

Cathay Financial Holding Co., Ltd.



Morgan Stanley

Morgan Stanley Asia Pacific Summit

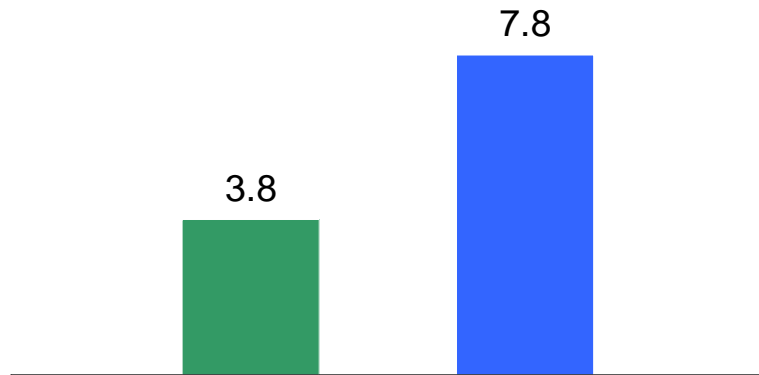
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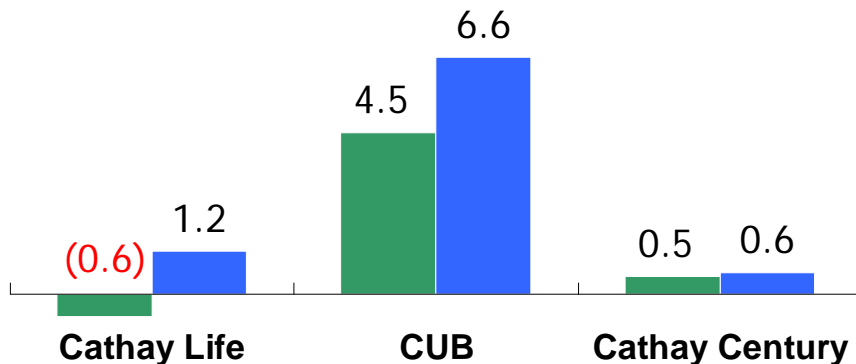
Cathay FHC – Net income & EPS

Net Income (NT\$BN)

■ 9M08 ■ 9M09 (NT\$BN)

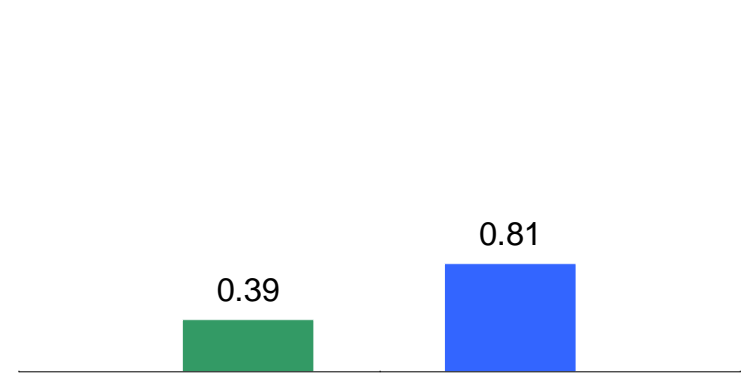


Net income of main subsidiaries

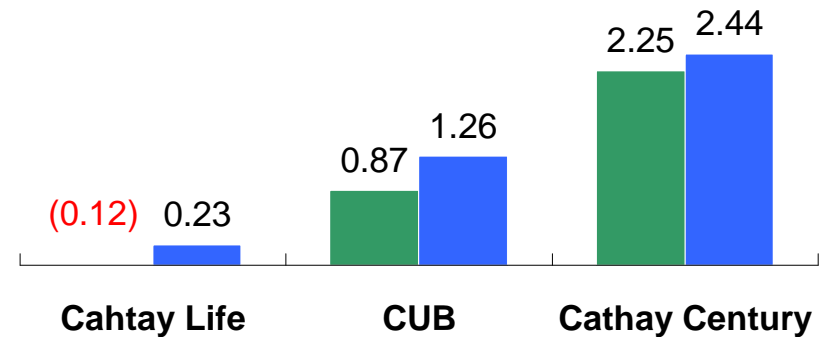


Earnings Per Share (NT\$)

■ 9M08 ■ 9M09 (NT\$BN)



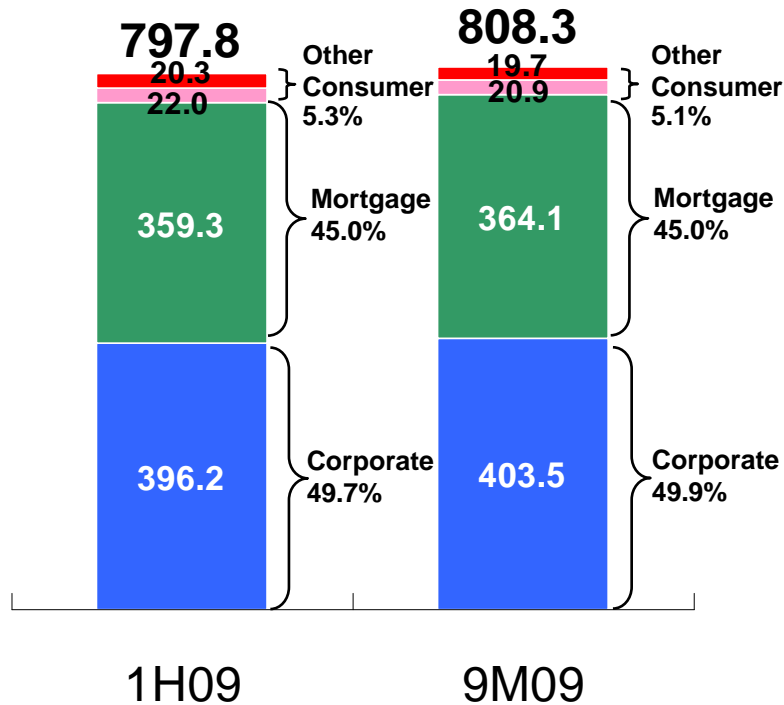
EPS of main subsidiaries



CUB – Loan Breakdown & Credit quality

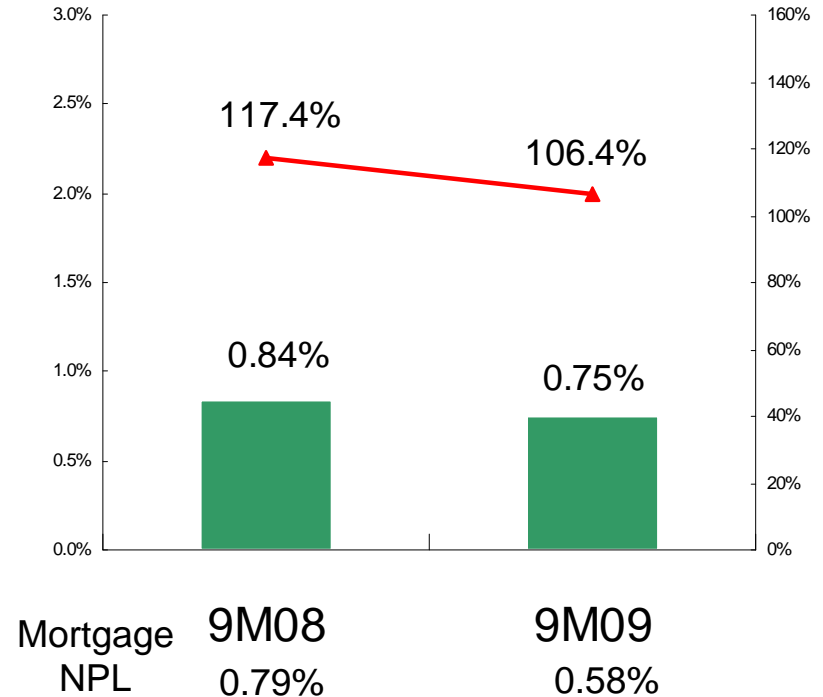
Loan Breakdown

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



NPL & Coverage ratio

- NPL ratio(LHS)
- ▲ Coverage ratio(RHS)

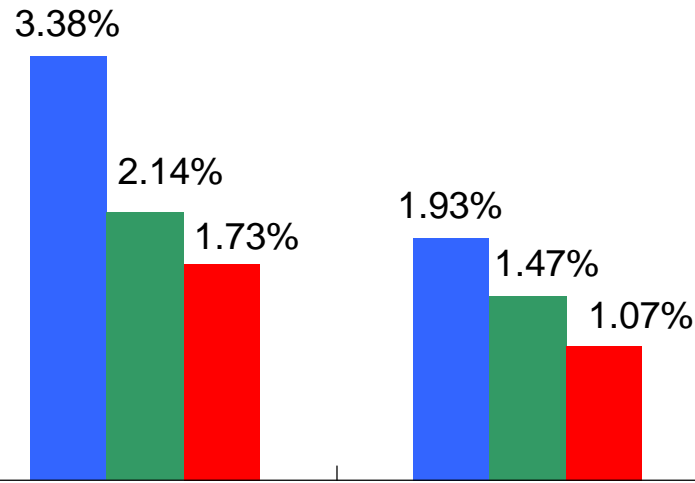


CUB – Interest Yields & Fee income

Interest Yields

- Avg. rate of interest-earned assets
- Interest spread
- Net interest margin (NIM)

NIM bottomed out in May, stabilized in 3rd quarter.

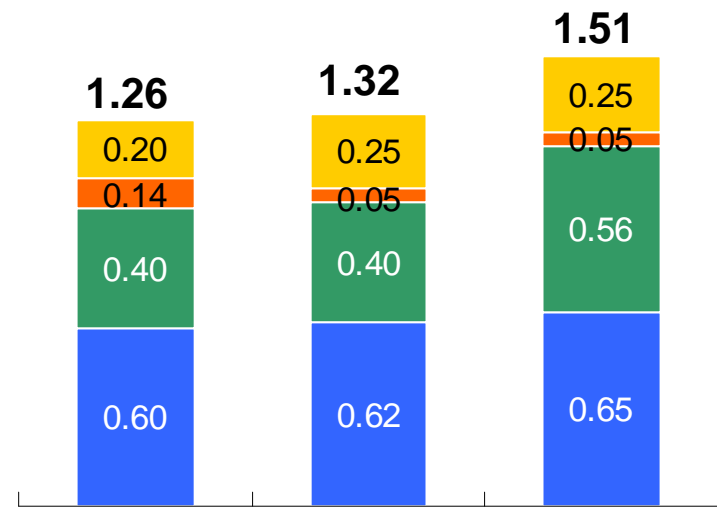


NT\$ demand deposit ratio
45.8%

9M09
53.9%

Fee Income

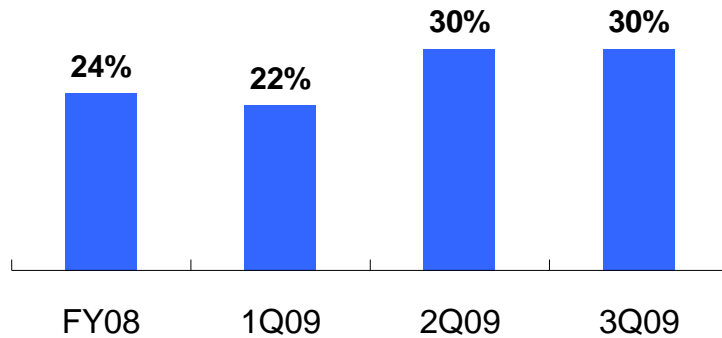
- Other (NT\$BN)
- FX
- Wealth management
- Cards related



Cathay Life – 2009 strategies

Increase FYP market share

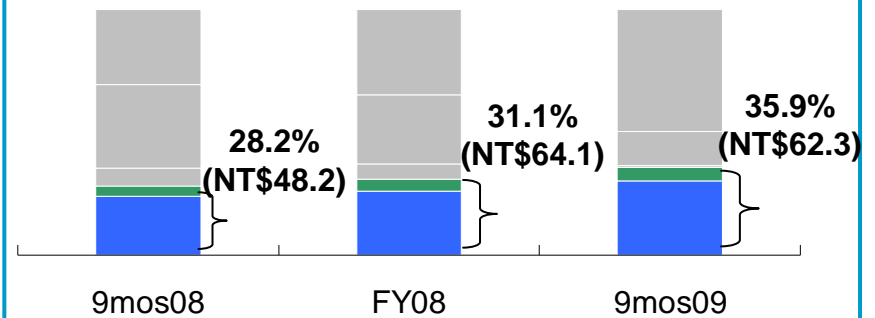
2009 FYP market share target 30%



Improve product mix

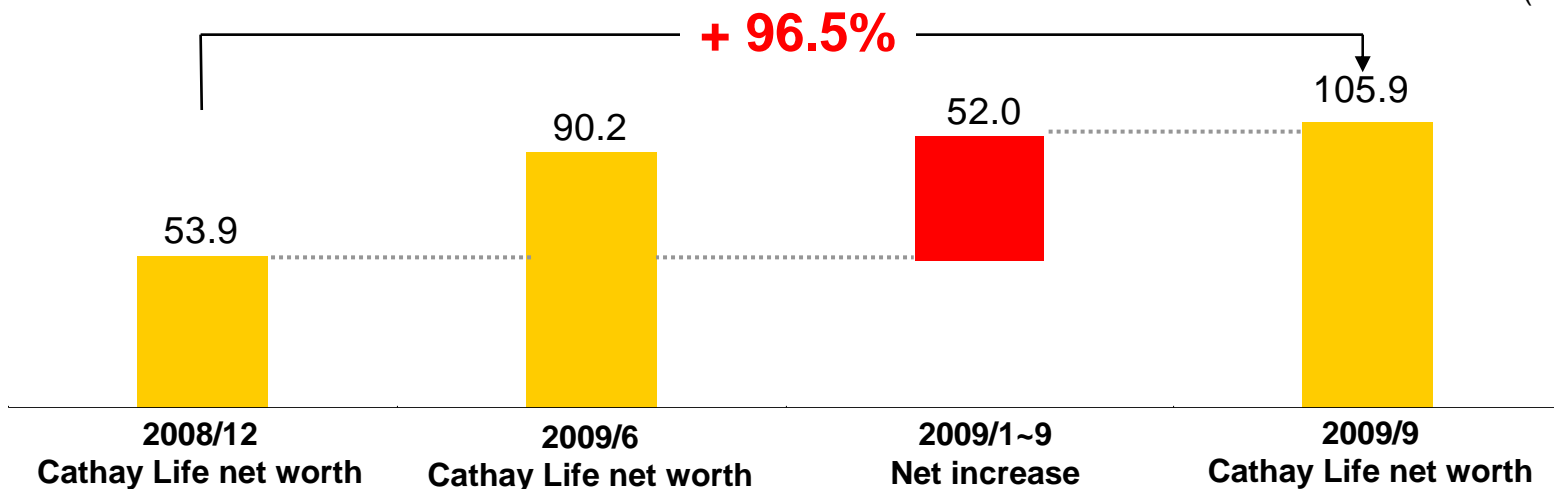
■ Health, accident & other
■ Traditional life
(NT\$BN)

FYP weightings of Traditional life and Health, accident & other continue to increase!



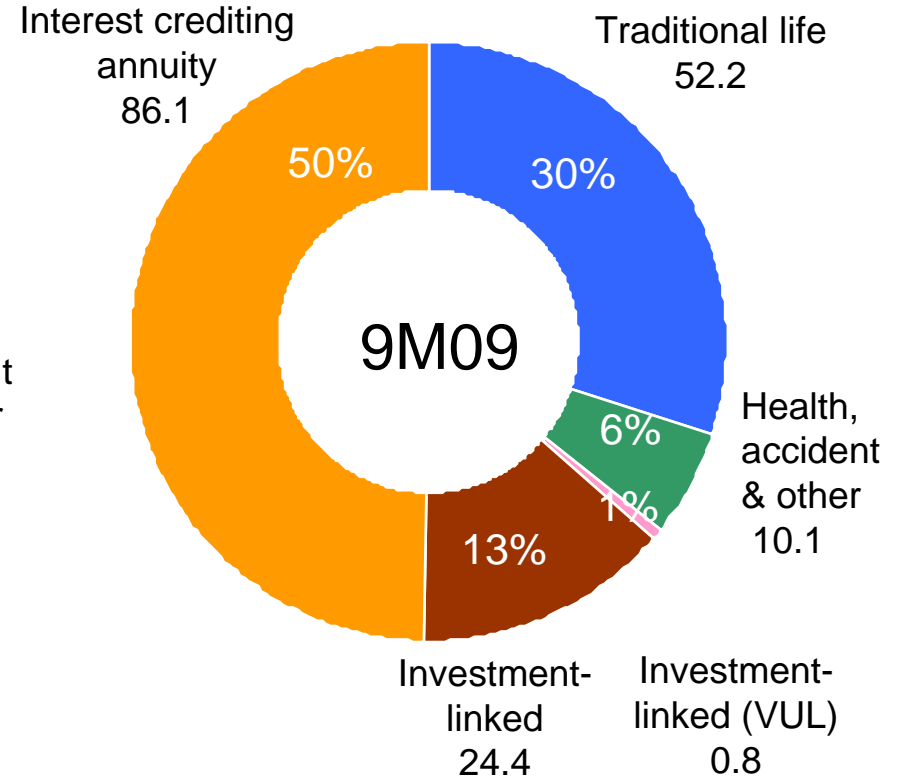
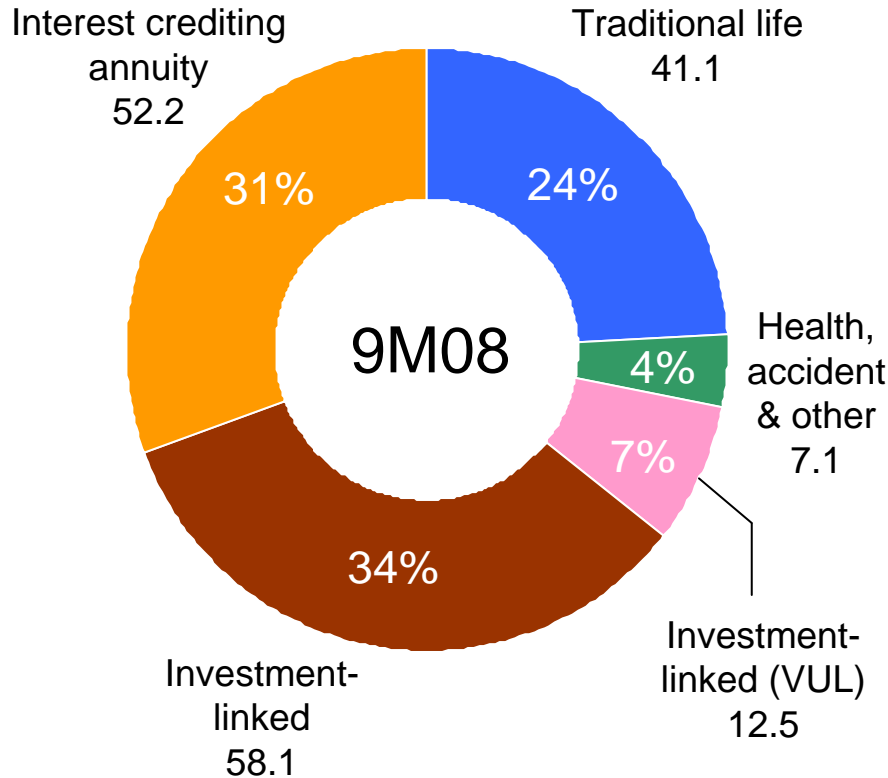
Recovered net worth

(NT\$BN)



Cathay Life – First Year Premium

(NT\$BN)



Total NT\$ 171.0BN

Total NT\$ 173.6BN

Cathay Life – Investment Portfolio

	1Q09		2Q09		Weight Change	Amount Change
	Amt. (NT\$BN)	%	Amt. (NT\$BN)	%		
Cash & Cash equivalents	261.0	11.8%	312.3	13.6%	1.8%	51.3
Equities – Domestic	136.3	6.1%	131.0	5.7%	-0.4%	-5.3
Equities – International	31.4	1.4%	37.0	1.6%	0.2%	5.6
Bonds – Domestic	327.1	14.8%	351.0	15.3%	0.5%	23.9
Bonds - International ⁽¹⁾	753.5	34.0%	764.5	33.3%	-0.7%	11.0
Mortgage & Secured loans	339.3	15.3%	330.9	14.4%	-0.9%	-8.4
Policy loans	196.1	8.8%	196.8	8.6%	-0.3%	0.7
Real estate	126.3	5.7%	126.1	5.5%	-0.2%	-0.2
Others	46.7	2.1%	47.2	2.1%	-0.1%	0.5
Total investments⁽²⁾⁽³⁾	2,217.7	100.0%	2,296.8	100.0%		

Note (1) : Includes foreign currency deposit and related adjustments

Note (2) : Excludes separate account assets

Note (3) : Total investments only includes funds available to invest

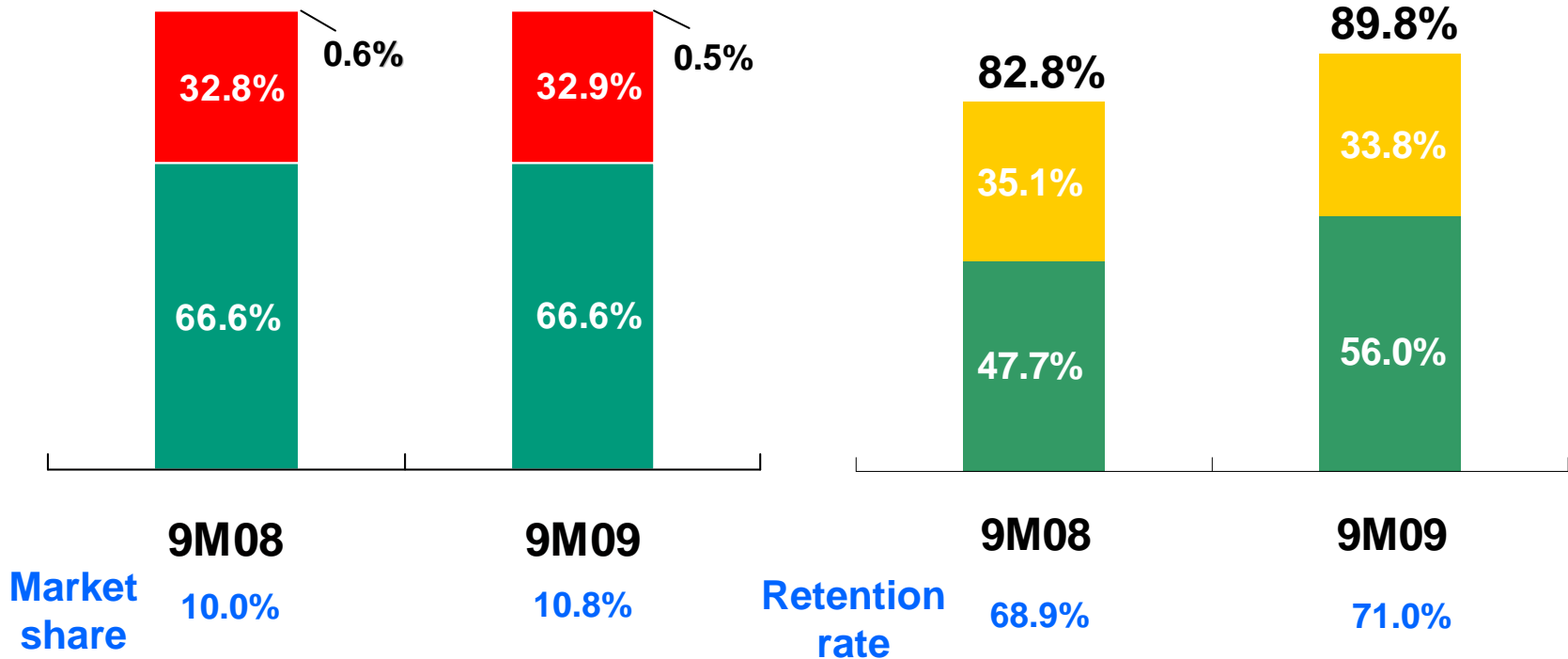
Cathay Century

Distribution Channel

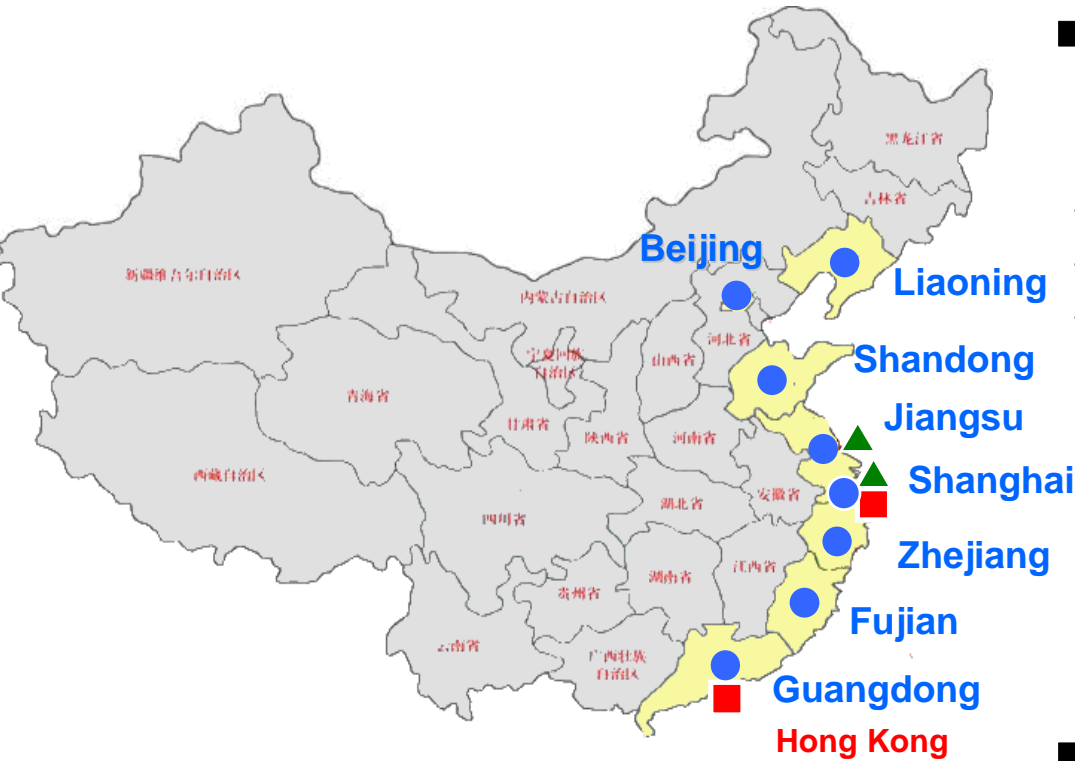
- Others
- Cathay P&C agents
- Cathay group channel

Retained Combined Ratio

- Retained expense ratio
- Retained loss ratio



Cathay FHC in China



- Footprint
- Cathay Life (Shanghai)
 - Cathay United Bank
 - ▲ Cathay Century (Shanghai)

■ Cathay Life (Shanghai)

- Joint venture between Cathay Life Insurance and China Eastern Airline Group
- Registered capital: RMB 800 MN
- Sales force: 2,728 tied agents (2009.9.30)
- Footprint: 32 branches in 27 cities, 8 provinces
 - Serviced cities account for approximately 30% of China's GDP
 - Branch number ranked third highest among local foreign players
 - Tianjin license is under application
- Policyholders: approximately 1.50 MN⁽¹⁾

■ Cathay United Bank

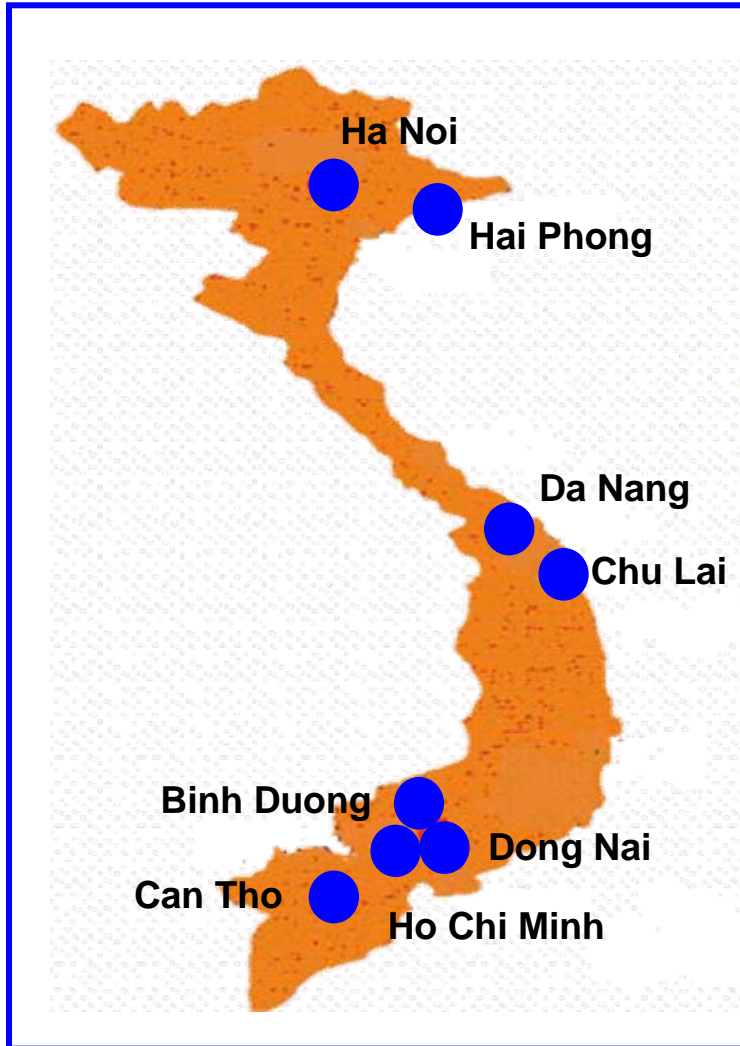
- 1 Hong Kong branch (2001)
- 1 Shanghai Rep. office (2002)

■ Cathay Century (Shanghai)

- 100% owned by Cathay FHC
- 2 service footprints (Shanghai and Jiangsu)

Note(1): Numbers are effective policyholders as of 2009/09/30

Cathay FHC in Vietnam



■ Indovina Bank

- Joint venture bank between CUB and VietinBank with 26 locations
- Total assets : USD600.5 MN⁽¹⁾ (approximately NTD19.3 BN)
- NPL ratio : 1.32%⁽¹⁾ (avg. NPL ratio of local players is 3.5%)
- Pre-tax income: USD9.2 MN⁽¹⁾ (approximately NTD290 MN)
- Leading position among 6 joint venture banks in Vietnam
- Chosen to be “the best foreign invested bank ” by The State Bank of Vietnam

■ Cathay United Bank

- 1 branch (Chu Lai), 2 rep. offices (Ho Chi Minh, Hanoi)
- Pre-tax net income of Chu Lai branch is approximately NTD55.1 MN⁽¹⁾

■ Cathay Life

- 4 offices (Ho Chi Minh, Hanoi, Da Nang, Can Tho)
- Net income is approximately NTD1 MN⁽¹⁾

■ Cathay Century

- 1 rep. office (Ho Chi Minh)

Capital Adequacy Ratio

	June-2009	Legal requirement
Cathay Financial Holdings Capital adequacy ratio	137%	100%
Cathay Life RBC ratio	250-300%	200%
Cathay United Bank BIS ratio/Tier 1 ratio	11.66% / 9.52%	8.00%/6.00%
Cathay Century RBC ratio	>300%	200%
Cathay Securities BIS ratio	885%	150%

Cathay FHC has completed sub-debt issuance NT\$20BN in October 8th, 2009 to enhance capital strength and prepare for strategic investment in the future.