

Cathay Financial Holding Co., Ltd.

3Q07 Analyst Meeting

BANKING

INSURANCE

PRODUCTS

INVESTMENTS

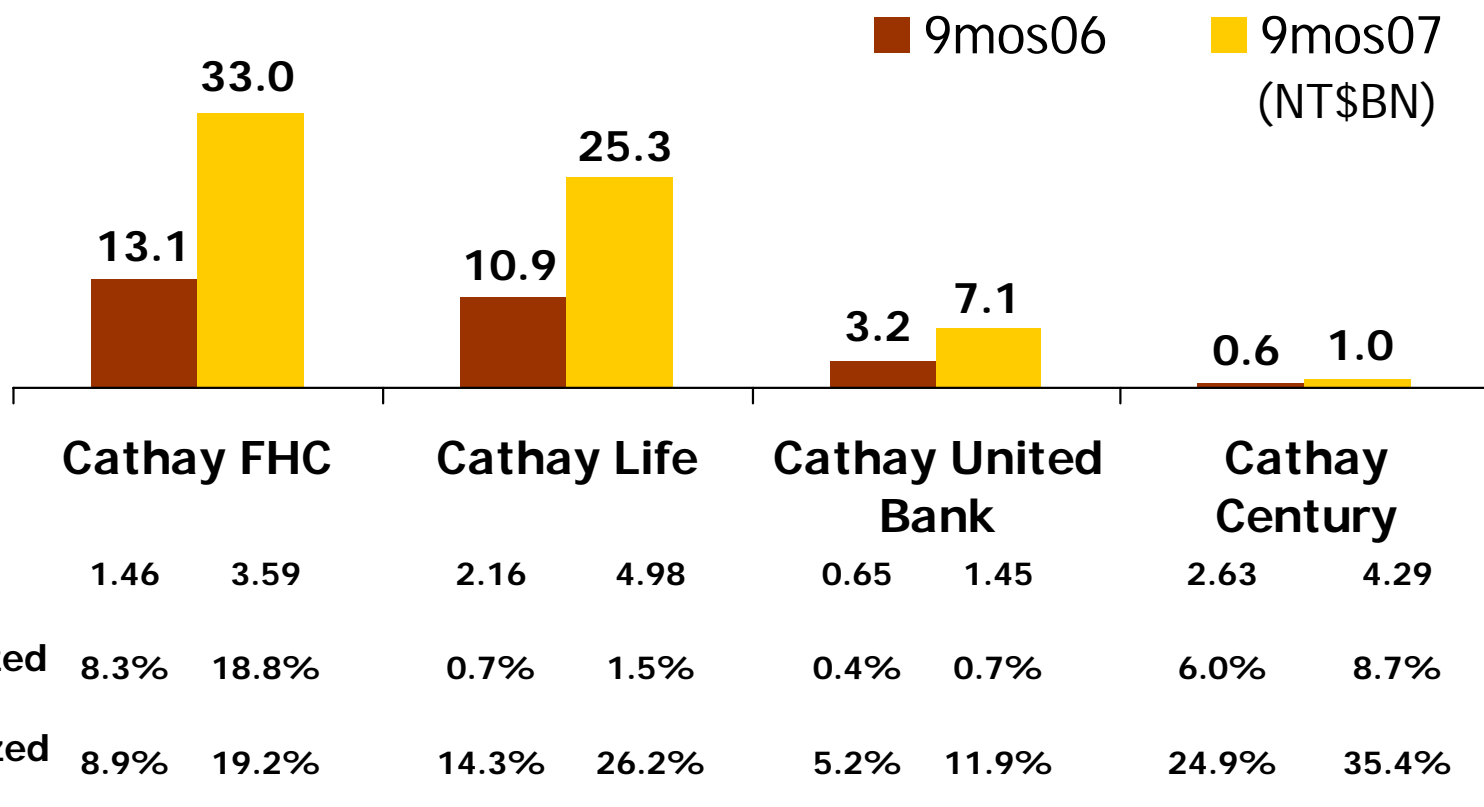
November 2007

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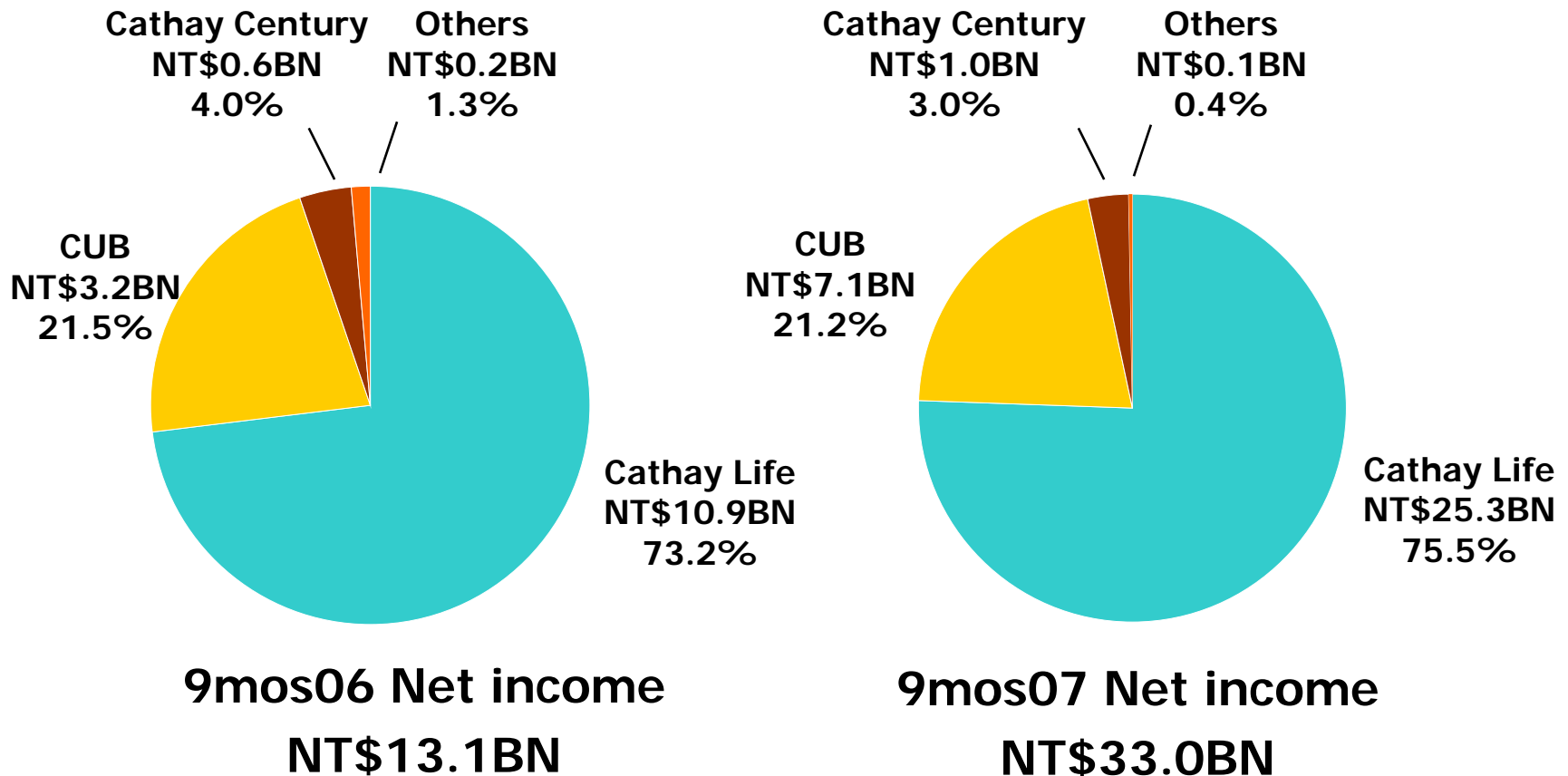


Cathay FHC - Net income



Note: Annualized ROA and ROE of Cathay FHC are calculated based on stand-alone numbers
 CUB's financial numbers and ratios include contribution from Lucky Bank

Cathay FHC - Net income contribution

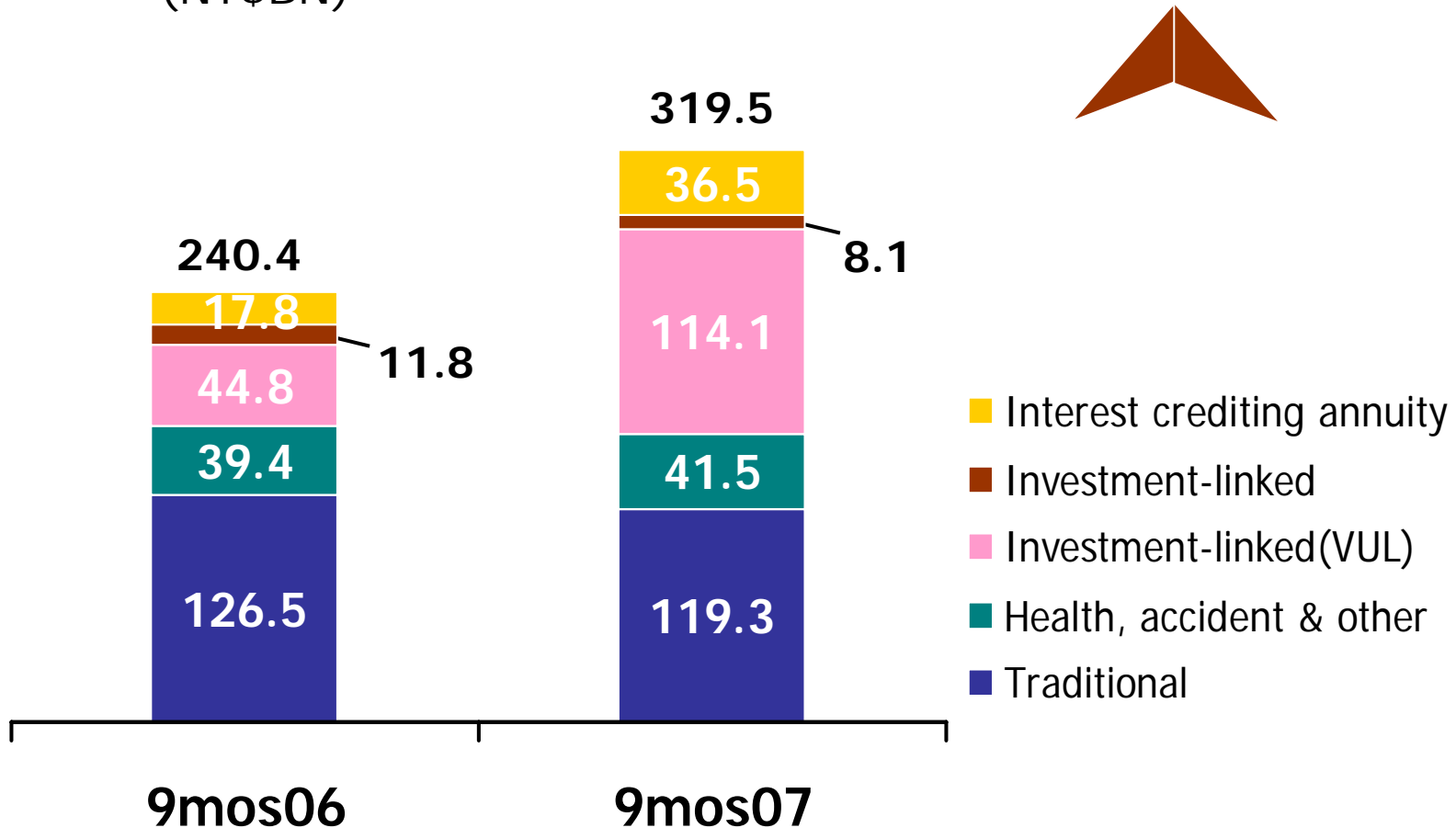


Note): Pie charts are calculated on a sum-of-parts basis
CUB's financial numbers and ratios include contribution from Lucky Bank

Cathay Life - Total premium

(NT\$BN)

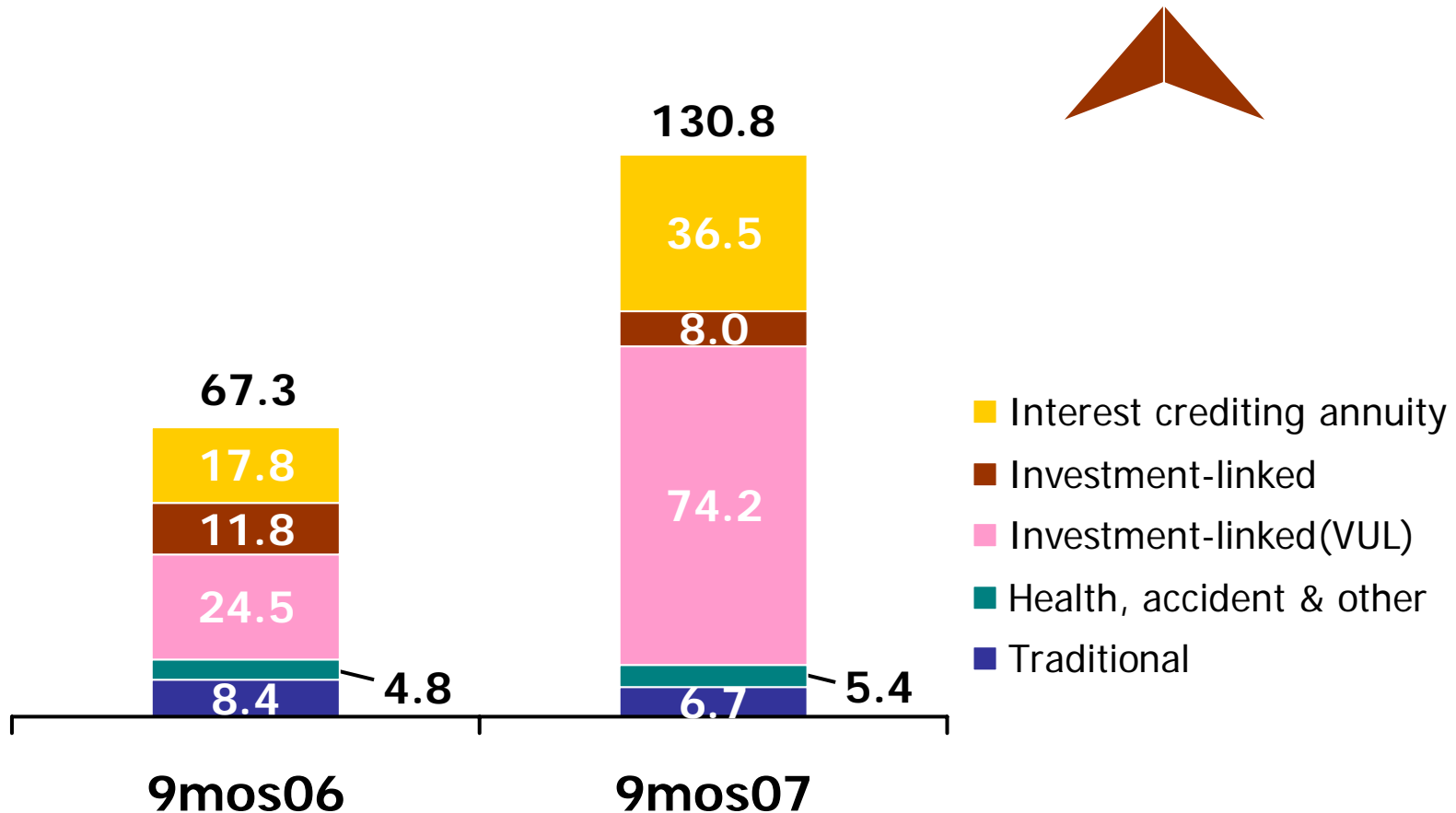
32.9%



Cathay Life - First year premium

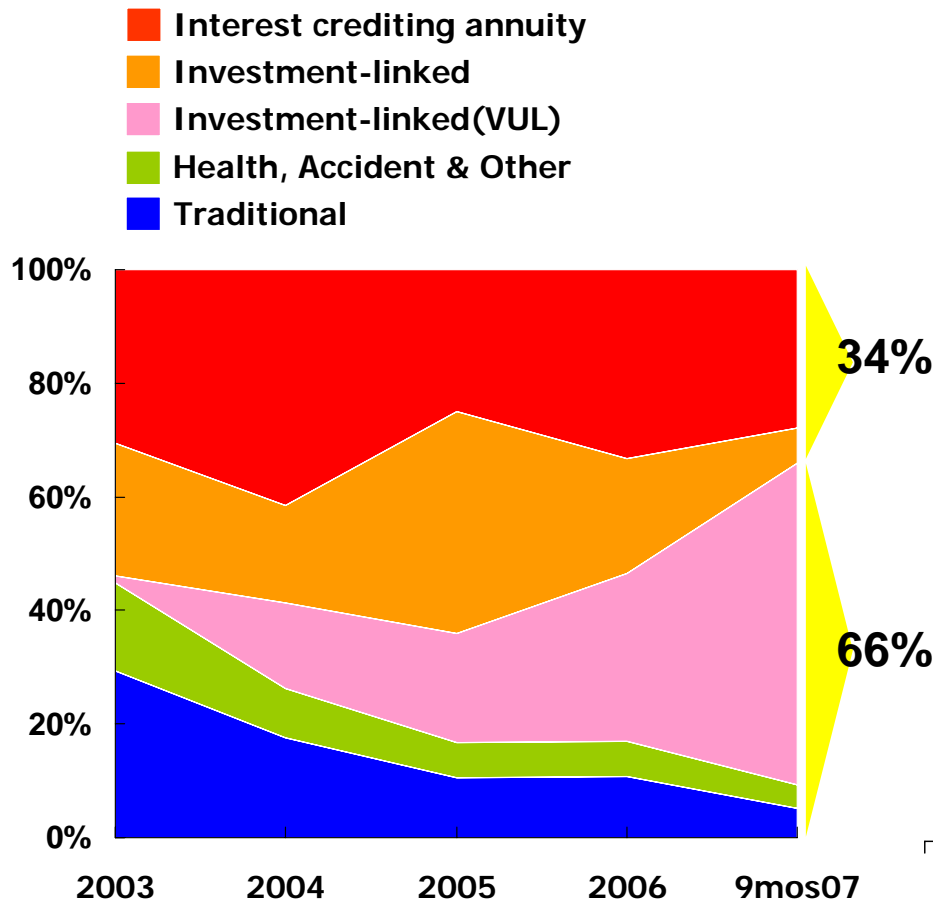
(NT\$BN)

94.4%

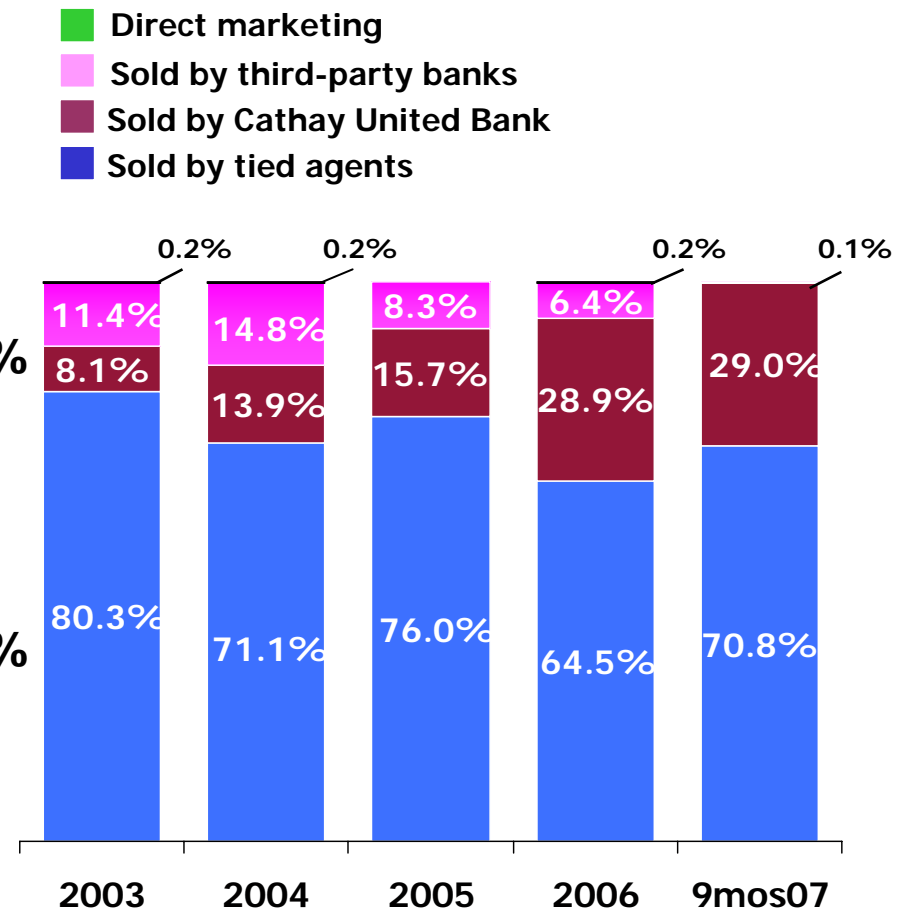


Cathay Life - Product migration

FYP product mix

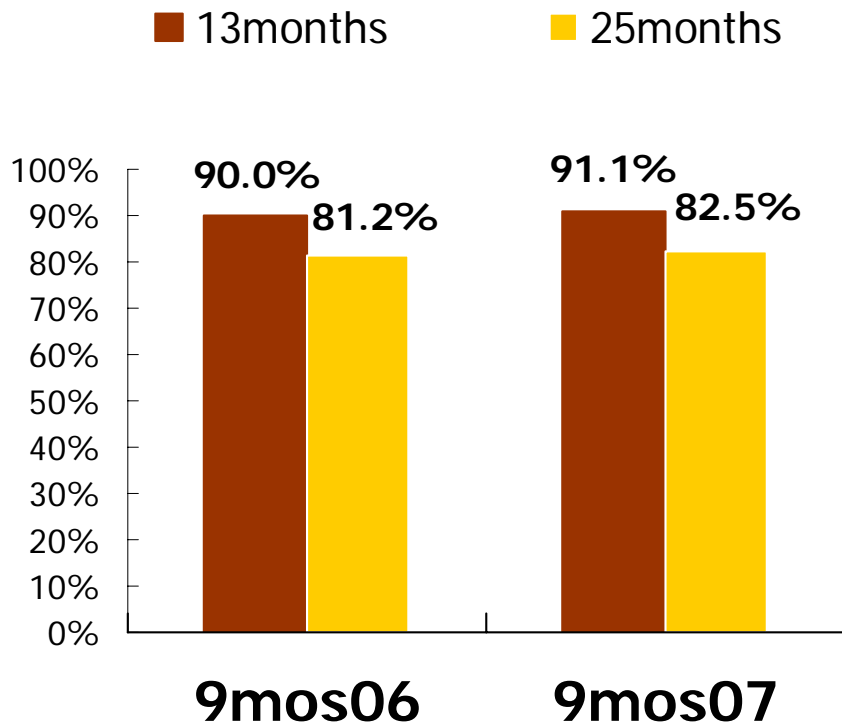


Channel evolution

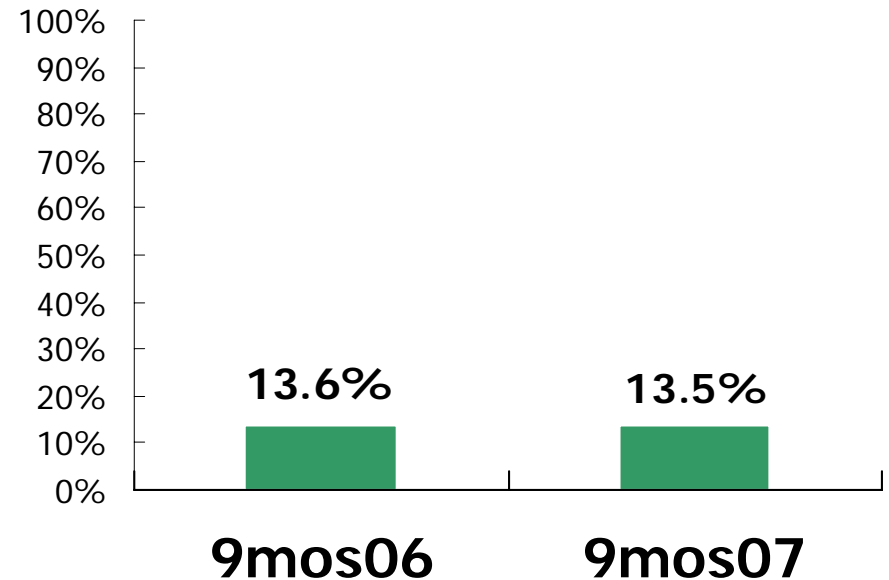


Cathay Life - Operational indicators

Persistency ratio



Expense ratio



Cathay Life - Investment portfolio

	2Q07		3Q07		Weight Change	Amount Change
	Amt. (NT\$BN)	%	Amt. (NT\$BN)	%		
Cash & cash equivalents	225.7	11.1%	214.9	10.3%	-0.8%	-10.8
Equities - Domestic	218.5	10.8%	201.1	9.7%	-1.1%	-17.4
Equities - International	54.2	2.7%	59.8	2.9%	0.2%	5.6
Bonds - Domestic	229.5	11.3%	273.1	13.1%	1.8%	43.6
Bonds - International ⁽¹⁾	636.4	31.4%	642.5	31.0%	-0.4%	6.1
Mortgage loans	331.8	16.3%	344.4	16.6%	0.3%	12.6
Policy loans	179.2	8.8%	184.3	8.9%	0.1%	5.1
Real estate	116.7	5.8%	118.0	5.7%	-0.1%	1.3
Others	37.4	1.8%	37.2	1.8%	--	-0.2
Total investments⁽²⁾⁽³⁾	2,029.4	100.0%	2,075.3	100.0%		

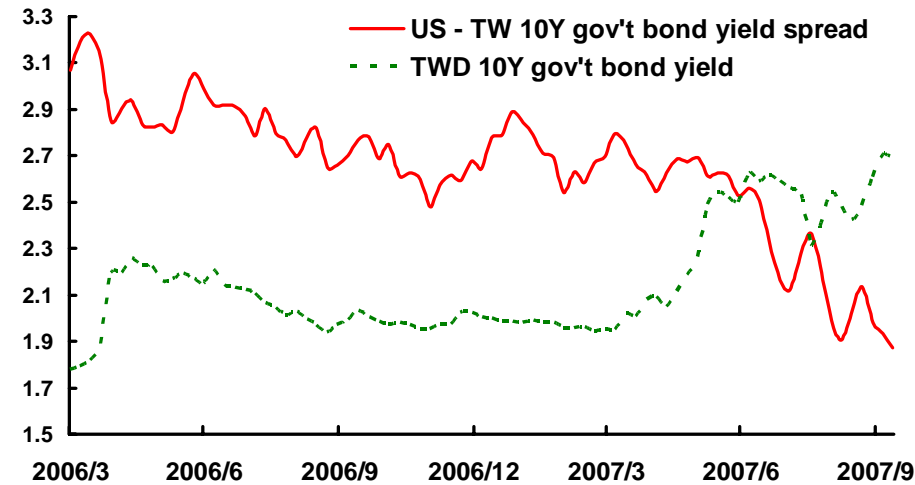
Note (1) : Includes foreign currency and related adjustments

Note (2) : Excludes separate account assets

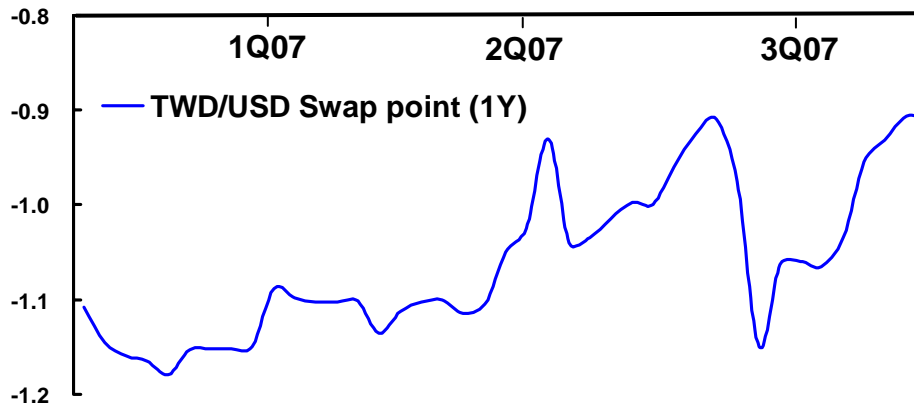
Note (3) : Total investment only includes funds available to invest

Cathay Life - Capital market impact

■ Interest rate spread



■ Currency swap point



Impact on Cathay Life

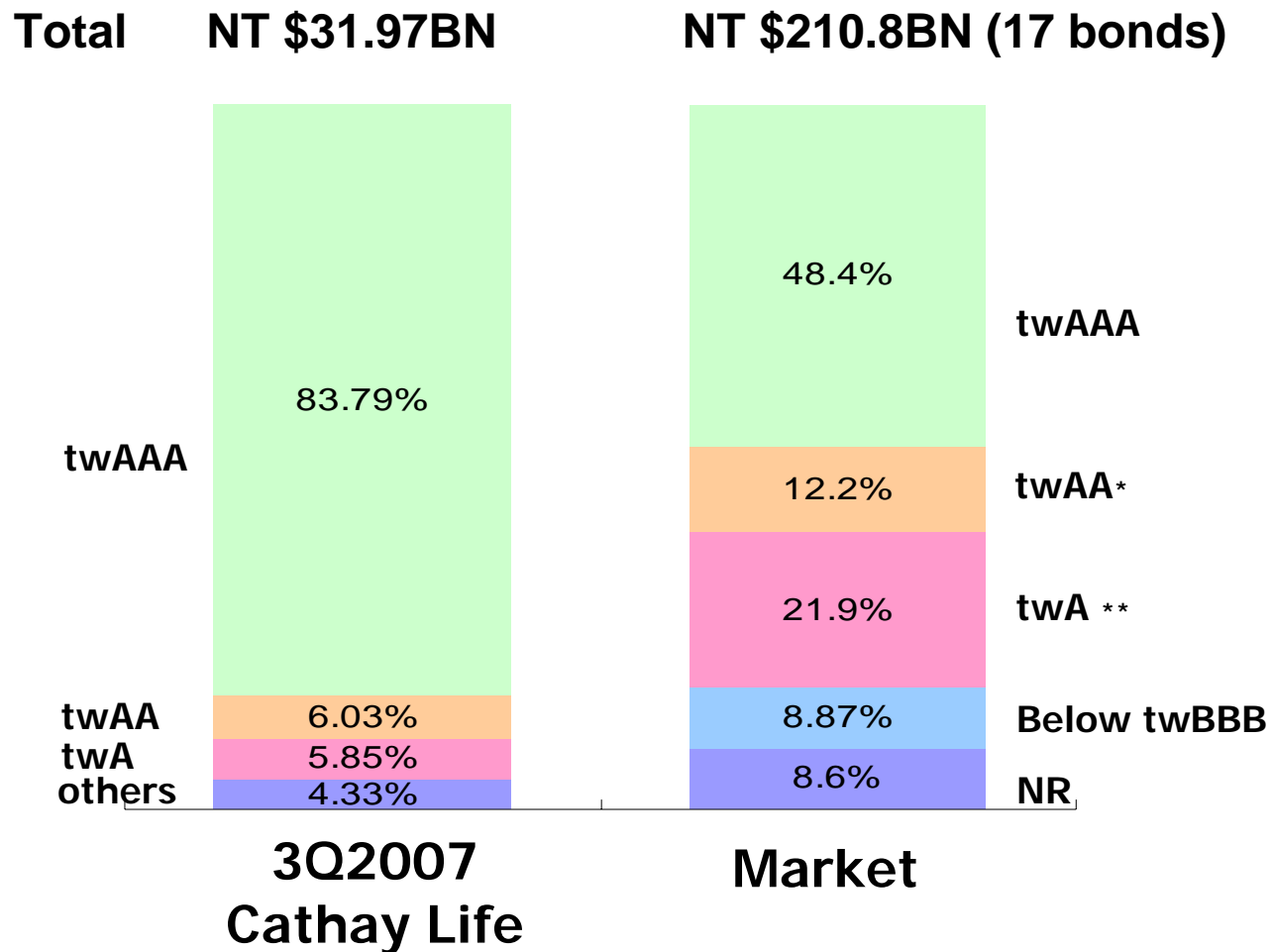
- Domestic interest rates edge up
- Interest spread between US 10Y and TW 10Y tightened significantly

Swap point between TWD and USD narrowing down

Potential impact :

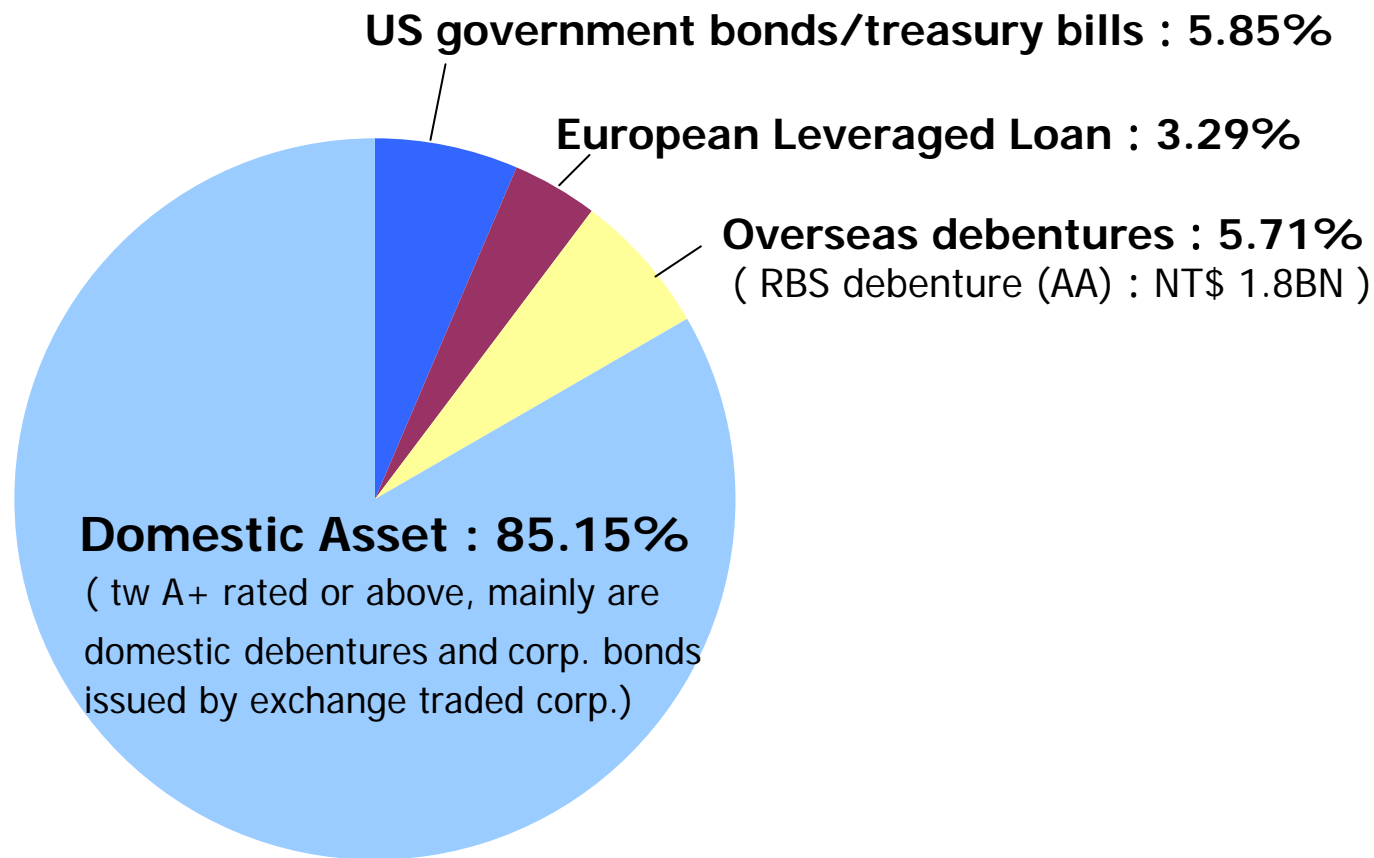
- Drive up domestic bond yield and total investment yield
- Reduce traditional hedging cost

CBO rating distribution



Note* : Includes NT 8bn issue with short term rating of F1
 Note* *: Includes NT 17bn issue with short term rating of F2

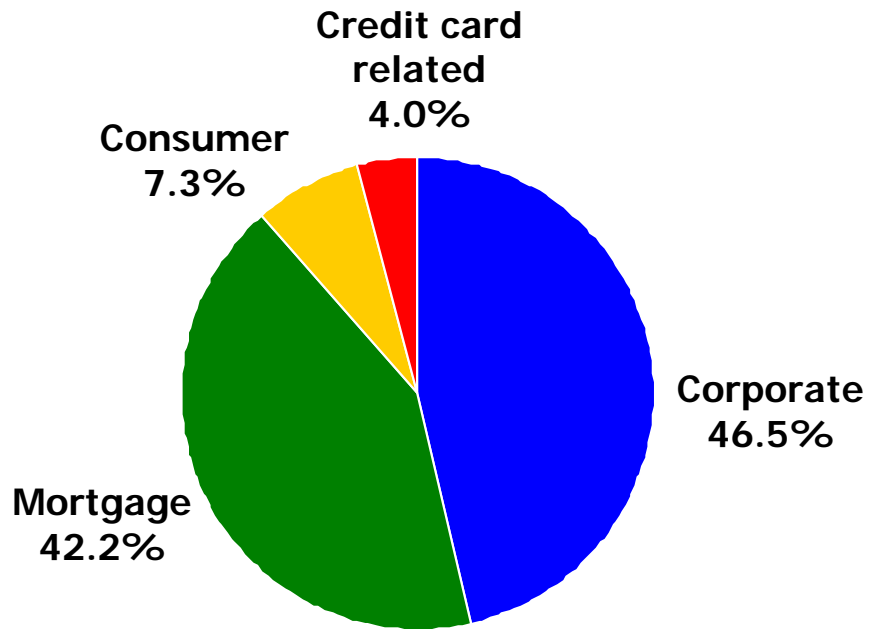
Asset pool of CBO investment



Total = NT31.97BN

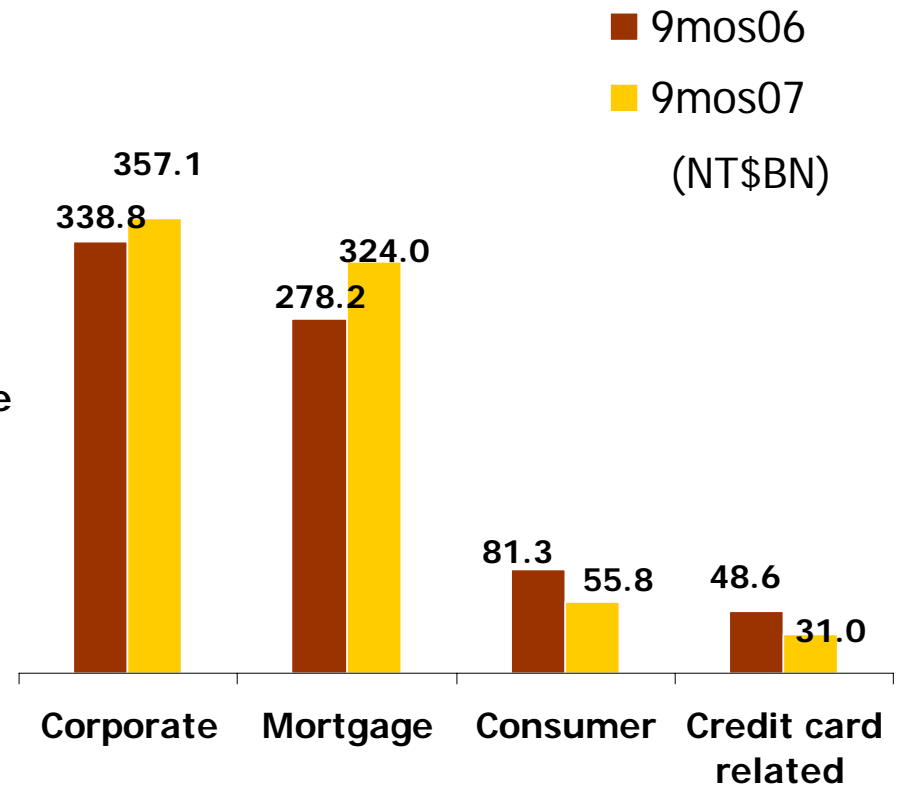
CUB - Loan portfolio

Loan breakdown

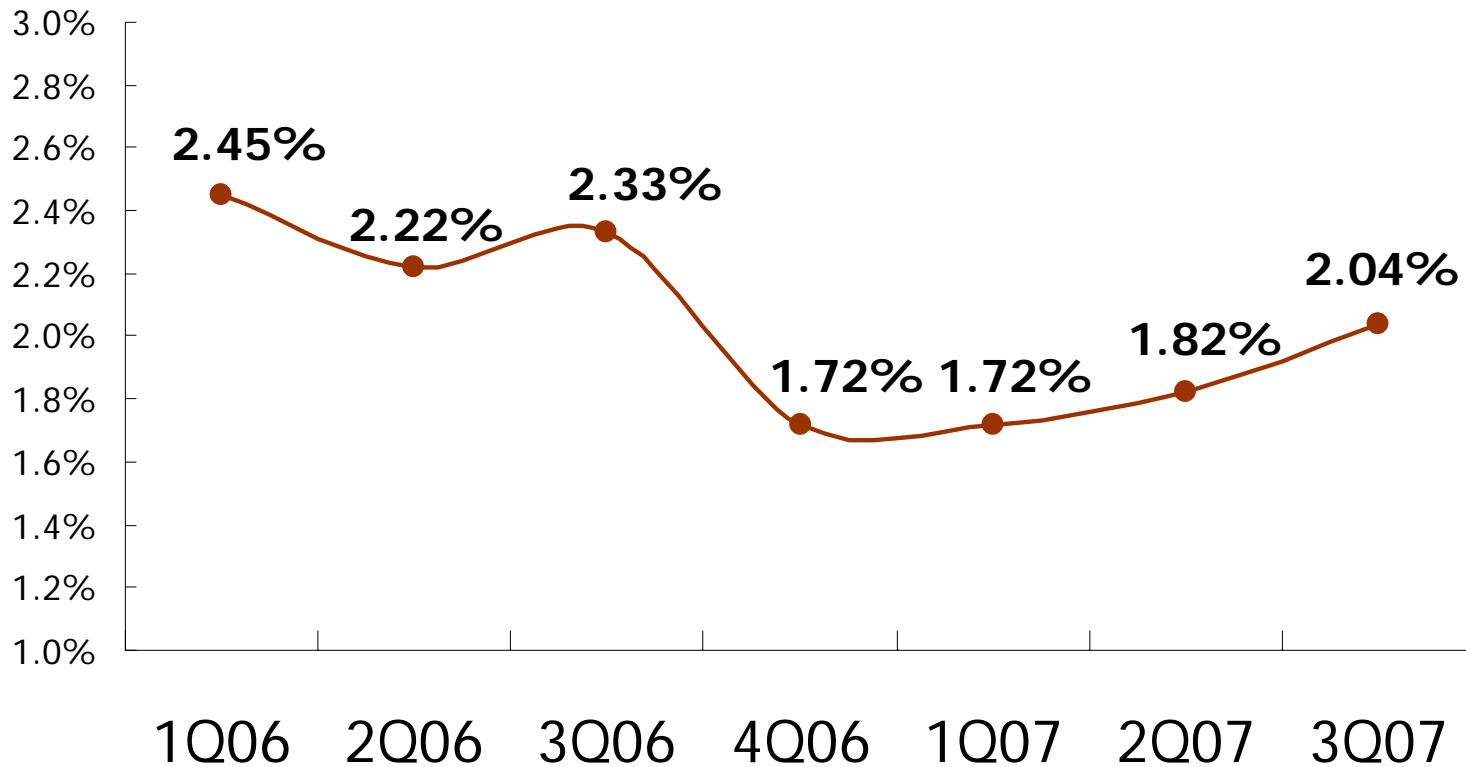


**Total loans as of Sep-07
NT\$ 767.9 BN**

Loan growth by product



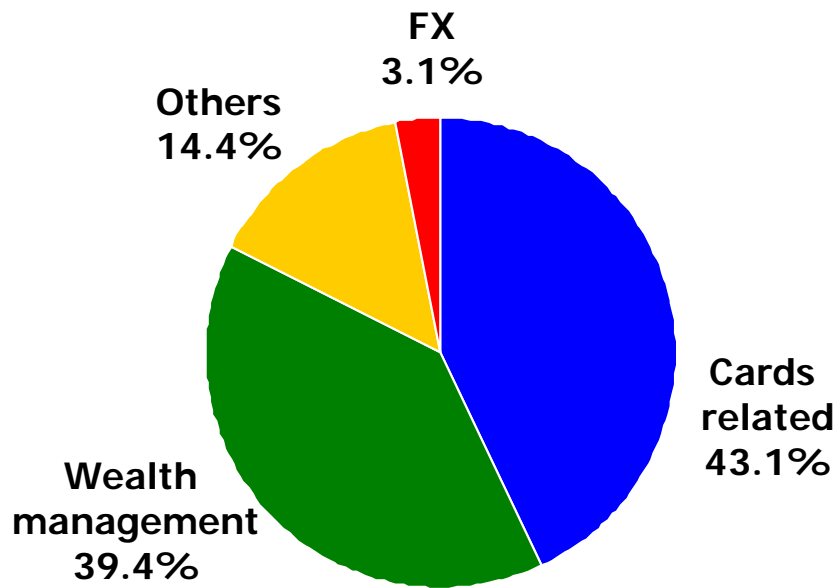
CUB - Net interest margin



Note: Financial numbers and ratios include contribution from Lucky Bank

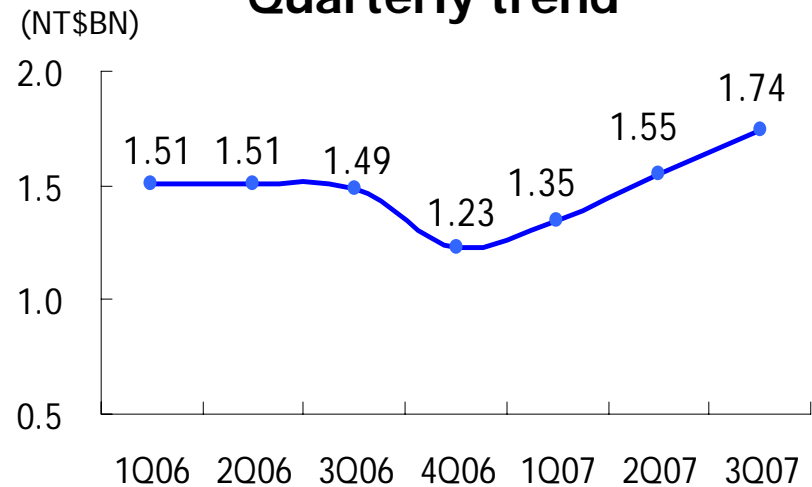
CUB - Fee income

Fee income breakdown

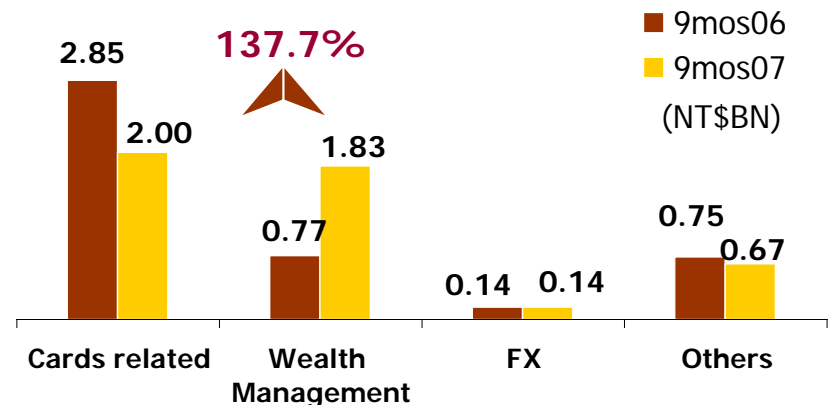


Fee income for 9mos07
NT\$ 4.64 BN

Quarterly trend



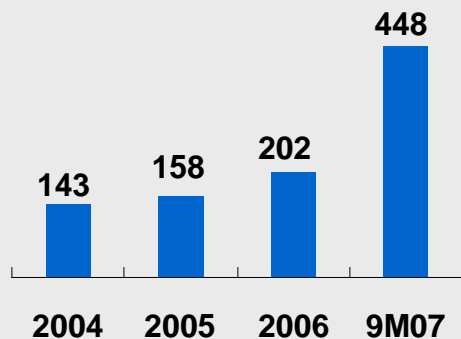
Fee income growth by product



CUB- Wealth management snapshot

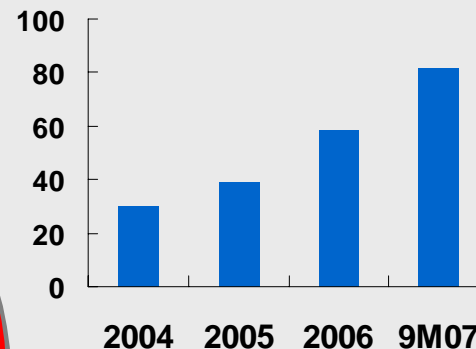
Expand sales capacity

No. of financial advisor



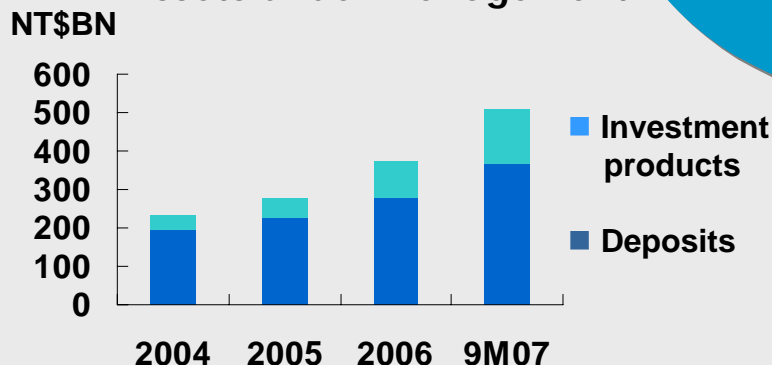
Develop long-term client relationships

(Unit: 000) Number of VIP customers



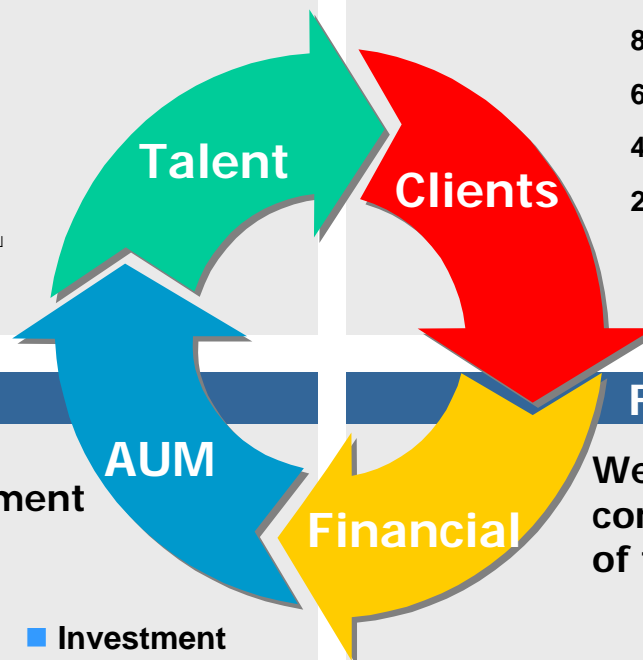
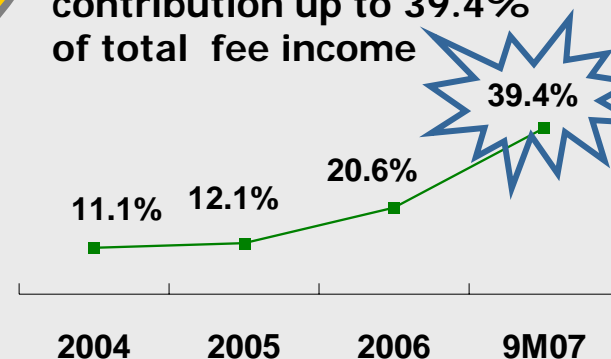
Service delivery

VIP Customers
Assets under management



Financial impact

Wealth management fee contribution up to 39.4% of total fee income



Note: Financial numbers and ratios include contribution from Lucky Bank
Components of wealth management fees have been reclassified, fee income numbers were adjusted accordingly

Strengthen competitive edge in Greater Taipei through the acquisition of CUTIC

1 Branch platform

Favorable locations

- Over half of national wealth concentrated in Greater Taipei
- Adding 20 new branches post-acquisition:
 - Total branches: 141→161
 - Branches in Greater Taipei: 66→86

Lower relocation costs

- CUTIC's branches mostly located in Taipei
- Well-educated employees

Customer profile

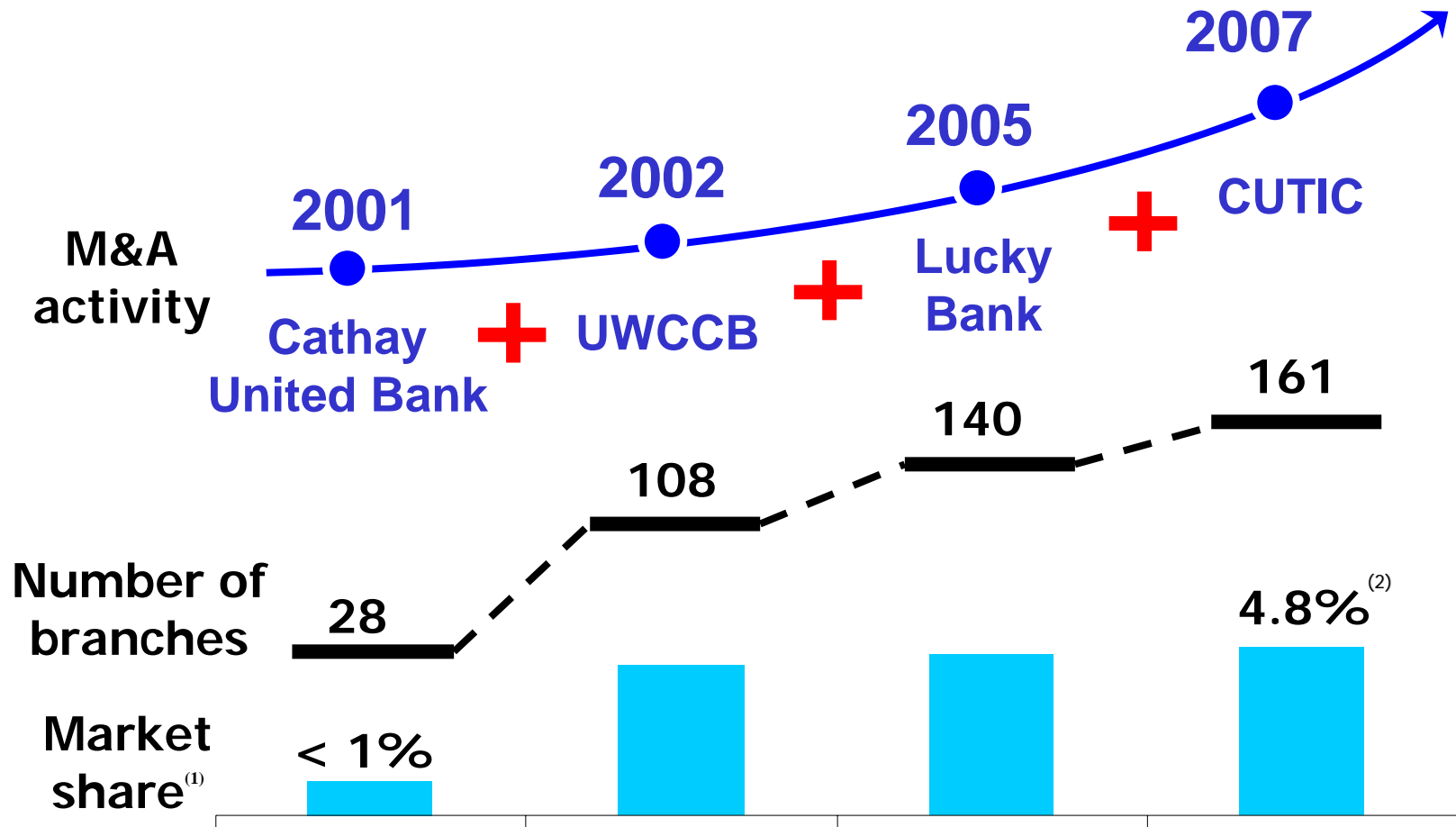
- CUTIC 32K+ customers and their trust deposits provide wealth mgmt. opportunity

CUB well-positioned in Taipei region

2 Team up with insurance

- Half of bancassurance business contributed by branches in Taipei
- Incorporate into insurance product and agent network

Enhanced banking scale in Taiwan

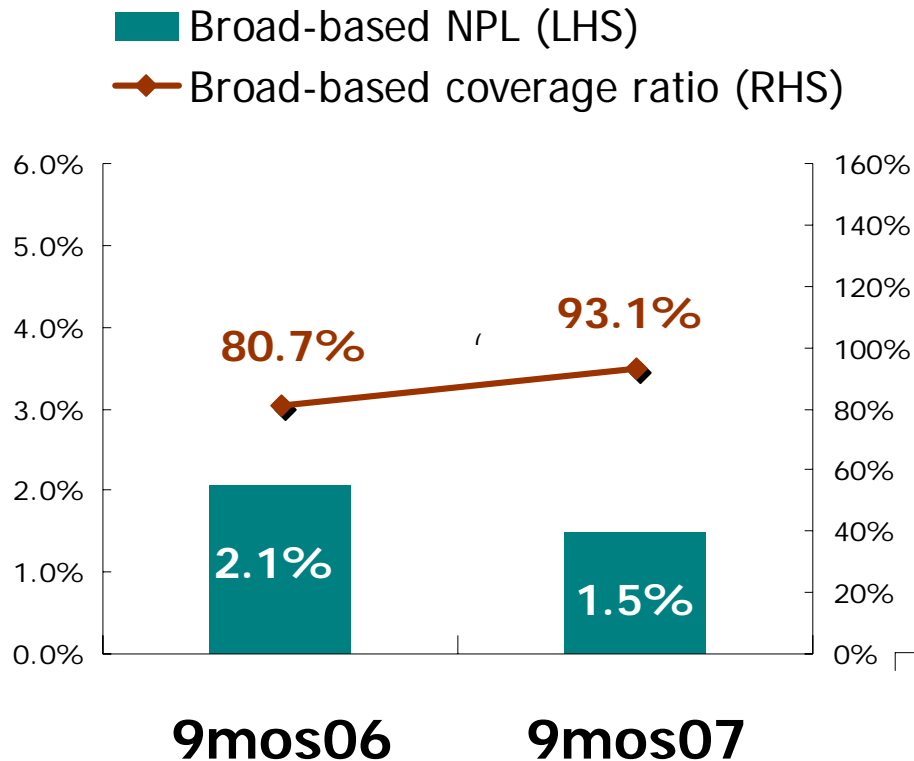


Note(1): Market share is based on total assets

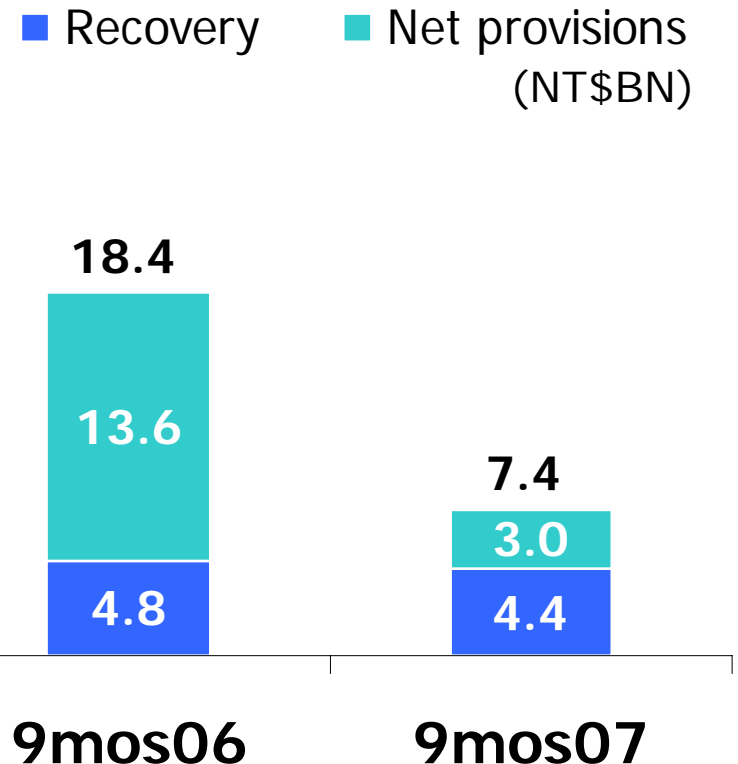
Note(2): Current market share is calculated by adding good bank of CUTIC

CUB - Credit quality

Broad-based NPL & Coverage ratio

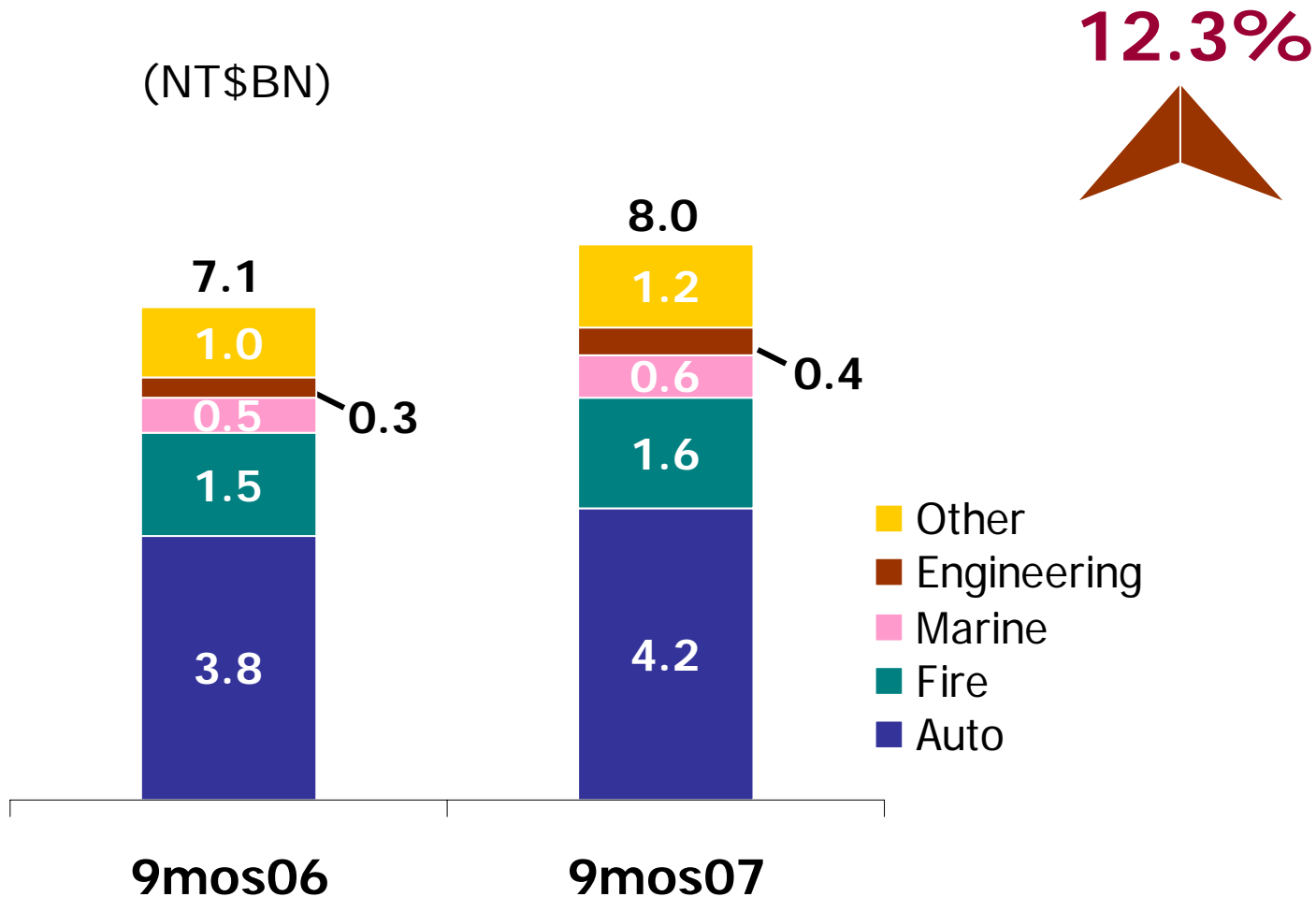


Gross provisions



Cathay Century - Premium breakdown

(NT\$BN)



12.3%



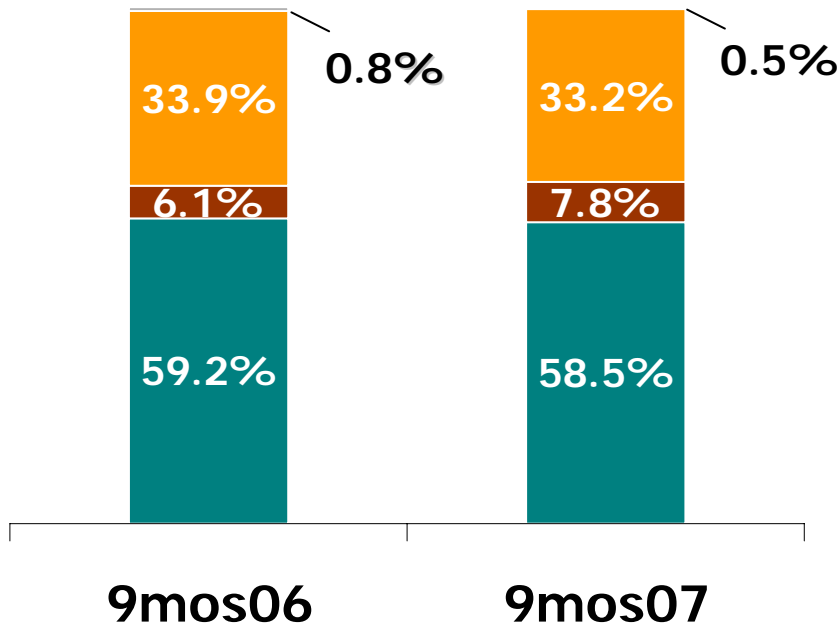
- Other
- Engineering
- Marine
- Fire
- Auto



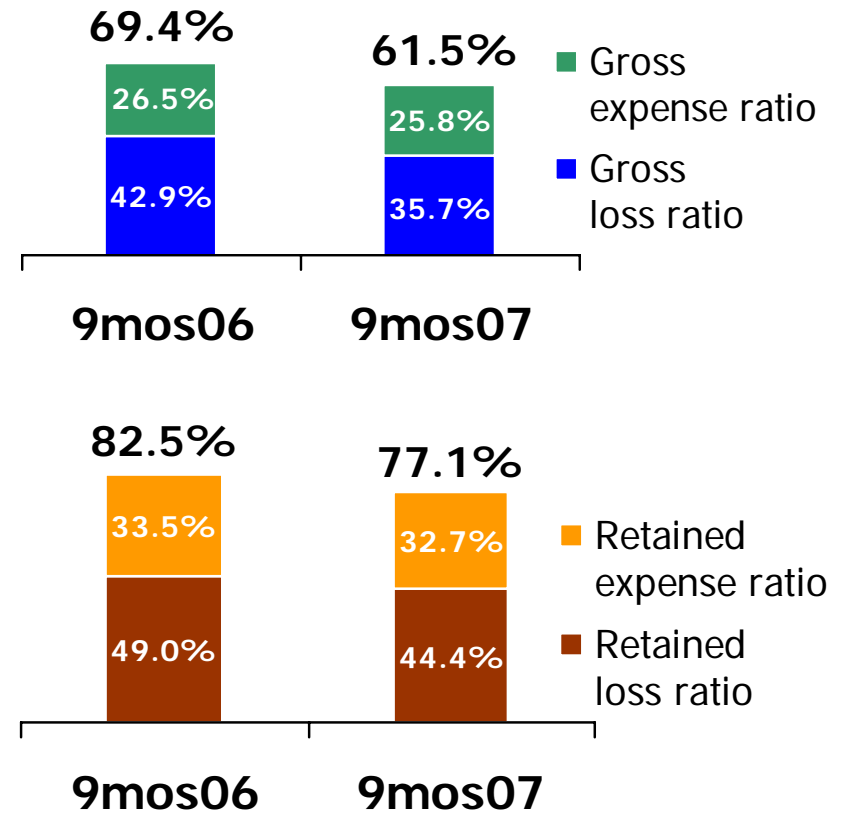
Cathay Century – Distribution channel & Combined ratio

Distribution channel

- Others
- Sold by P&C agents
- Sold by CUB
- Sold by Life agents



Combined ratio



Overseas strategy

Penetration

Cross selling

Acceleration

Business Growth

Initial Stage

Network Expansion

China

Cathay Century

Operating license granted in 2007

Cathay United Bank

2001: Hong Kong branch
2002: Shanghai rep. office

Cathay Life

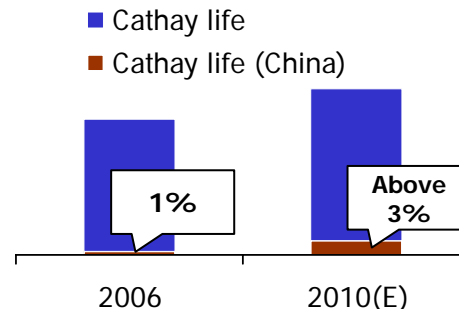
2005-2007: Operating in Shanghai, Jiangsu, Zhejiang & Fujian. (Beijing in 2008)

Vietnam

Increase local market presence through bank branches

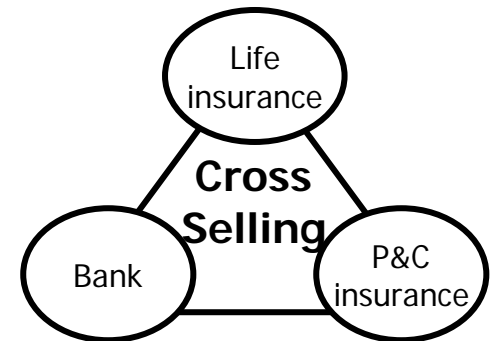
- Duplicate dual core strategy in China market
- Optimize existing resources to grow business

Cathay Life (China) FYP contribution



Introduce life and non-life business

- Deepen customer loyalty
- Leverage and integrate diverse products within the group



Carry dual core strategy into Vietnam and other Asia countries



國泰金控
Cathay Financial Holdings

Cathay Financial Holdings
Summary Financial Data
(NT\$BN)

	FY2005	FY2006	FY06/ FY05 % Chg	9mos 2006	9mos 2007	9mos07/ 9mos06/ % Chg	3Q 2006	3Q 2007	3Q07/ 3Q06/ % Chg
Statement of Income Data									
Interest income	0.9	1.1	16.5%	0.8	0.9	6.0%	0.3	0.3	-3.0%
Income from subsidiaries									
Cathay Life	17.9	15.0	-16.2%	10.9	25.3	131.8%	3.7	9.1	144.5%
Cathay United Bank ⁽¹⁾	3.8	(3.8)		3.2	7.1	120.4%	0.4	2.7	618.0%
Cathay Century	0.6	0.7	16.7%	0.6	1.0	65.7%	0.1	0.3	196.9%
Other	0.1	0.6	500.0%	0.2	0.12	-41.4%	0.1	0.1	-5.0%
Total income from subsidiaries	22.4	12.5	-44.2%	14.9	33.4	124.4%	4.3	12.1	185.0%
Adjustments	(0.1)	(0.0)	-96.7%	(0.1)	(0.4)	-	(0.2)	(0.0)	-100.0%
Total income from subsidiaries, net	22.3	12.5	-43.9%	14.8	33.0	122.7%	4.1	12.1	197.2%
Gain on foreign exchange ⁽²⁾	0.3	(0.0)	-107.8%	0.0	0.0	-212.2%	0.0	(0.1)	-290.1%
Other income	0.0	0.2		(0.1)	0.3	-400.8%	0.2	0.3	71.6%
Operating costs	(1.2)	(1.7)	35.5%	(1.3)	(0.8)	-38.3%	(0.5)	(0.2)	-52.3%
Administrative and general expenses	(0.3)	(0.2)	-29.8%	(0.2)	(0.2)	3.2%	(0.1)	(0.1)	23.8%
Income taxes	(0.2)	(0.4)	128.5%	(0.2)	(0.2)	3.7%	(0.0)	(0.1)	29.5%
Cumulative effect of changes in accounting principles		(0.9)		(0.9)			0.0		
Net income	21.8	10.6	-51.5%	13.1	33.0	152.3%	4.1	12.3	200.7%
EPS (NT\$)	2.45	1.18		1.46	3.59				
Balance Sheet Data									
Long-term investments in stock	188.1	205.5		198.0	228.9		198.0	228.9	
Total assets	204.5	223.8		216.4	244.3		216.4	244.3	
Total consolidated assets	3,064.9	3,447.5		3,315.4	3,682.2		3,315.4	3,682.2	
Total shareholders' equity	187.7	216.1		202.8	241.2		202.8	241.2	
Operating Metrics									
ROAE(standalone)	12.0%	5.2%		8.9%	19.2%				
ROAA (standalone)	10.8%	4.9%		8.3%	18.8%				
ROAA(consolidated)	0.8%	0.3%		0.6%	1.2%				

Notes:

(1) 2005 and 2006 financial number do not include contribution from Lucky Bank.

(2) Gain on foreign exchange is seperated from non-operating revenues in 2005 and 2006.

(3) 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.

Cathay Life Summary Financial Data (NT\$BN)			FY06/ FY05		9mos07/ 9mos06		3Q07/ 3Q06		
	FY 2005	FY2006	% Chg	9mos 2006	9mos 2007	% Chg	3Q 2006	3Q 2007	% Chg
Summary Statement of Income Data									
Premiums income ⁽¹⁾	276.0	287.6	4.2%	197.0	215.4	9.3%	69.6	77.2	10.9%
Investment income									
Interest income	54.5	62.6	14.9%	46.2	51.4	11.3%	15.8	17.8	12.5%
Gain on disposal of investment	11.8	7.7	-35.1%	7.7	22.5	190.3%	(7.8)	14.4	-285.2%
Other investment income, net	12.2	12.2	-0.3%	5.0	10.5	108.8%	16.3	(2.6)	-116.1%
Total investment income, net ⁽²⁾	78.5	82.5	5.0%	58.9	84.4	43.3%	24.3	29.6	21.5%
Other income	2.5	1.6	-37.7%	1.0	1.7	67.5%	0.2	0.5	106.2%
Insurance claims payment	(137.0)	(157.6)	15.1%	(108.9)	(138.1)	26.8%	(39.0)	(49.8)	27.5%
Provisions for reserves									
Provisions	(284.1)	(298.4)	5.0%	(197.7)	(215.7)	9.1%	(71.1)	(76.7)	7.9%
Recoveries	117.0	133.1	13.8%	85.4	111.7	30.7%	30.8	41.7	35.2%
Total provisions for reserves, net	(167.1)	(165.3)	-1.1%	(112.2)	(104.0)	-7.3%	(40.3)	(35.1)	-13.0%
Commissions and operating expense									
Brokerage expenses	(25.9)	(27.2)	5.2%	(20.5)	(23.1)	12.3%	(7.5)	(8.7)	15.7%
Marketing, administrative and general expense:	(10.2)	(10.4)	1.3%	(7.6)	(7.7)	1.4%	(2.1)	(2.3)	9.4%
Total commissions and operating expenses	(36.1)	(37.6)	4.1%	(28.1)	(30.8)	9.4%	(9.6)	(11.0)	14.4%
Other operating expenses	(2.1)	(2.7)	23.6%	(1.9)	(1.8)	-3.5%	(0.7)	(0.7)	-4.9%
Operating income	14.7	8.5	-42.2%	5.8	26.8	362.5%	4.5	10.7	139.4%
Non-operating income	2.3	1.7	-27.3%	1.1	1.1	-6.3%	0.5	0.3	-38.9%
Non-operating expense	(0.3)	(0.3)	-14.8%	(0.0)	(0.2)	-	(0.0)	(0.1)	-
Income taxes	1.2	1.8	49.1%	0.7	(2.4)	-	(1.2)	(1.8)	45.7%
Cumulative effect of changes in accounting principle	-	3.3		3.3	-		0.0	-	
Net income	17.9	15.0	-16.0%	10.9	25.3	131.3%	3.7	9.1	143.0%
Balance Sheet Data									
Total assets	1,867.8	2,140.8		2,055.9	2,356.4		2,055.9	2,356.4	
Total stockholders' equity	97.6	119.8		106.6	136.9		106.6	136.9	
Operating Metrics									
First year premium	112.7	108.2		67.3	130.8				
Expense ratio	12.5%	12.4%		13.6%	13.5%				
13-mos persistency ratio	90.6%	90.0%		90.0%	91.1%				
25-mos persistency ratio	81.8%	82.2%		81.2%	82.5%				
ROAE	19.1%	13.8%		14.3%	26.2%				
ROAA	1.0%	0.8%		0.7%	1.5%				

Notes:

(1) Excludes investment-linked products premium income.

(2) 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.



Cathay United Bank
Summary Financial Data
(NT\$BN)

	FY2005	FY2006	FY06/ FY05 % Chg	9mos 2006 ⁽¹⁾	9mos 2007	9mos07/ 9mos06 % Chg	3Q 2006 ⁽¹⁾	3Q 2007	3Q07/ 3Q06 % Chg
Summary Statement of Income Data									
Interest income	39.5	40.5	2.6%	32.6	30.0	-8.1%	11.1	10.4	-6.1%
Interest expense	(12.9)	(17.0)	31.7%	(12.9)	(14.2)	9.5%	(4.8)	(4.8)	0.7%
Net interest income	26.6	23.5	-11.5%	19.7	15.8	-19.6%	6.3	5.6	-11.1%
Net operating income except interest income									
Net handling fee	5.5	4.5	-17.1%	3.6	3.6	1.6%	1.2	1.4	15.1%
Gains on financial assets and liabilities at fair value through P&L	0.4	(0.4)	-211.4%	(0.7)	0.2	-	0.4	0.1	-79.1%
Realized gains on available-for-sale financial assets	0.6	0.5	-16.8%	0.4	1.5	311.9%	0.1	1.1	657.7%
Realized gains on held-to-maturity financial assets	0.0	0.0	-	0.0	(0.0)	-	0.0	0.0	-90.9%
Invst inc - equity method	0.2	0.1	-68.3%	0.0	0.2	-	0.1	0.1	-1.0%
Realized gain - equity method	0.0	1.3	-	1.3	0.0	-	(0.0)	0.0	-100.0%
Gain on foreign exchng - net	0.4	0.4	21.6%	0.3	0.6	99.1%	0.1	0.2	76.5%
Impairment gain/loss	(0.8)	(0.3)	-66.6%	(0.2)	(0.0)	-91.9%	(0.0)	(0.1)	-
Gains on reversal of foreclosed properties impairment	0.9	0.4	-57.2%	0.4	(0.0)	-105.0%	(0.0)	(0.0)	-
Gains/losses on disposal of foreclosed properties	(0.7)	0.5	-172.3%	0.5	(0.0)	-100.0%	0.0	(0.0)	-
other income-net	0.4	(0.0)	-112.0%	0.3	0.3	0.0%	0.29	0.27	-8.6%
Net operating income	33.4	30.5	-8.7%	25.5	22.2	-12.9%	8.6	8.7	1.7%
Provisions for possible losses ⁽²⁾	(15.0)	(25.8)	72.1%	(13.57)	(2.99)	-77.9%	(4.7)	(1.4)	-69.5%
Operating expenses	(13.4)	(11.7)	-12.4%	(9.8)	(10.3)	5.8%	(3.6)	(3.9)	9.2%
Operating income	5.1	(6.9)	-235.3%	2.2	8.9	303.9%	0.3	3.4	1113.8%
Income taxes	(1.3)	2.4	-290.7%	0.2	(1.9)	-	(0.1)	(0.7)	778.4%
Cumulative effect of changes in accounting principles	0.0	0.7	-	0.7	-	-	0.0	-	-
Net income	3.9	(3.8)	-198.3%	3.2	7.1	122.9%	0.2	2.7	1249.9%
Balance Sheet Data									
Total assets	1074.1	1,177.7		1,222.3	1,290.8		1,222.3	1,290.8	
Total shareholders' equity	77.9	72.1		82.3	82.3		82.3	82.3	
Operating Metrics									
Cost income ratio	40.0%	38.3%		38.2%	46.4%				
ROAE	4.9%	-5.0%		5.2%	11.9%				
ROAA	0.4%	-0.3%		0.4%	0.7%				
Assets Quality									
NPL ratio (international standard)	1.73%	1.82%		2.07%	1.47%				
Coverage ratio (international standard)	144.1%	129.5%		80.7%	93.1%				

Notes:

(1) Financial results of Lucky Bank are adjusted in 9mos 06 and 3Q06 numbers.

(2) FY06, 9mos 06, 9mos 07 provisions net of NT\$6.0bn, NT\$4.8bn and NT\$4.4bn bad debt recoveries, respectively.

(3) 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.

Cathay Century
Summary Financial Data

(NT\$MM)

	FY 2005	FY 2006	FY06/ FY05		9mos07/ 9mos06		3Q 2006	3Q 2007	3Q07/ 3Q06
			% Chg	9mos 2006	9mos 2007	% Chg			
Summary Statement of Income Data									
Premiums income	8,912.2	9,896.5	11.0%	7,120.2	7,993.0	12.3%	2,298.7	2,485.5	8.1%
Reinsurance premiums ceded	(2,988.5)	(3,098.5)	3.7%	(2,135.4)	(2,450.3)	14.7%	(706.7)	(671.5)	-5.0%
Premiums income, net	5,923.7	6,798.0	14.8%	4,984.8	5,542.7	11.2%	1,591.9	1,814.0	13.9%
Investment									
Interest income	263.4	318.5	20.9%	236.1	275.7	16.8%	83.8	97.2	15.9%
Other investment income, net	40.5	58.6	44.8%	15.9	344.1	2065.2%	(48.2)	142.0	-
Total investment income	303.9	377.1	24.1%	252.0	619.8	146.0%	35.6	239.2	571.2%
Other operating income	401.5	223.7	-44.3%	172.3	207.6	20.5%	46.7	57.0	22.1%
Insurance claims payment, net	(3,098.6)	(3,005.8)	-3.0%	(2,234.4)	(2,407.1)	7.7%	(779.7)	(835.7)	7.2%
Provisions for reserves									
Provisions	(5,032.5)	(5,830.8)	15.9%	(5,432.2)	(6,014.2)	10.7%	(271.3)	(325.6)	20.0%
Recoveries	4,428.9	4,677.8	5.6%	4,682.0	5,220.9	11.5%	75.1	103.4	37.6%
Total provisions for reserves, net	(603.6)	(1,153.0)	91.0%	(750.2)	(793.3)	5.7%	(196.2)	(222.2)	13.3%
Commissions, operating and other expenses	(2,187.5)	(2,395.4)	9.5%	(1,720.2)	(1,923.3)	11.8%	(541.9)	(650.0)	20.0%
Operating income	739.2	844.7	14.3%	704.3	1,246.3	77.0%	156.4	402.2	157.1%
Non-operating income	12.1	3.7	-69.8%	1.6	2.4	48.2%	0.7	0.1	-84.5%
Non-operating expense	(0.0)	(0.1)	182.6%	(0.1)	(0.1)	-	(0.2)	(0.0)	-
Income taxes	(160.8)	(178.6)	11.1%	(157.1)	(254.3)	61.9%	(42.2)	(87.5)	107.3%
Cumulative effect of changes in accounting principles	-	60.1	-	60.1	0.0	-	-	0.0	-
Net income	590.5	729.8	23.6%	608.8	994.3	37.6%	114.7	314.7	174.4%
Summary Balance Sheet Data									
Total assets	12,692.6	14,675.9	15.6%	14,166.0	15,928.8		14,166.0	15,928.8	
Total stockholders' equity	3,194.2	3,571.6	11.8%	3,321.6	3,909.1		3,321.6	3,909.1	
Operating Metrics									
Written Combined ratio	104.5%	66.7%		69.4%	61.5%				
Net Combined ratio	86.0%	82.4%		82.5%	77.7%				
ROAE	18.5%	21.6%		24.9%	35.4%				
ROAA	4.9%	5.3%		6.0%	8.7%				

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) FY05, FY06 Gain/ Loss on foreign exchange are reclassified under Commissions, operating and other expenses.



Shares Outstanding
(Millions of shares)

	<u>As of</u> <u>9/30/2007</u>
Total shares issued	9,277.0
Treasury shares	
CFH	66.7
Cross holdings of subsidiaries	
Cathay Life	0.0
Cathay United Bank	0.0
Cathay Century	0.0
Lucky Bank	0.0
Total cross-holdings of subsidiaries	0.0
Total treasury shares	66.7
Total shares outstanding	9,210.3

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Capital Adequacy Metrics

	<u>Capital Adequacy Metrics</u> (As of 30-Jun.-2007)			<u>Legal Requirement</u>
Cathay Financial Holdings Double leverage ratio ⁽¹⁾ (As of 31 Sep, 2007)		94.88%		n/a
Cathay Life RBC Ratio ⁽¹⁾	250%	-	400%	200%
Cathay Century RBC Ratio ⁽¹⁾		840.09%		200%
Cathay United Bank BIS Ratio		11.80%		8%

Notes:

(1) Preliminary

(2) 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.