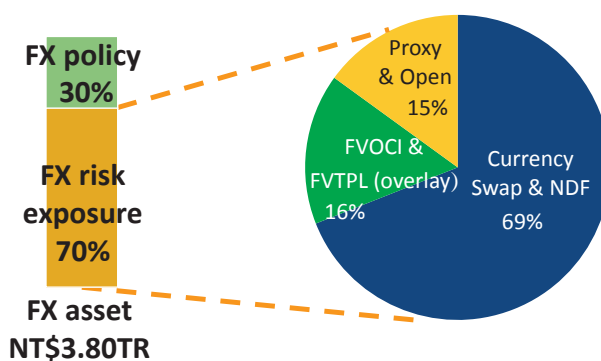


Pre-hedging recurring yield



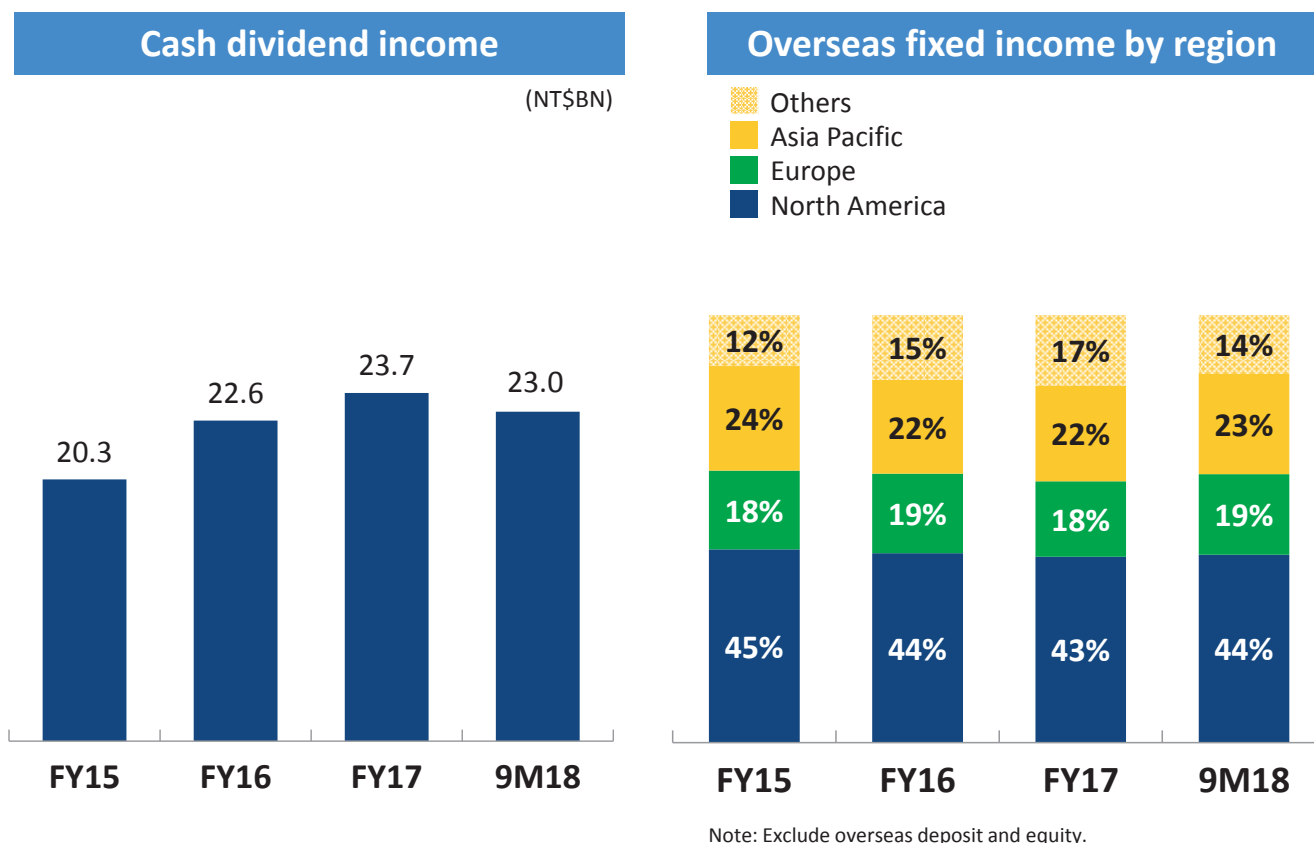
Currency hedging structure

9M18 Hedging cost 1.22%

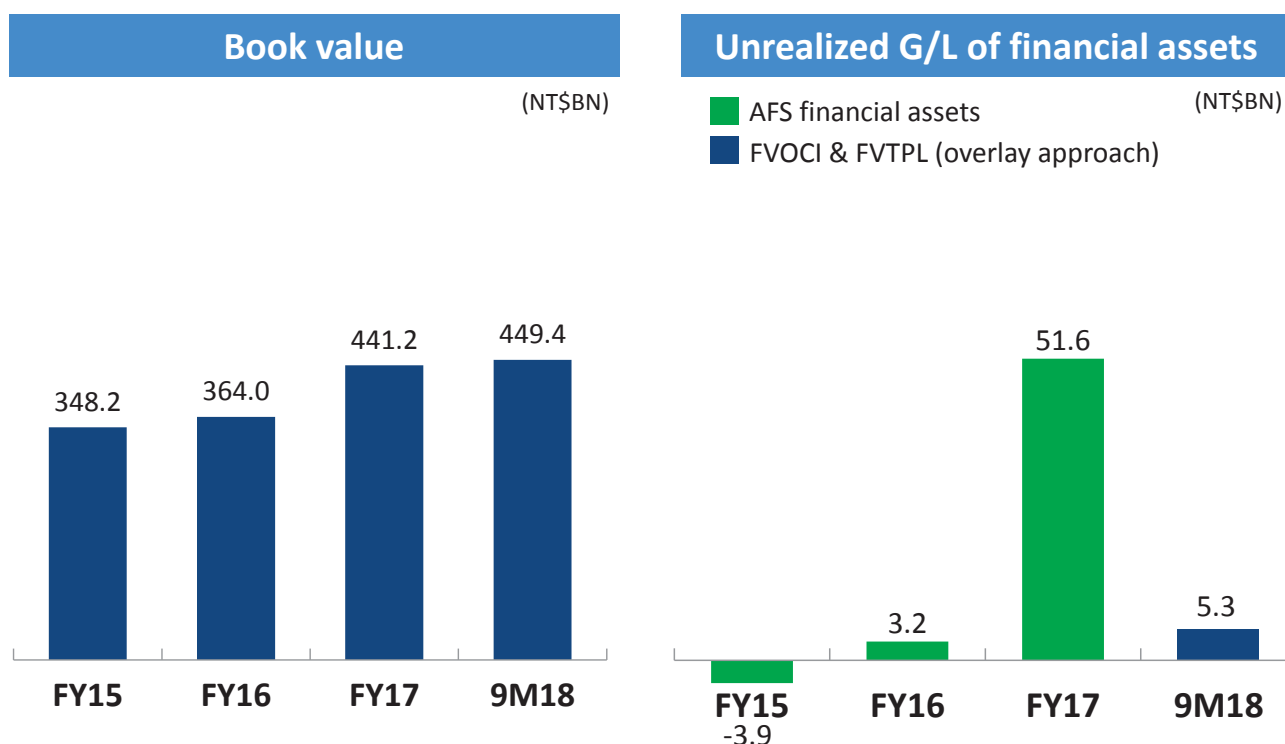


Note: (1) FY13 (3.27%) was pro forma adjusted number of fair value method on investment property.
 (2) Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend. Most dividend will be recognized in 2Q & 3Q.

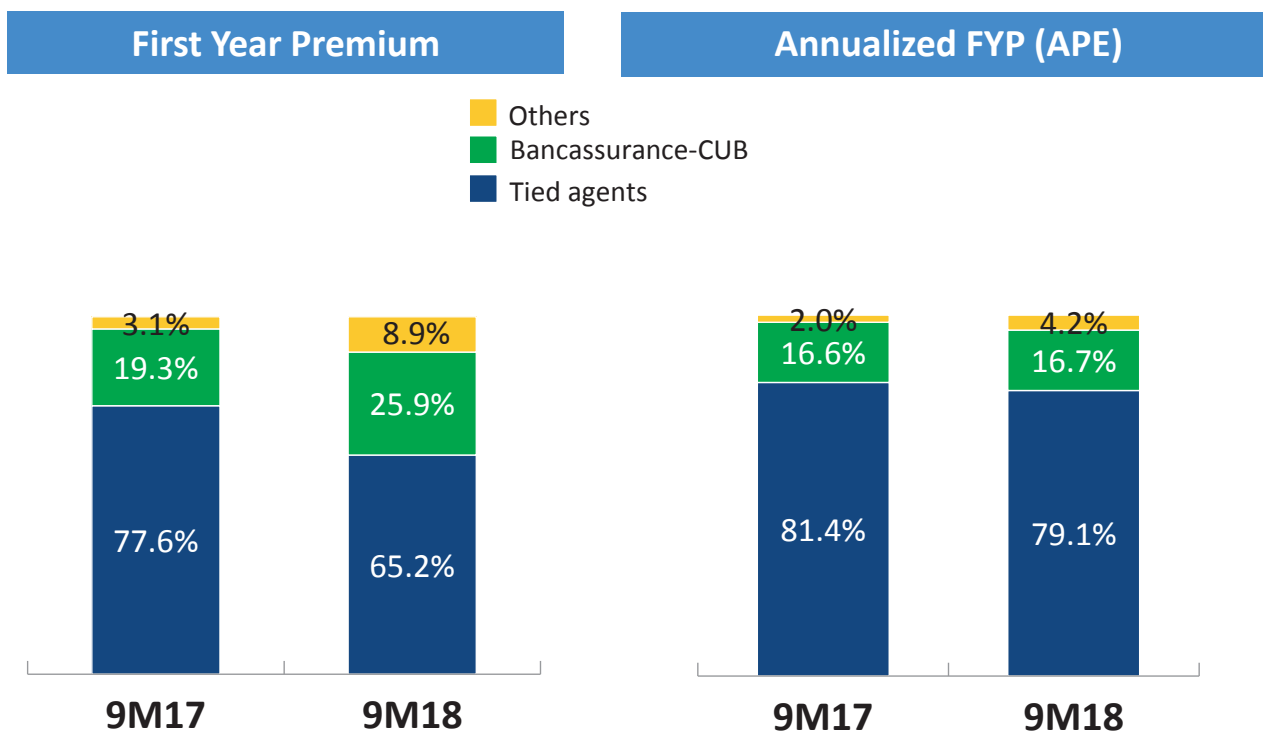
Cathay Life – Cash dividend income & Overseas fixed income by region



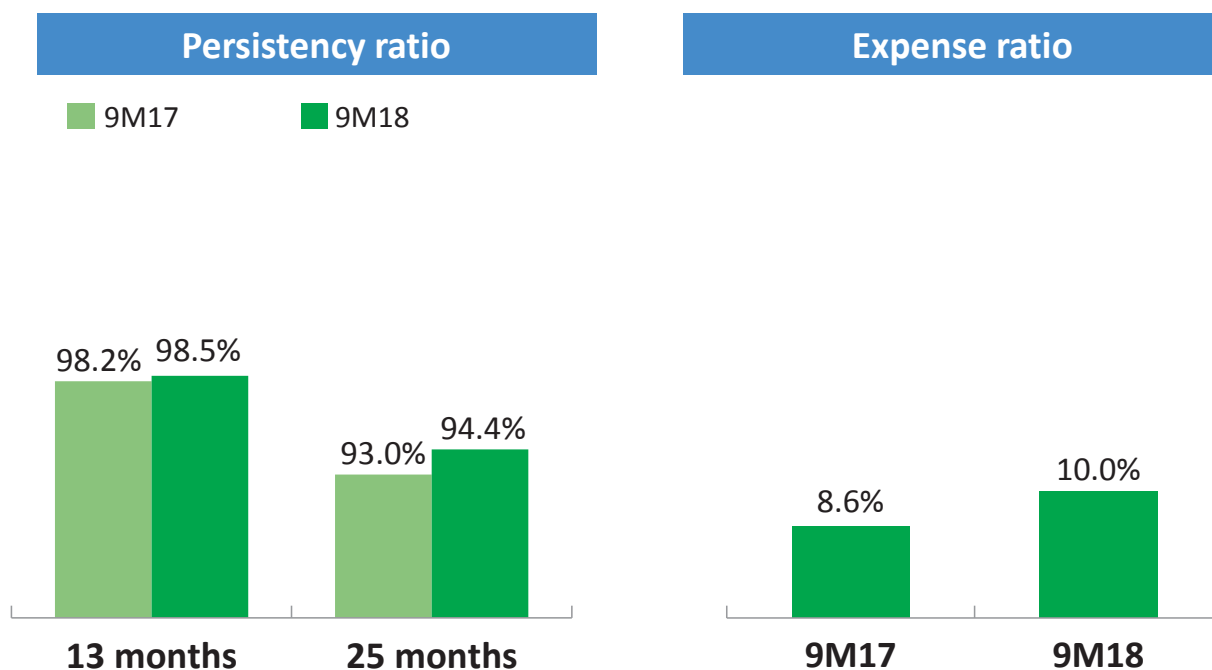
Cathay Life – Book value & Unrealized G/L of financial assets



Cathay Life – Distribution channel



Cathay Life – Operational indicators



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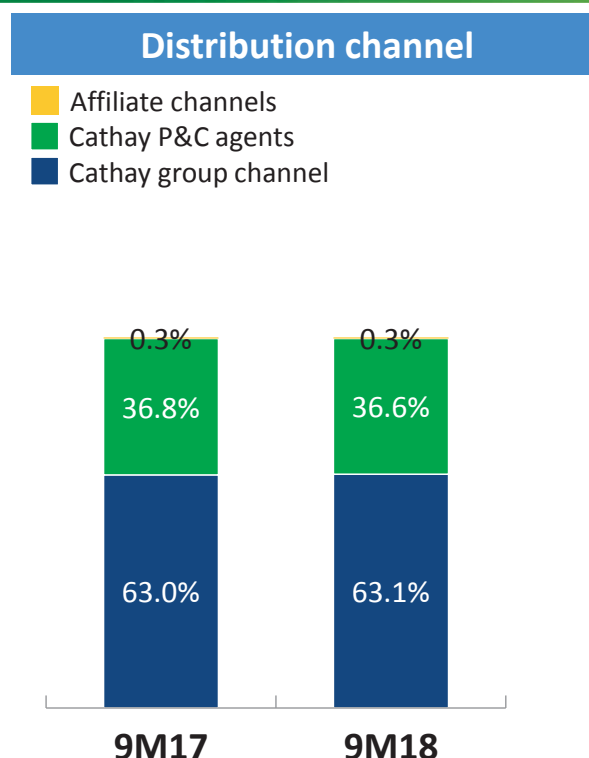
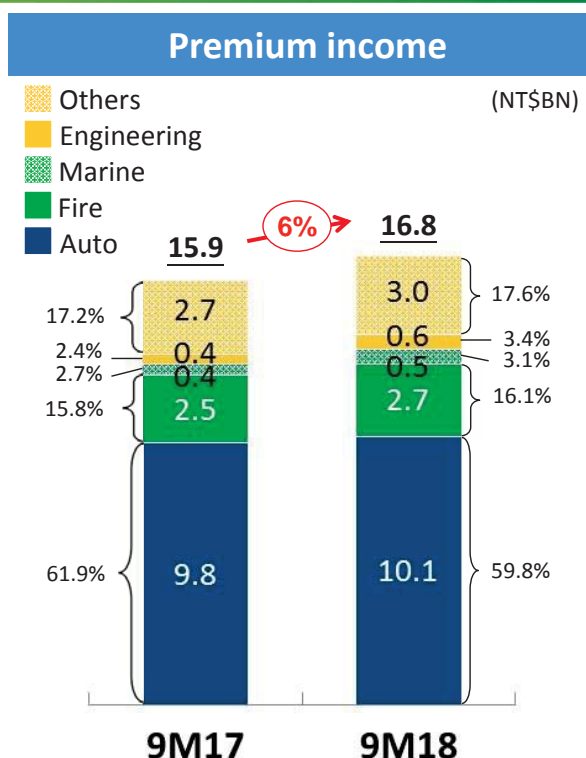
Cathay United Bank

Cathay Life

Cathay Century

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Cathay Century – Premium income & distribution

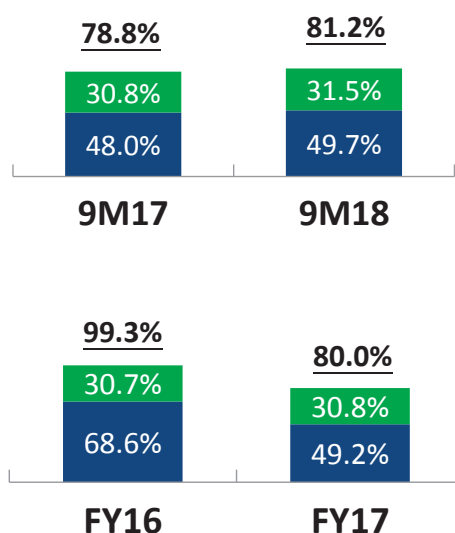


Market share	12.7%	12.7%
Retention	76.6%	77.6%

Cathay Century – Combined ratio

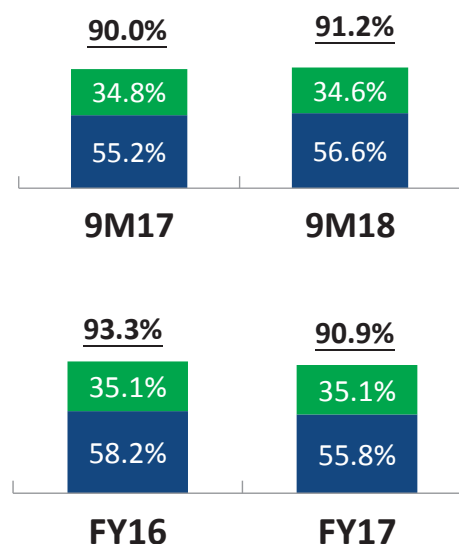
Gross combined ratio

- Gross expense ratio
- Gross loss ratio



Retained combined ratio

- Retained expense ratio
- Retained loss ratio



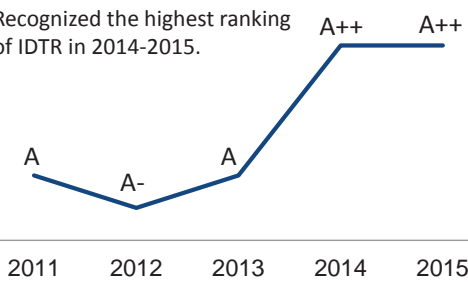
Agenda

- Introduction of Cathay FHC
- 9M18 Business overview
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 - Cathay United Bank
 - Cathay Life
 - Cathay Century
- **Cathay's CSR Efforts**
- M&A Key Highlights
- Appendix

Continuous efforts in CSR

Superior Corporate Governance Performance

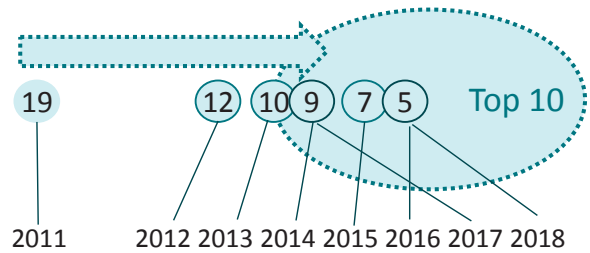
Recognized the highest ranking of IDTR in 2014-2015.



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 6 consecutive years



Recognized by representative international ESG institutions

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

- ✓ Selected in DJSI Emerging Markets since 2015
- ✓ Selected in DJSI World in 2018
- ✓ The first Taiwan insurance company included in DJSI

vigeo eiris

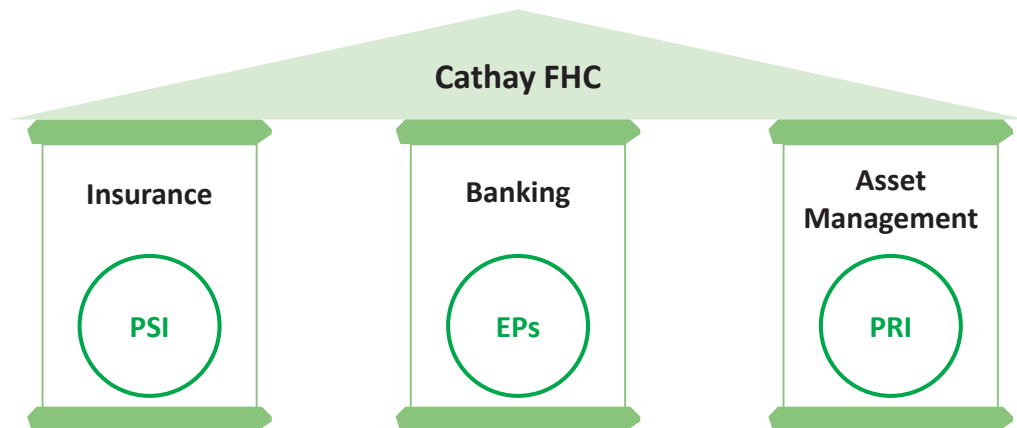
BEST EM PERFORMERS

- ✓ 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.

Team in-charge

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

Cathay FHC

Insurance

PSI

Banking

EPs

Asset Management

PRI

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

Sustainable Finance Management Section in Cathay United Bank

- 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.

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.

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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

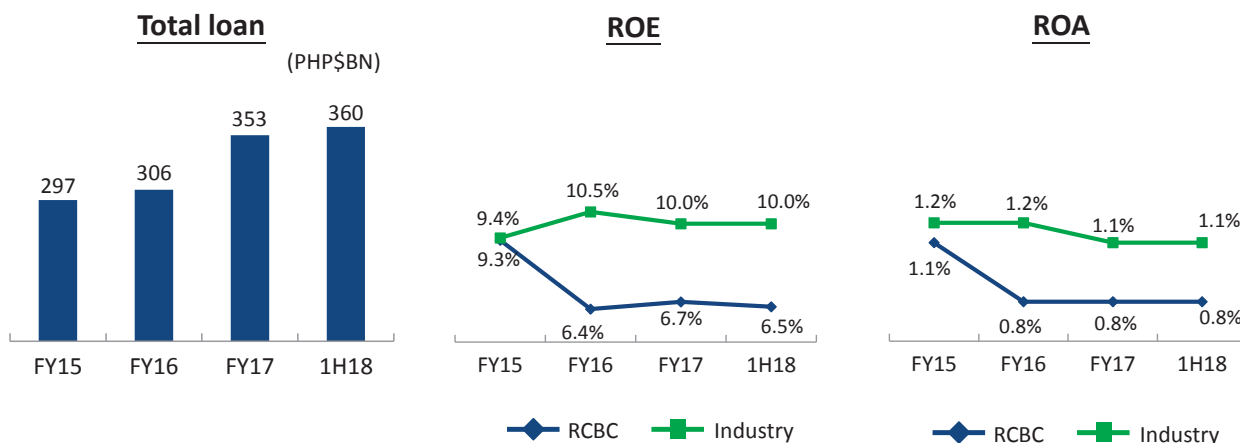
Note: Totals may not sum due to rounding.

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

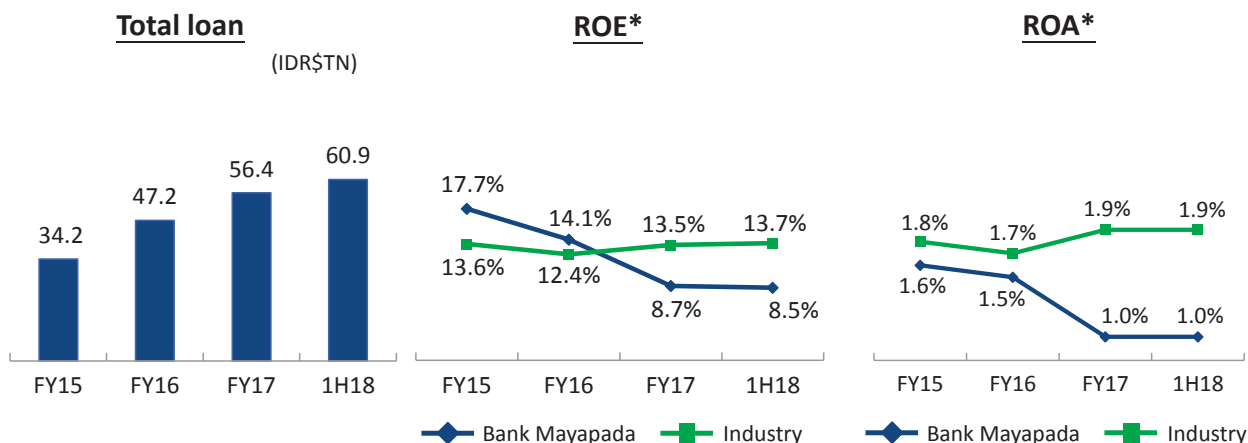
- RCBC is one of the large private-owned banks in terms of total assets, with 509 branches and over 6,836 employees



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

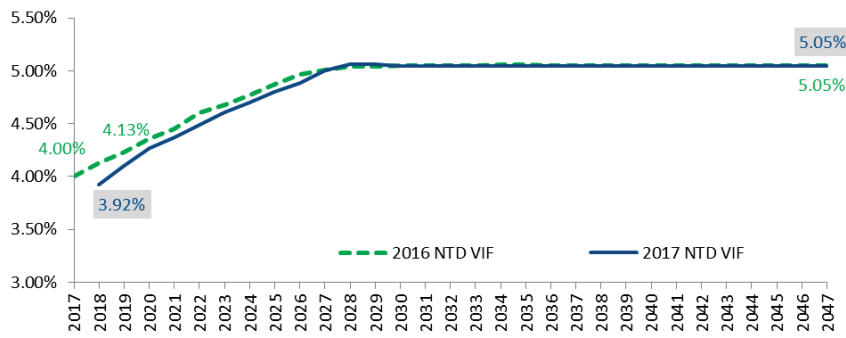
NT\$BN, except for per share figures

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%	--

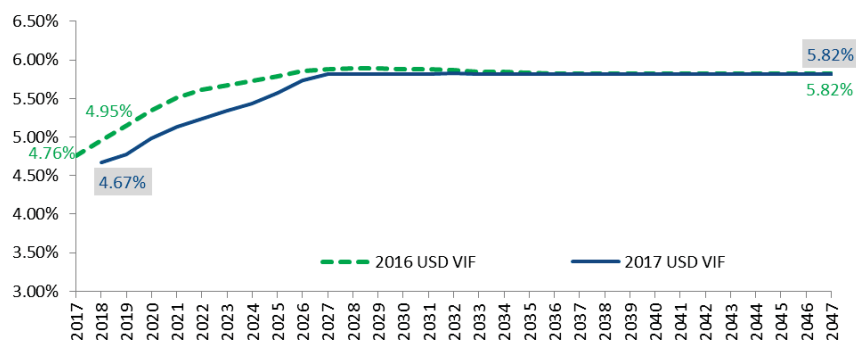
Note: (1) Basic EV and AV per share is based on weighted average of outstanding shares 12.6bn.
 (2) Totals may not sum due to rounding.

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.

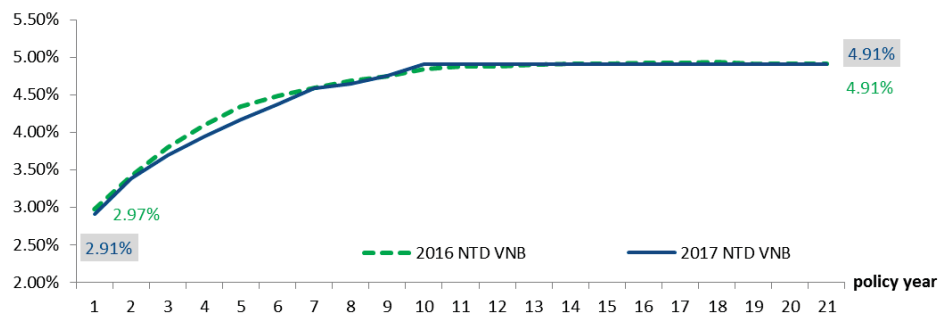


- Investment return assumptions for the value of in force business of USD-denominated policies as of the end of 2016 & 2017.

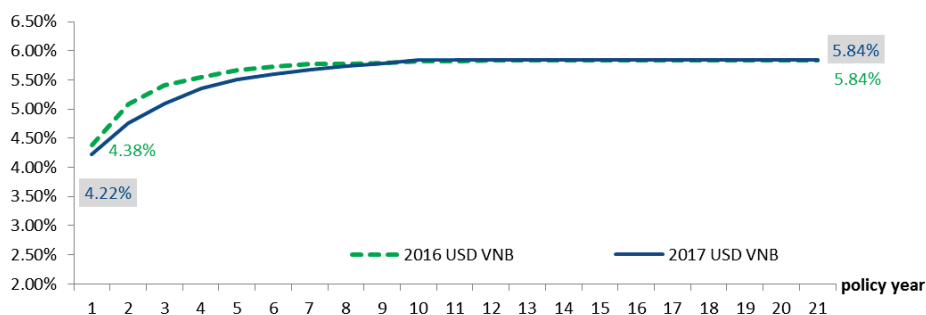


Economic Assumptions: Future one year's new business investment yield

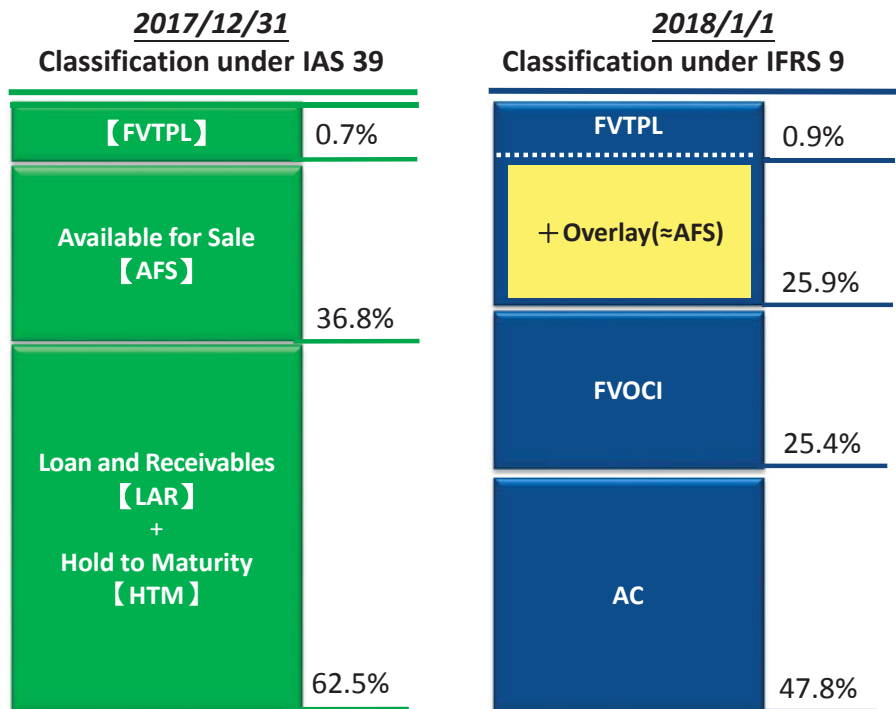
- Investment return assumptions for the value of future one year's new business of NTD-denominated policies as of the end of 2016 & 2017.



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



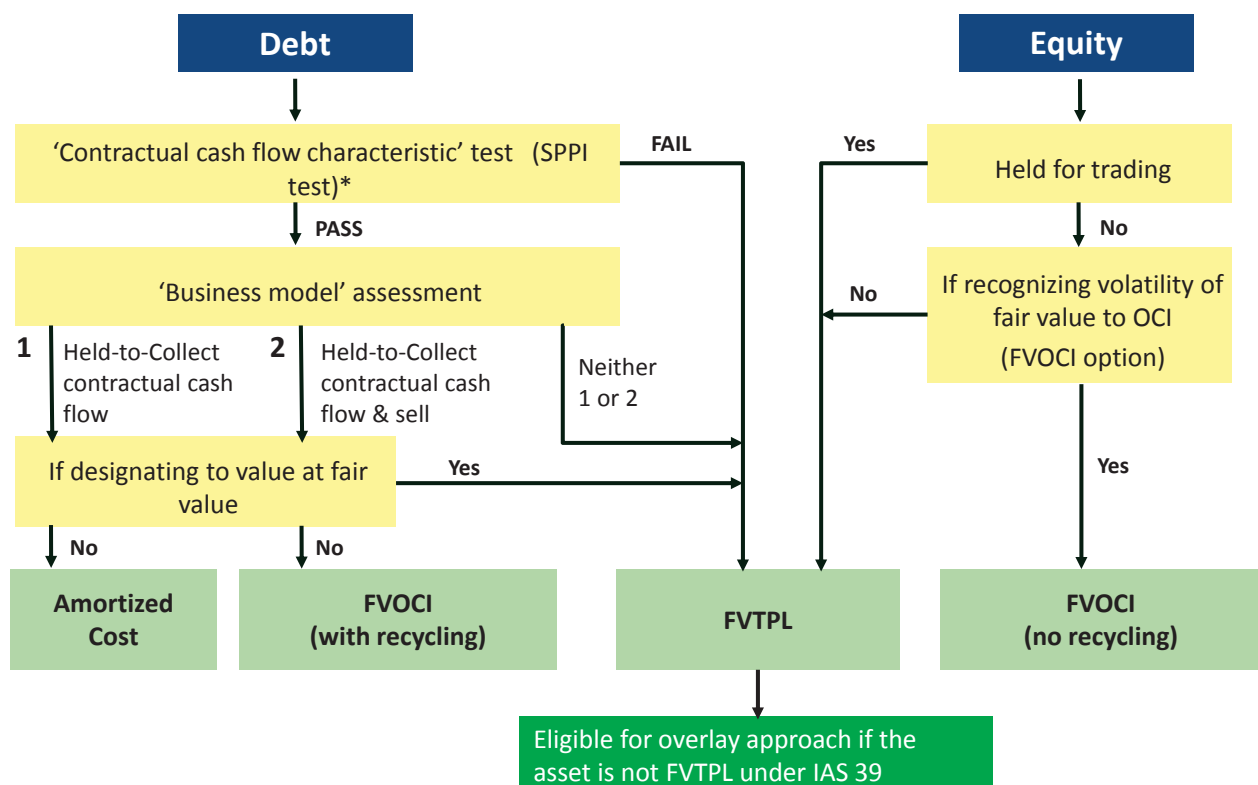
Cathay Life - Asset reclassification under IFRS 9



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.

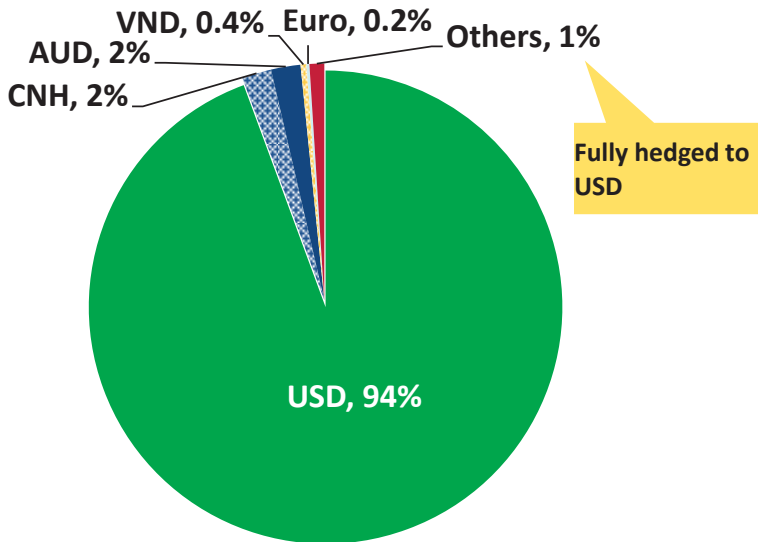
Asset classification under IFRS 9 with overlay approach



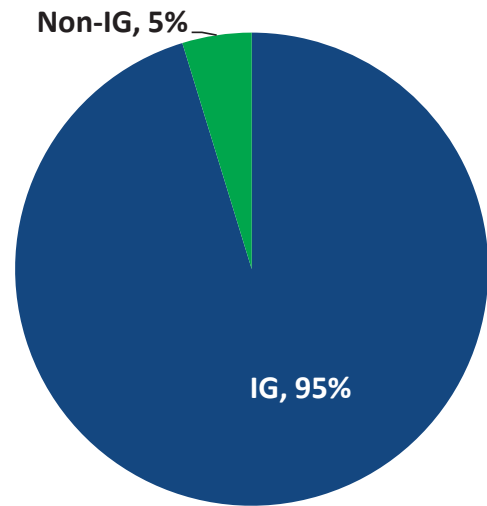
*SPPI means cash flow are solely payments of the principal and interests on the principal amount outstanding. Interests consist of the consideration of time value and credit risk associated with the principal.

Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (9M18)

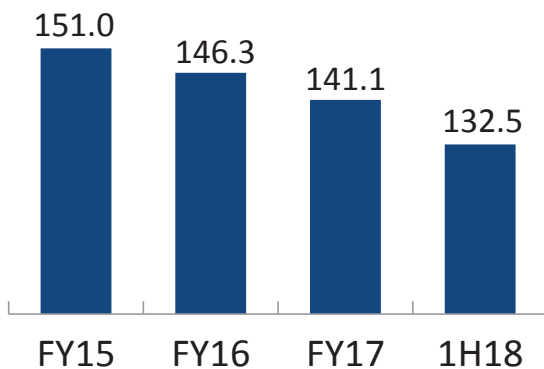


Overseas bond by rating (9M18)

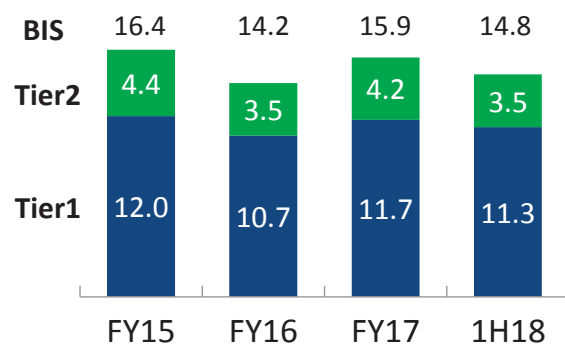


Capital adequacy

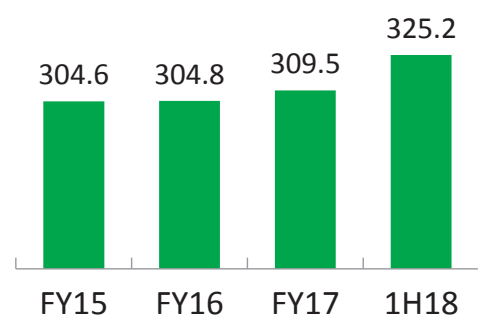
Cathay FHC CAR (%)



CUB Capital Adequacy (%)



Cathay Life RBC (%)



Cathay Financial Holdings
(NT\$MN)

Income Statement Data (Consolidated)	FY17/			9M18/			3Q18/		
	FY16	FY17	% Chg	9M17	9M18	% Chg	3Q17	3Q18	% Chg
Operating Income									
Net interest income	153,478	168,461	10%	124,981	132,405	6%	43,175	47,305	10%
Net commission and fee	(8,050)	1,070	113%	1,677	2,920	74%	1,169	922	-21%
Net earned premium	622,916	624,617	0%	450,685	405,621	-10%	151,439	119,773	-21%
Change in liability reserve	(408,614)	(445,833)	-9%	(319,290)	(239,321)	25%	(110,694)	(61,187)	45%
Net claims payment	(308,697)	(295,503)	4%	(218,783)	(263,416)	-20%	(72,094)	(88,940)	-23%
Investment income	37,782	62,065	64%	49,972	81,385	63%	26,700	23,331	-13%
Contribution from associates-equity method	1,202	1,298	8%	1,075	1,042	-3%	385	505	31%
Other net non-interest income	40,606	22,446	-45%	18,633	(758)	-104%	2,852	1,011	-65%
Bad debt expense	(5,232)	(3,460)	34%	(1,881)	(2,065)	-10%	(607)	(622)	-2%
Operating expense	(75,207)	(75,526)	0%	(53,981)	(58,405)	-8%	(18,883)	(20,243)	-7%
Income before taxes	50,185	59,636	19%	53,088	59,408	12%	23,442	21,855	-7%
Income taxes	(2,145)	(2,962)	-38%	(4,827)	(4,811)	0%	(1,636)	(3,273)	-100%
Net income	48,039	56,673	18%	48,261	54,597	13%	21,806	18,583	-15%
EPS (NT\$)	3.79	4.47		3.81	4.18		1.73	1.47	
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		8,722,609	9,248,502				
Total shareholders' equity	529,824	608,471		593,710	611,671				
Operating Metrics									
ROAE (Consolidated)	9.70%	9.96%		11.45%	11.59%				
ROAA (Consolidated)	0.61%	0.67%		0.76%	0.80%				
Double leverage ratio(inc. preferred stock)	105%	108%		108%	111%				
Capital Adequacy Metrics									
Capital Adequacy Ratio	146%	141%							

Notes:

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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			9M18/ 9M17			3Q18/ 3Q17		
<u>Income Statement Data (Consolidated)</u>	FY16	FY17	% Chg	9M17	9M18	% Chg	3Q17	3Q18	% Chg
Net written premium	605,910	608,404	0%	438,708	392,720	-10%	147,372	115,368	-22%
Net earned premium	605,231	607,547	0%	438,537	392,932	-10%	147,129	115,367	-22%
Reinsurance commission earned	363	301	-17%	294	457	55%	8	12	47%
Fee income	5,542	9,468	71%	6,912	7,065	2%	2,301	2,120	-8%
Recurring investment income	161,051	173,846	8%	133,157	150,182	13%	54,030	62,119	15%
Gain on disposal of investment									
Realized gain (loss)-Equity	18,210	43,625	140%	33,302	44,943	35%	7,158	7,301	2%
Realized gain (loss)-Debt	29,382	21,233	-28%	16,471	12,734	-23%	4,901	1,751	-64%
Gain on investment property	5,000	(756)	-115%	(372)	(632)	-70%	(17)	3	120%
FX and others, net	(21,333)	(28,258)	-32%	(21,749)	(29,164)	-34%	(5,009)	(12,430)	-148%
Investment income, net	192,310	209,691	9%	160,809	178,063	11%	61,064	58,744	-4%
Other operating income	5,032	5,069	1%	3,771	4,037	7%	1,302	1,411	8%
Separate account revenues	39,589	44,304	12%	36,252	29,680	-18%	15,731	12,618	-20%
Net claims payment	(297,201)	(284,023)	4%	(210,916)	(255,602)	-21%	(69,096)	(86,475)	-25%
Changes in liability reserves	(408,398)	(445,843)	-9%	(319,184)	(239,113)	25%	(110,755)	(60,892)	45%
Acquisition and commission expense	(38,901)	(32,507)	16%	(23,052)	(24,749)	-7%	(7,486)	(8,322)	-11%
Other operating costs	(6,381)	(6,418)	-1%	(4,602)	(5,706)	-24%	(1,755)	(1,736)	1%
Financial cost	(413)	(1,963)	-375%	(1,373)	(1,739)	-27%	(606)	(592)	2%
Separate account expense	(39,589)	(44,304)	-12%	(36,252)	(29,680)	18%	(15,731)	(12,618)	20%
Operating expense	(30,768)	(28,790)	6%	(21,212)	(21,551)	-2%	(7,078)	(7,257)	-3%
Net non-operating income	1,956	1,442	-26%	1,018	1,068	5%	299	367	23%
Income taxes	1,861	2,294	23%	(52)	1,089	2205%	(592)	(1,576)	-166%
Net income	30,235	36,268	20%	30,951	36,249	17%	14,736	11,171	-24%
Balance Sheet Data									
Total assets	5,556,950	6,097,655		5,997,620	6,416,609				
General account	5,058,936	5,542,385		5,447,814	5,831,712				
Separate account	498,014	555,269		549,807	584,897				
Reserves for life insurance liabilities	4,567,324	4,944,292		4,829,769	5,210,049				
Total liabilities	5,192,967	5,656,473		5,568,892	5,967,211				
Total shareholders' equity	363,984	441,181		428,728	449,399				
Operating Metrics									
First Year Premium(FYP)	199,082	233,250		172,869	164,680				
First Year Premium Equivalent(FYPE)	135,035	78,602		58,515	53,386				
Expense ratio	10.3%	8.6%		8.6%	10.0%				
13-M persistency ratio	98.3%	98.2%		98.2%	98.5%				
25-M persistency ratio	92.2%	94.3%		93.0%	94.4%				
ROAE	8.49%	9.01%		10.4%	10.5%				
ROAA	0.56%	0.62%		0.71%	0.77%				
Capital Adequacy Metrics									
RBC ratio (Standalone)	305%	309%							

Notes:

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Cathay United Bank

(NT\$MN)	FY17/ FY16			9M18/ 9M17			3Q18/ 3Q17		
<u>Income Statement Data (Consolidated)</u>	FY16	FY17	% Chg	9M17	9M18	% Chg	3Q17	3Q18	% Chg
Operating Income									
Net interest income	25,910	29,701	15%	22,093	24,598	11%	7,652	8,626	13%
Fee income	15,745	14,862	-6%	11,619	12,873	11%	4,201	4,751	13%
Investment income	8,278	9,442	14%	7,286	8,789	21%	3,025	3,979	32%
Other income	1,222	1,216	0%	982	618	-37%	445	195	-56%
Net operating income	51,154	55,222	8%	41,980	46,878	12%	15,323	17,551	15%
Operating expenses	(26,959)	(29,301)	-9%	(20,601)	(23,107)	-12%	(7,524)	(8,382)	-11%
Pre-provision profit	24,195	25,920	7%	21,379	23,771	11%	7,798	9,169	18%
Net provisions for possible losses	(4,455)	(3,494)	22%	(1,879)	(2,312)	-23%	(571)	(820)	-44%
Income before taxes	19,740	22,426	14%	19,500	21,459	10%	7,227	8,349	16%
Income tax	(2,229)	(2,763)	-24%	(2,483)	(3,056)	-23%	(931)	(1,105)	-19%
Net income	17,511	19,664	12%	17,017	18,403	8%	6,297	7,244	15%
Balance Sheet Data									
Total assets	2,566,669	2,735,704		2,711,633	2,830,340				
Loans, net	1,437,531	1,434,558		1,478,363	1,569,443				
Financial assets	849,989	859,590		841,940	889,729				
Total liability	2,406,701	2,553,396		2,531,120	2,629,323				
Deposits	2,032,600	2,098,368		2,087,363	2,196,933				
Financial Debenture Payable	51,900	63,350		63,350	55,600				
Total shareholders' equity	159,968	182,308		180,512	201,017				
Operating Metrics									
Cost income ratio	52.70%	53.06%		49.07%	49.29%				
ROAE	11.06%	11.49%		13.33%	12.70%				
ROAA	0.71%	0.74%		0.86%	0.88%				
Assets Quality (Standalone)									
NPL	2,133	2,982		2,934	2,511				
NPL ratio	0.15%	0.21%		0.20%	0.16%				
NPL provisions	19,686	22,553		21,984	23,510				
Coverage ratio	923%	756%		749%	936%				
Capital Adequacy Metrics (Standalone)									
BIS ratio	14.2%	15.9%							
Tier I Ratio	10.7%	11.7%							

Notes:

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(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/			9M18/			3Q18/		
	FY16	FY17	FY16 % Chg	9M17	9M18	9M17 % Chg	3Q17	3Q18	3Q17 % Chg
Income Statement Data (Consolidated)									
Premium income	22,774	21,878	-4%	16,048	17,042	6%	5,262	5,672	8%
Net written premium	17,390	16,610	-4%	12,255	13,162	7%	4,126	4,455	8%
Net earned premium	17,213	16,344	-5%	12,180	12,912	6%	4,192	4,483	7%
Reinsurance commission earned	526	489	-7%	355	394	11%	108	122	13%
Fee income	44	42	-6%	31	32	3%	11	10	-3%
Investment	2,082	892	-57%	764	805	5%	364	179	-51%
Interest income	568	547	-4%	409	421	3%	140	141	1%
Other investment income, net	1,514	345	-77%	354	384	8%	224	38	-83%
Other operating income	0	0	0%	0	0	0%	0	0	
Net claims payment	(9,559)	(9,138)	4%	(6,750)	(6,976)	-3%	(2,504)	(2,268)	9%
Changes in liability reserves	(209)	10	105%	(106)	(208)	-97%	61	(294)	-583%
Commissions and other operating costs	(3,015)	(2,859)	5%	(2,103)	(2,243)	-7%	(725)	(786)	-8%
Operating expenses	(4,248)	(3,609)	15%	(2,641)	(2,820)	-7%	(885)	(956)	-8%
Operating income	2,834	2,170	-23%	1,732	1,896	9%	621	489	-21%
Net non-operating income	(1)	(16)	-1862%	(14)	(9)	34%	(5)	(1)	69%
Income taxes	(492)	(297)	40%	(216)	(309)	-43%	(67)	(78)	-16%
Net income	2,342	1,858	-21%	1,502	1,578	5%	549	410	-25%
Balance Sheet Data									
Total assets	38,250	38,351		37,895	37,427				
Total stockholders' equity	9,216	10,517		10,035	10,225				
Operating Metrics									
Gross Combined ratio	99.3%	80.0%		78.8%	81.2%				
Net Combined ratio	93.3%	90.9%		90.0%	91.2%				
ROAE	28.50%	18.83%		20.81%	20.28%				
ROAA	5.83%	4.85%		5.26%	5.55%				
Capital Adequacy Metrics									
RBC ratio (Standalone)	385%	392%							

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