

# 2017 First Half Briefing

August 2017



國泰金控

Cathay  
Financial Holdings

# 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- ❑ This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.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

---

- **1H17 Business overview**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# 1H17 Business overview

---

## Cathay United Bank

- Delivered 11% loan growth with benign credit quality
  - Credit card fee continued to grow by 15% YoY
  - Offshore earnings accounted for 44% of pretax earnings
- 

## Cathay Life

- Continued value-driven strategy; FYPE ranked No.1 in the industry
  - Overseas investment reached 60%, overall investment performance maintained stable
  - RBC ratio was 308%, remained solid capital adequacy
- 

## Cathay Century

- Premium income grew by 5% YoY
  - Market share reached 12.5%, maintained No.2 market position
  - Offshore business continued to grow
- 

## Cathay SITE

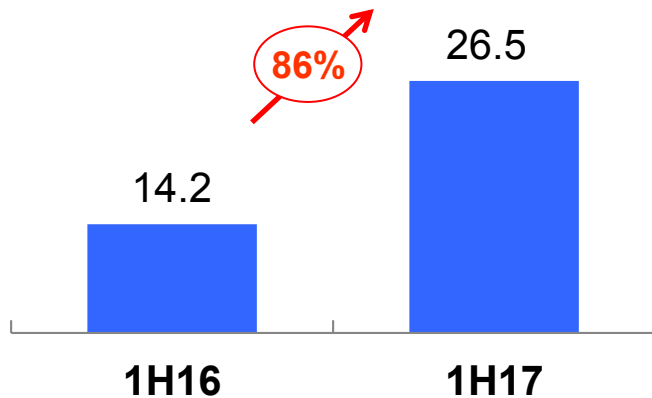
- Ranked No.1 in terms of AUM, which amounted to NT\$522BN
  - Received “Best Institutional House” by Asia Asset Management and “Taiwan Fund Award” by Taipei Foundation of Finance, Lipper and Smart in 2017
- 

## Cathay Securities

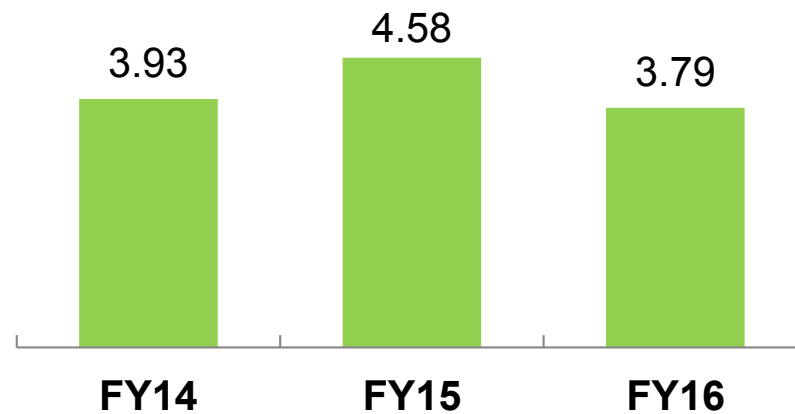
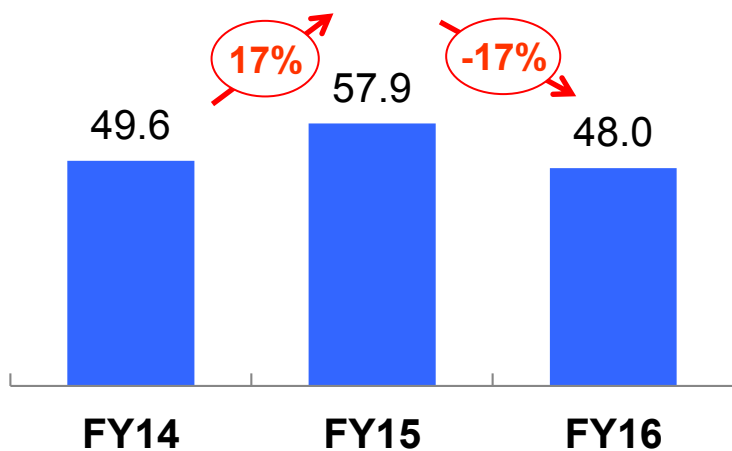
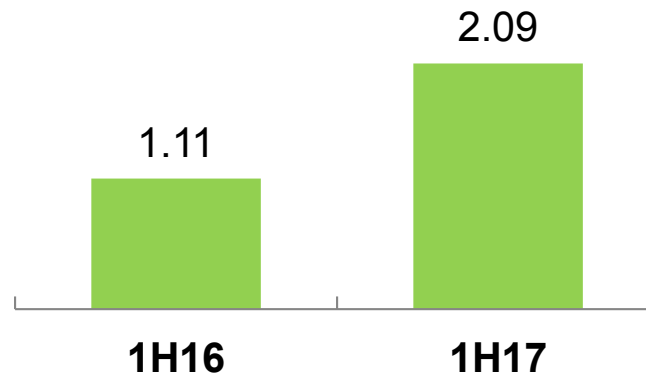
- Each business line grew steadily. Sub-brokerage business ranked No.1 in the industry
- Enhanced digital technology applications to optimize clients' experience.

# Cathay FHC – Net income & EPS

## Net income (NT\$BN)

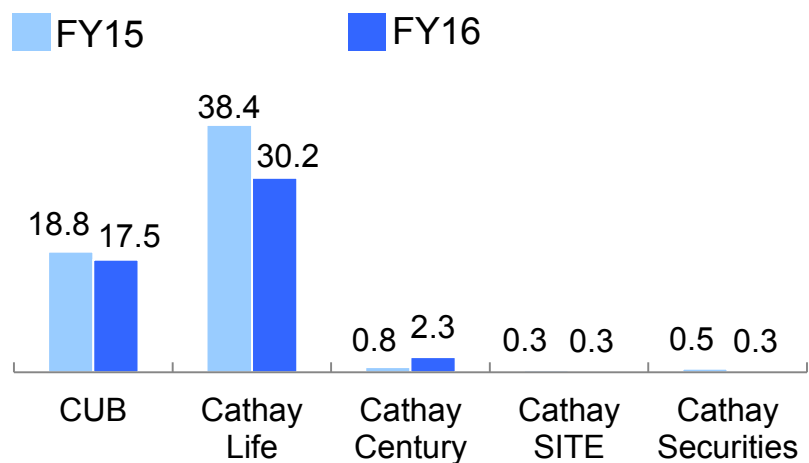
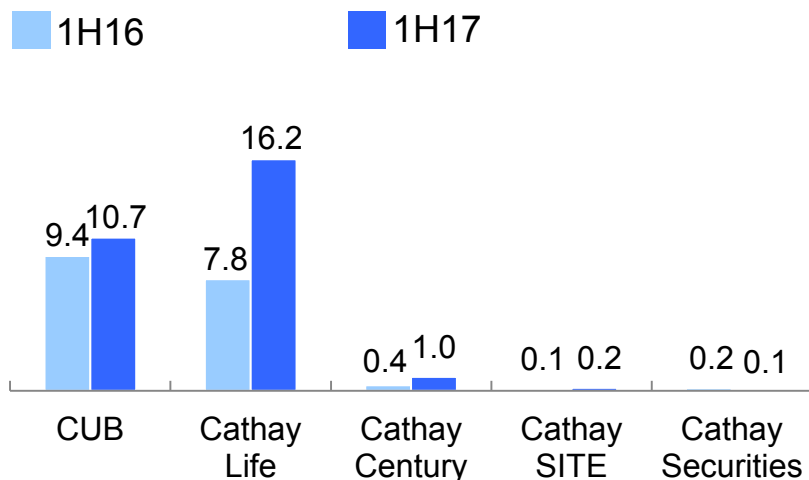


## EPS (NT\$)

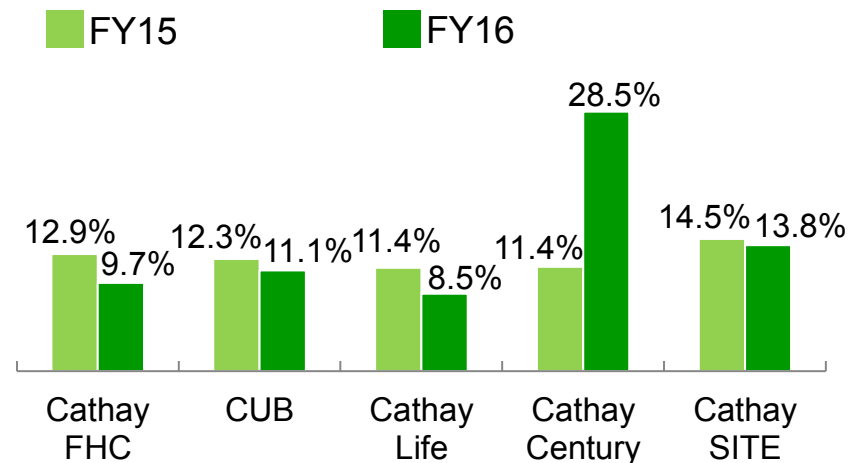
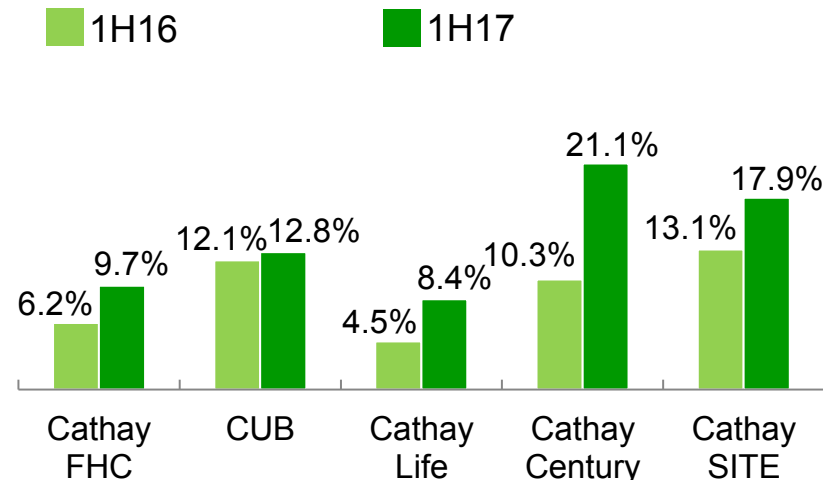


# Cathay FHC – Net income & EPS

## Net income of primary subsidiaries



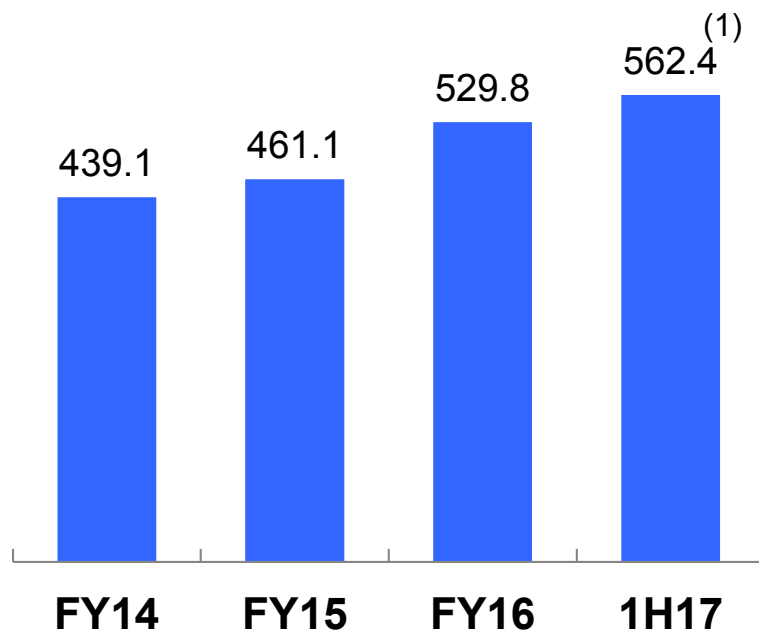
## ROE



# Cathay FHC – Book value & BVPS

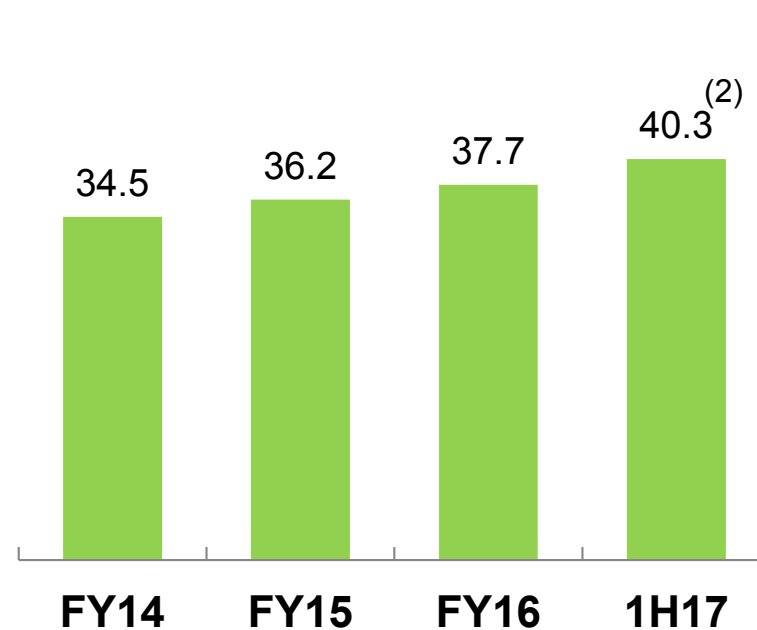
## Book value

(NT\$BN)



## BVPS

(NT\$)



Note: (1) FY16 and 1Q17 book value both include preferred shares NT\$50.0BN.

(2) FY16 and 1Q17 BVPS represented the BVPS attributable to common shareholders. If FY16 and 1H17 BVPS were calculated by “book value / outstanding common shares“, it would be NT\$41.7 and NT\$44.3, respectively.

# Agenda

---

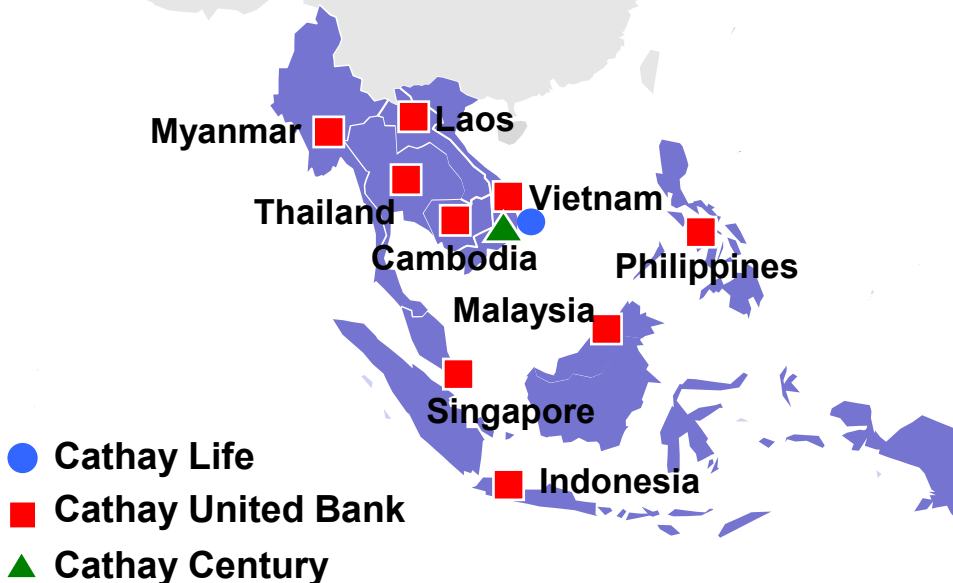
- 1H17 Business Overview
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**



# 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	38	16									
P&C	26	2									
Asset Mgt	1			1							
Securities	1			1							

- Note: (1) Footprints in Thailand, Myanmar and Indonesia are representative offices.  
 (2) Cathay FHC owns 49% stake of Cathay Century (China), and 33% stake of CDBS Cathay Asset Management.  
 (3) Investments in RCBC and Bank Mayapada are funded by Cathay Life.



## ■ Banking

- Vietnam: Business performs steadily with solid financial performance
- Cambodia: Owns most footprints among Taiwanese banks
- Malaysia: Acquisition of BNS subject to local regulatory approval
- Philippines: Invests 23% stake in RCBC\*
- Indonesia: Invests 40% stake in Bank Mayapada\*

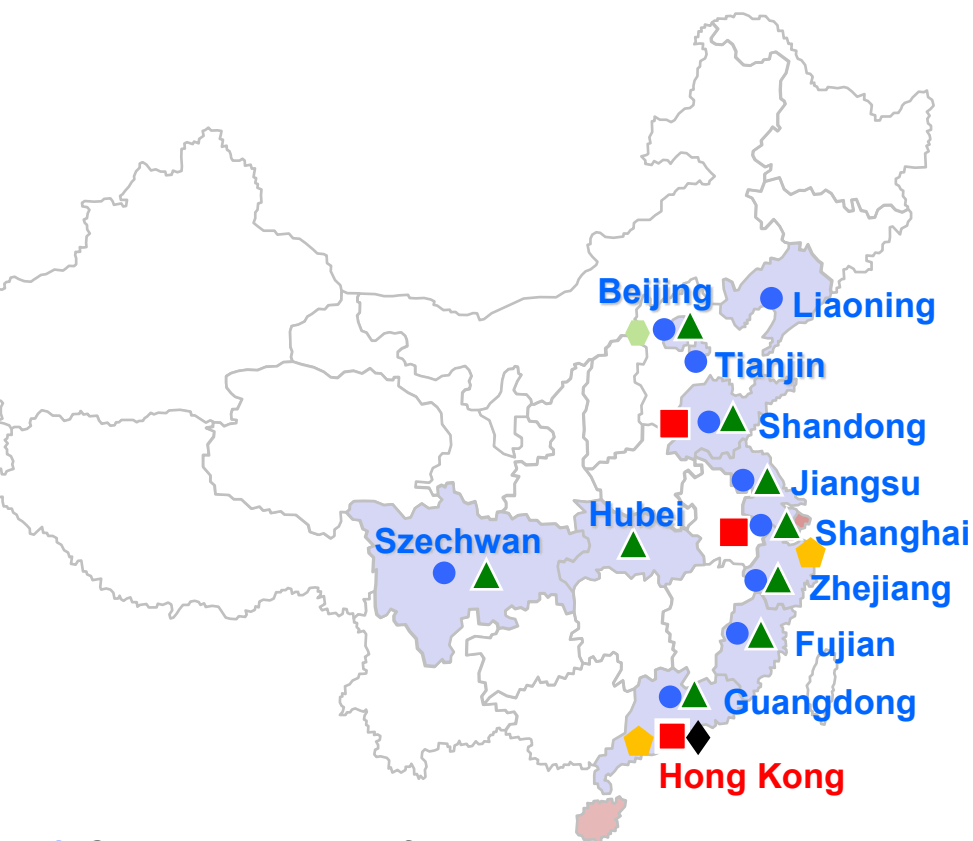
## ■ Cathay Life

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

## ■ Cathay Century

- Continues to expand local 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

- Applying for Shanghai subsidiary bank

## ■ Cathay Lujiazui Life

- 1H17 solvency ratio reached 189%
- Continues to expand local business

## ■ Cathay Century (China)

- Forms a strategic alliance with Ant Financial group and now grows new business lines smoothly

## ■ Cathay Securities (HK)

- Each business line has performed 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

---

- **1H17 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**

Cathay United Bank





Cathay Life

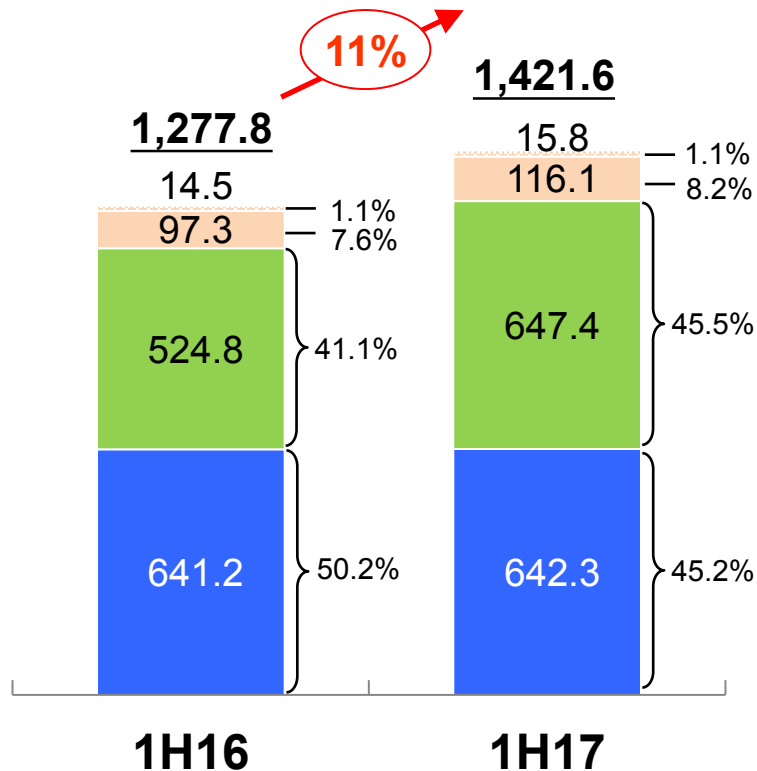
Cathay Century

- **Appendix**

# Cathay United Bank – Loan & deposit breakdown

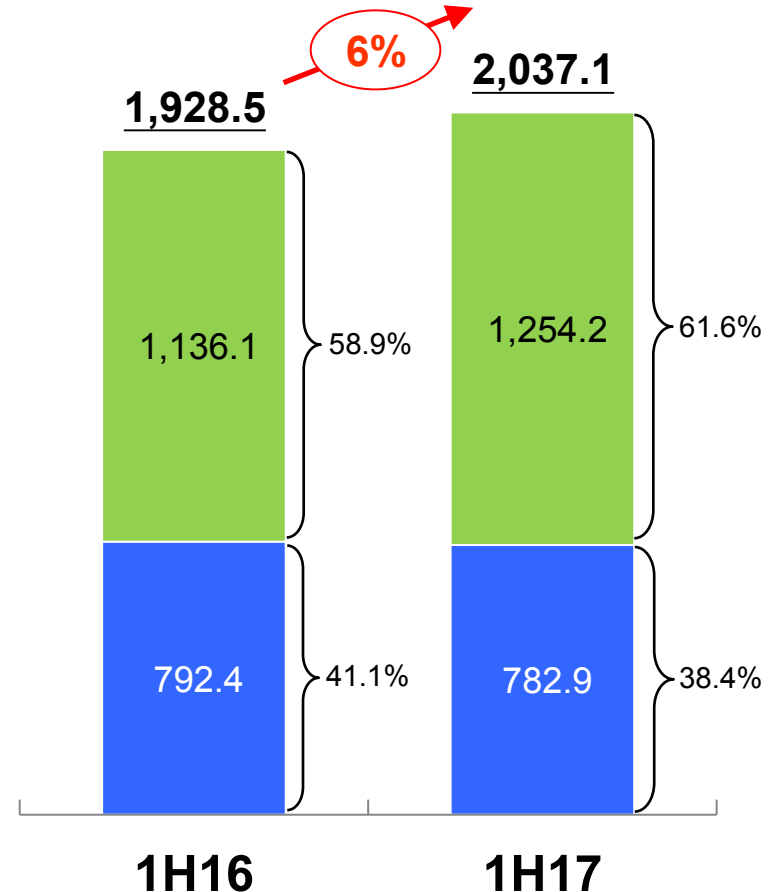
## Loan breakdown

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

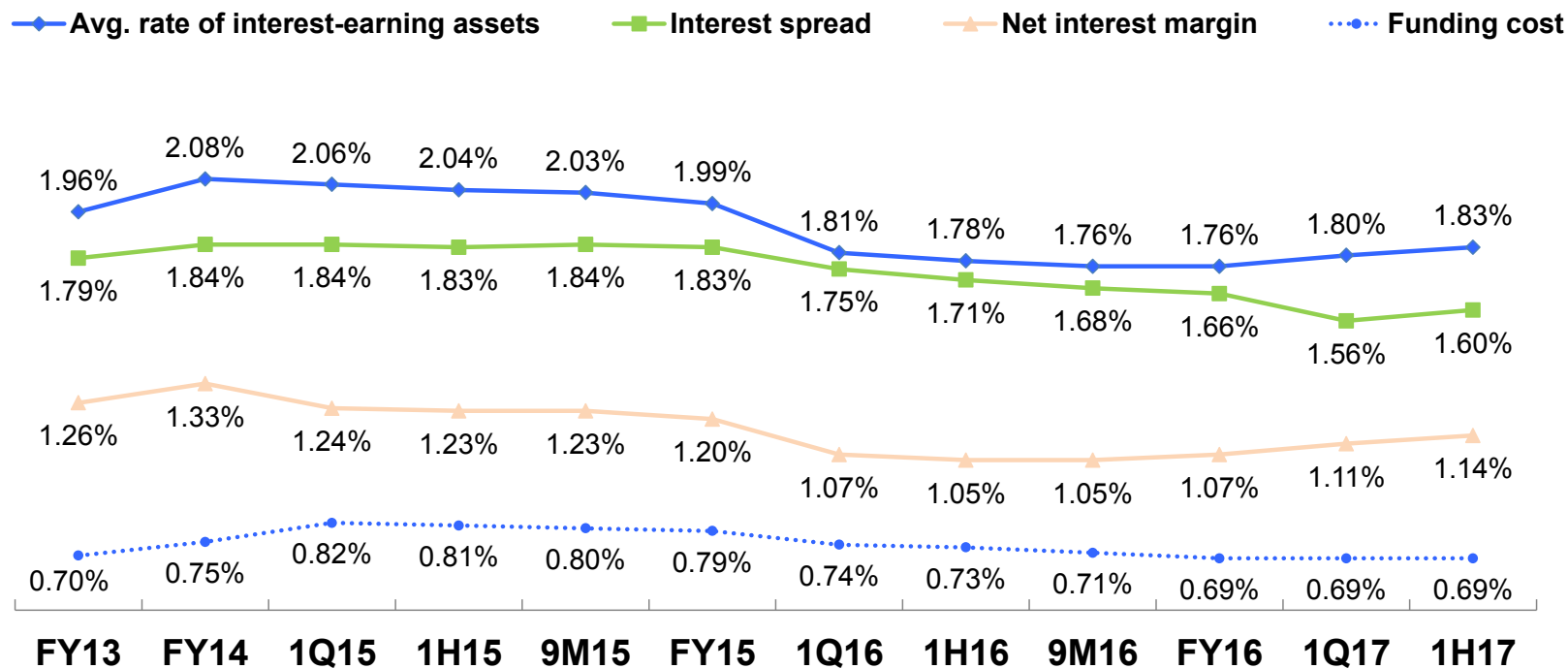


## Deposit breakdown

-  Demand Deposit (NT\$BN)
-  Time Deposit



# Cathay United Bank – Interest yields



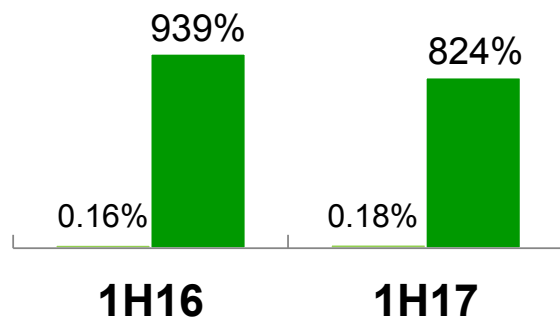
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
<b>Quarterly Spread</b>	1.84%	1.83%	1.84%	1.81%	1.75%	1.68%	1.62%	1.59%	1.56%	1.64%
<b>Quarterly NIM</b>	1.24%	1.22%	1.21%	1.12%	1.07%	1.02%	1.06%	1.10%	1.11%	1.18%

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

# Cathay United Bank – Credit quality

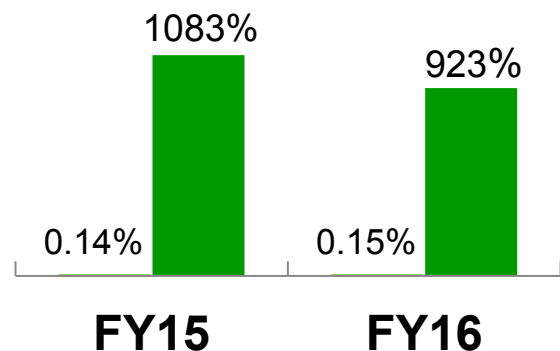
## NPL & Coverage ratio

- NPL ratio
- Coverage ratio



Mortgage NPL

1H16	0.06%
1H17	0.11%

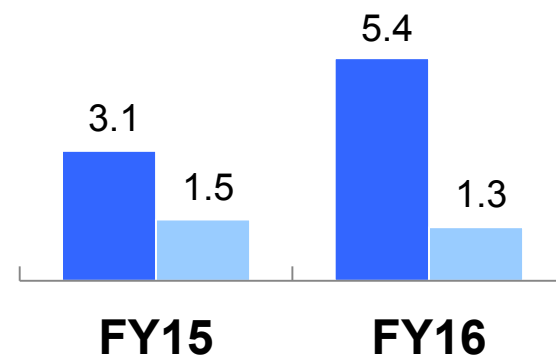
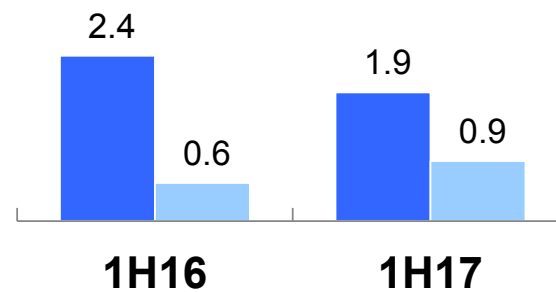


Mortgage NPL

FY15	0.04%
FY16	0.08%

## Gross provision

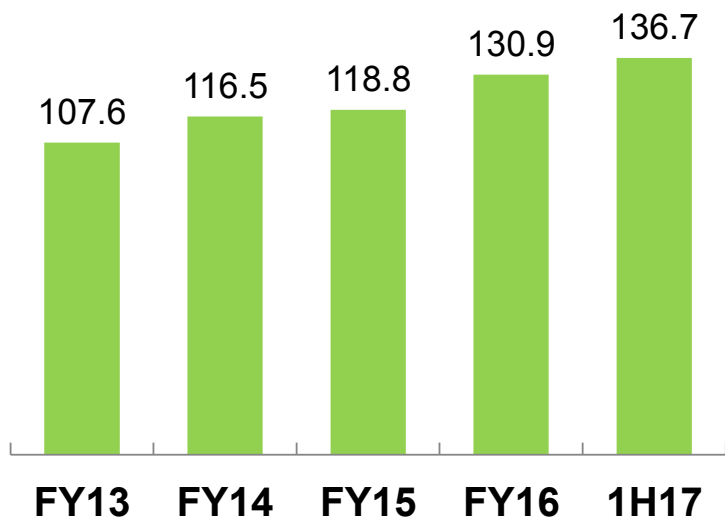
- Gross provision (NT\$BN)
- Recovery



# Cathay United Bank – SME & FX loans

## SME loans

(NT\$BN)

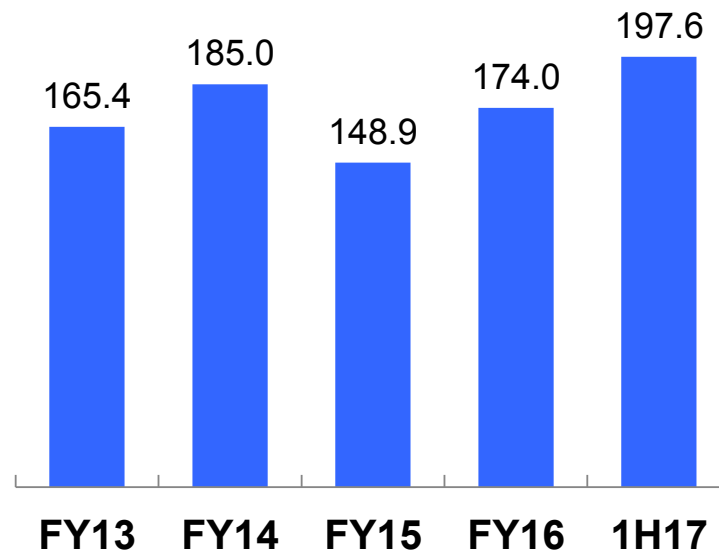


### As % of total loans

10.5% 10.5% 10.6% 9.2% 9.7%

## Foreign currency loans

(NT\$BN)



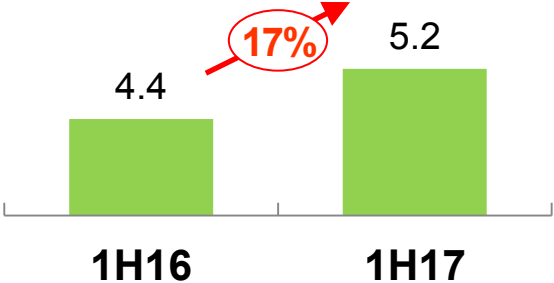
16.1% 16.6% 13.3% 12.2% 14.1%

Note: Total loans exclude credit card revolving balance.

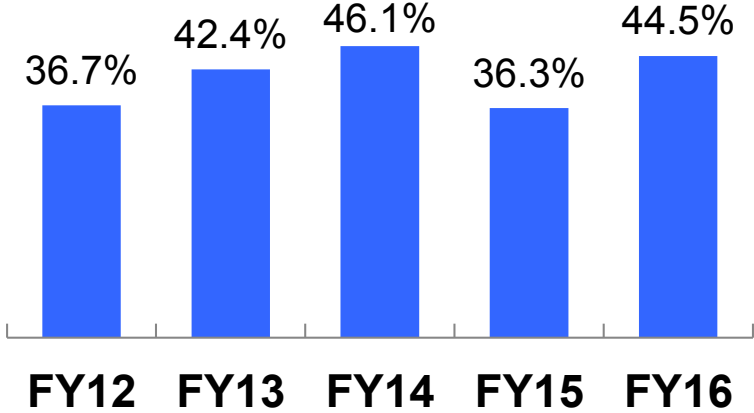
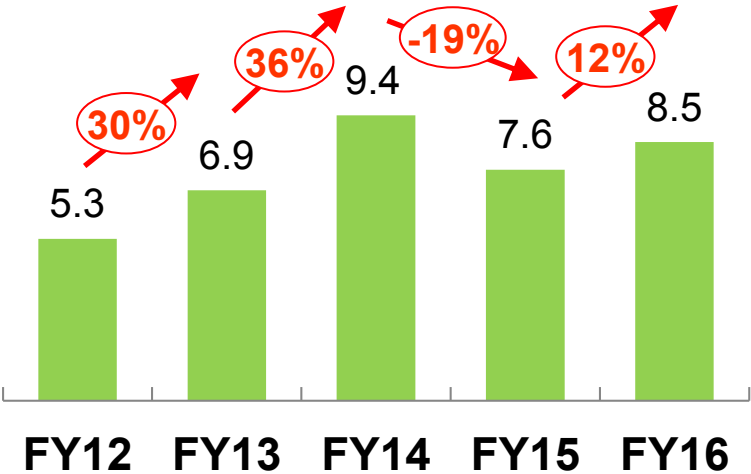
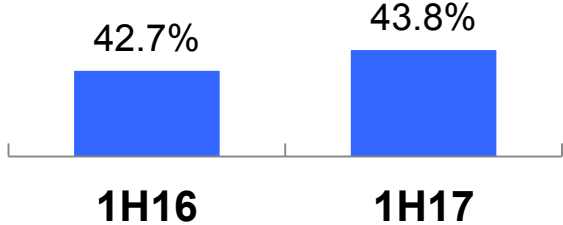
# Cathay United Bank – Offshore earnings

## Offshore earnings

(NT\$BN)



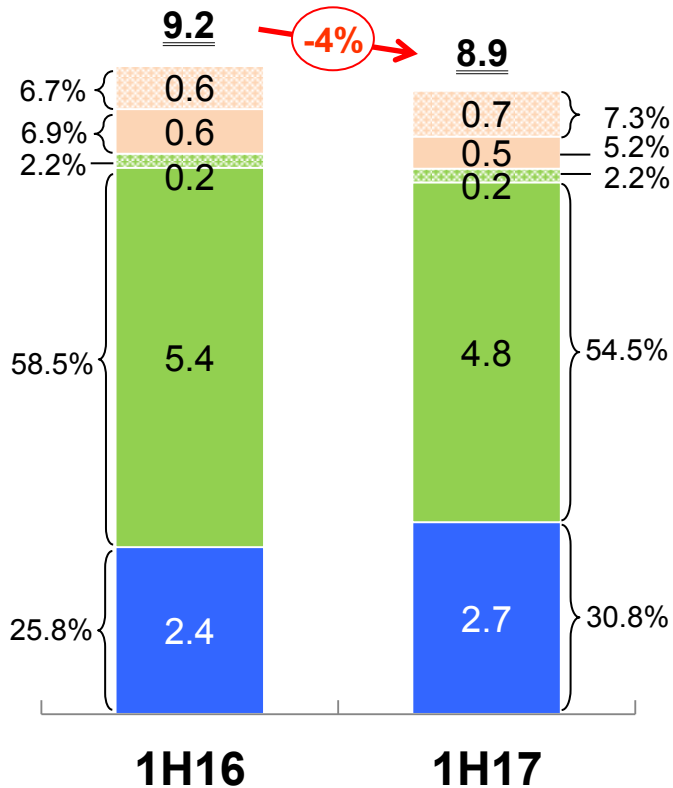
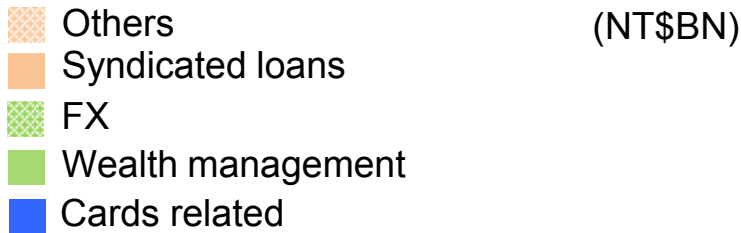
## As % of CUB pre-tax profits



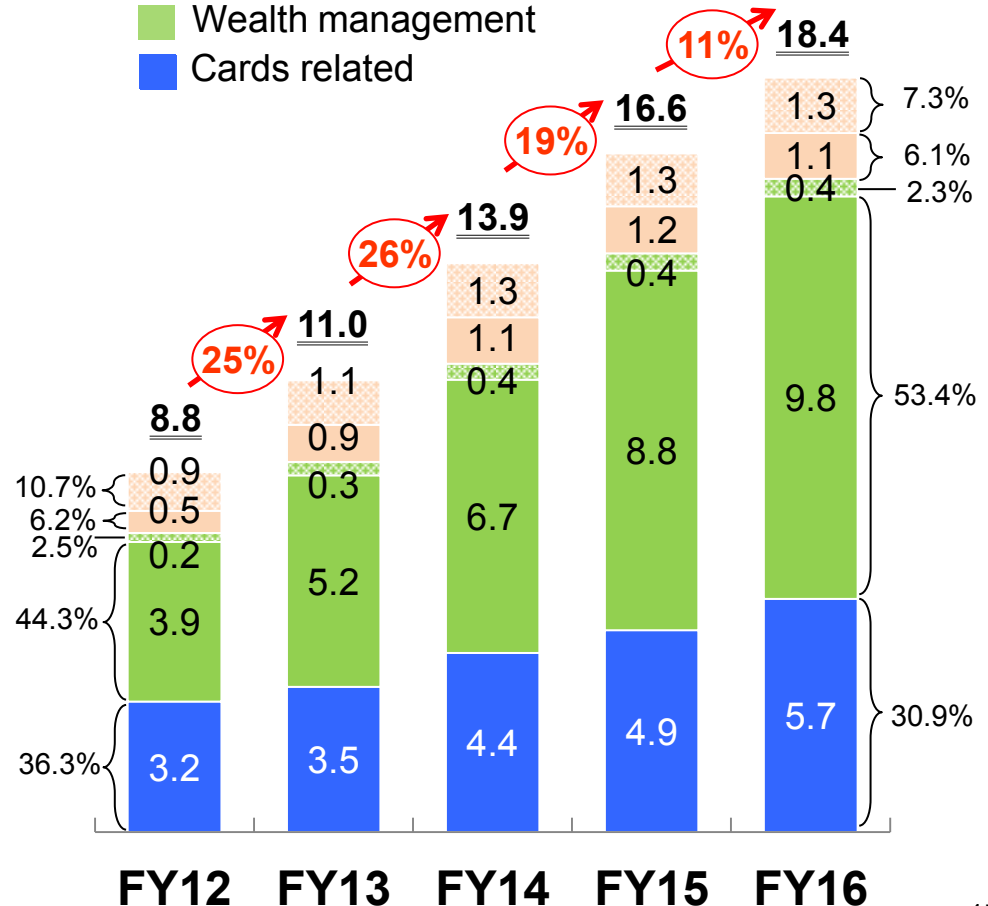
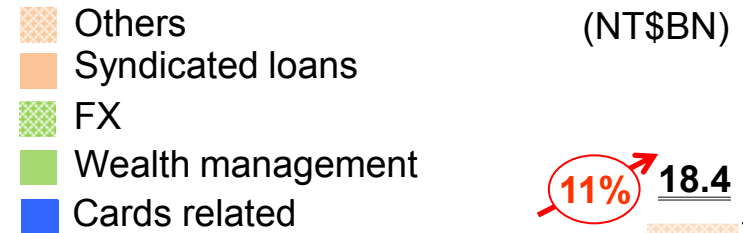


# Cathay United Bank – Fee income

## Fee income breakdown (quarterly)



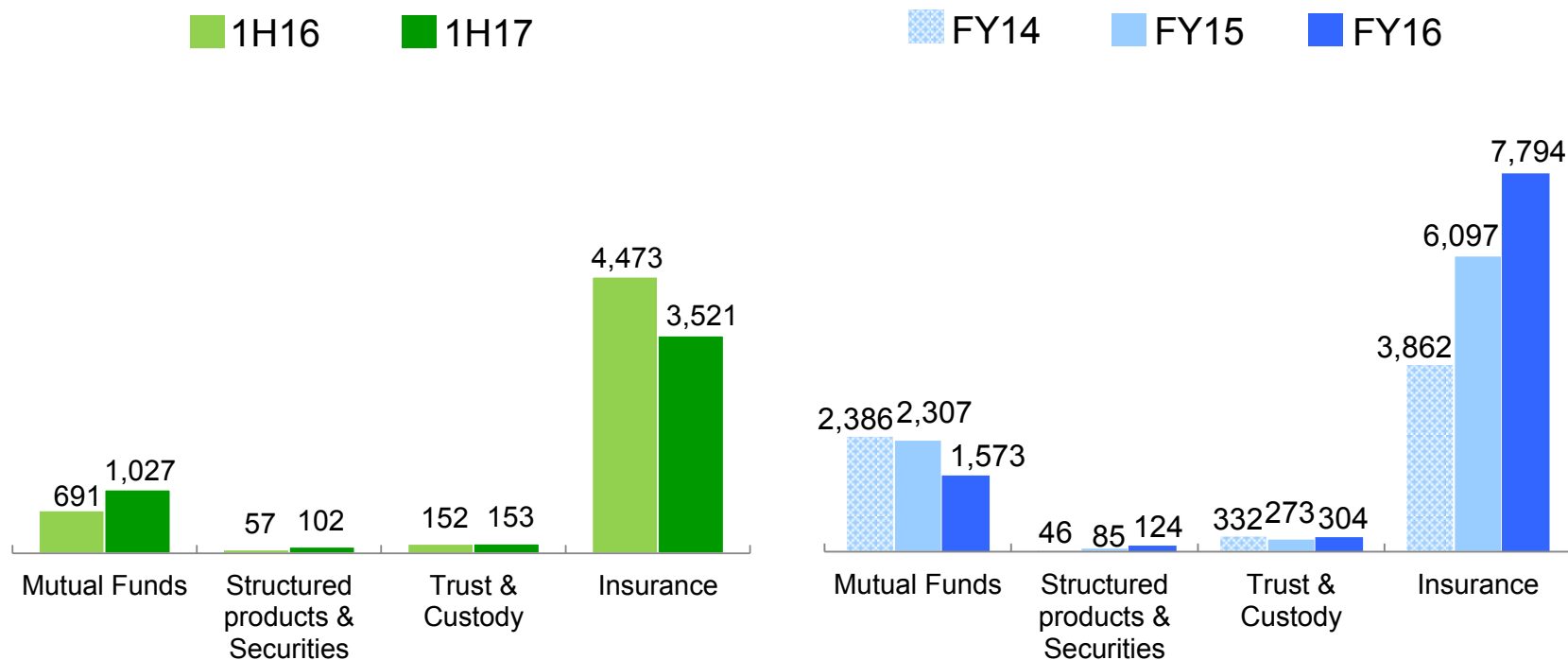
## Fee income breakdown (annual)



# Cathay United Bank – Wealth management fee

## Wealth management fee breakdown

(NT\$MN)	1H16	1H17	FY14	FY15	FY16
Wealth Management Fee Income	5,388	4,825	6,673	8,779	9,828
YoY growth (%)	19.0%	-10.4%	29.2%	31.6%	11.9%



# Agenda

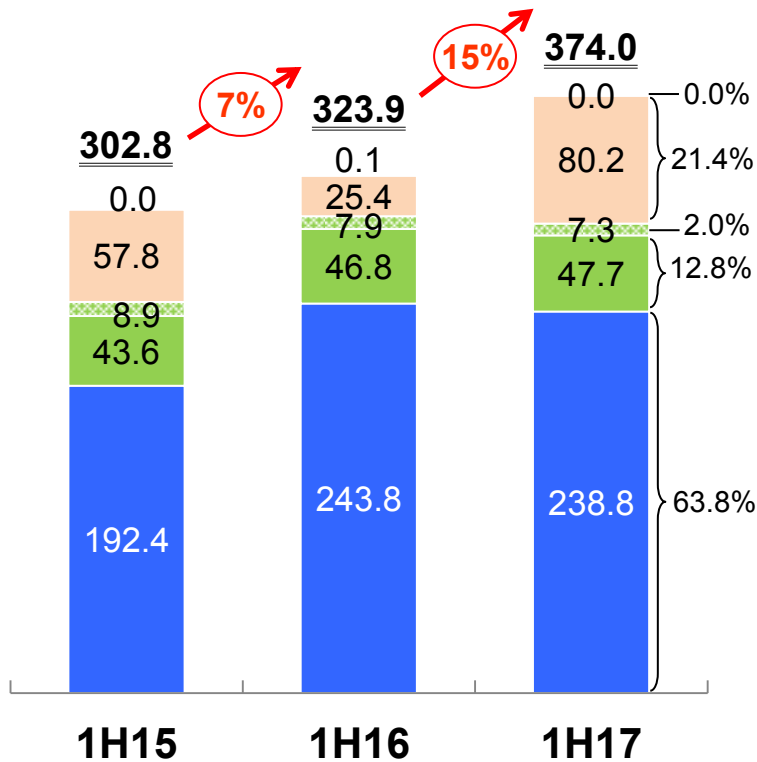
---

- **1H17 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life**
  - Cathay Century
- **Appendix**

# Cathay Life – Total premium

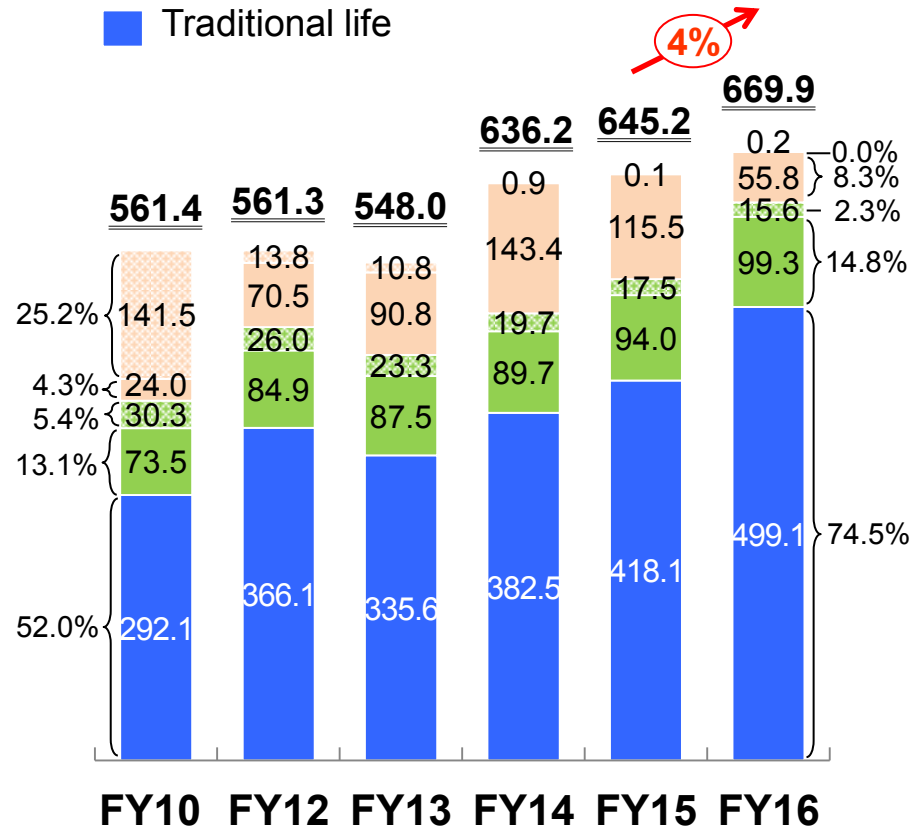
## Total premium (quarterly)

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









## Total premium (annual)

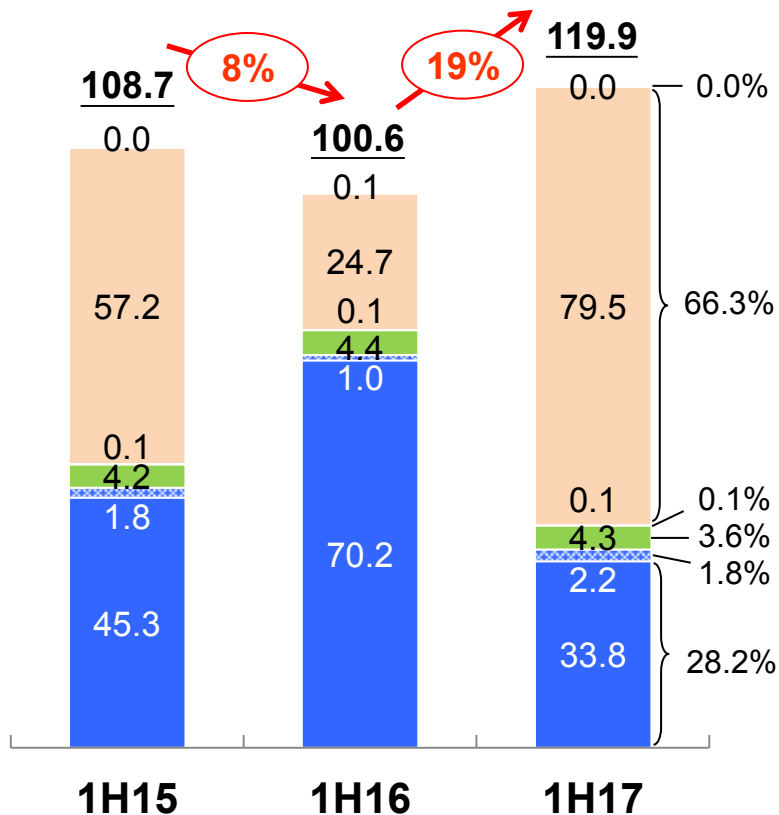
- Interest sensitive annuity (NT\$BN)
- Investment-linked (non-VUL)
- Investment-linked (VUL)
- Health, accident and others
- Traditional life








# Cathay Life – FYP & FYPE

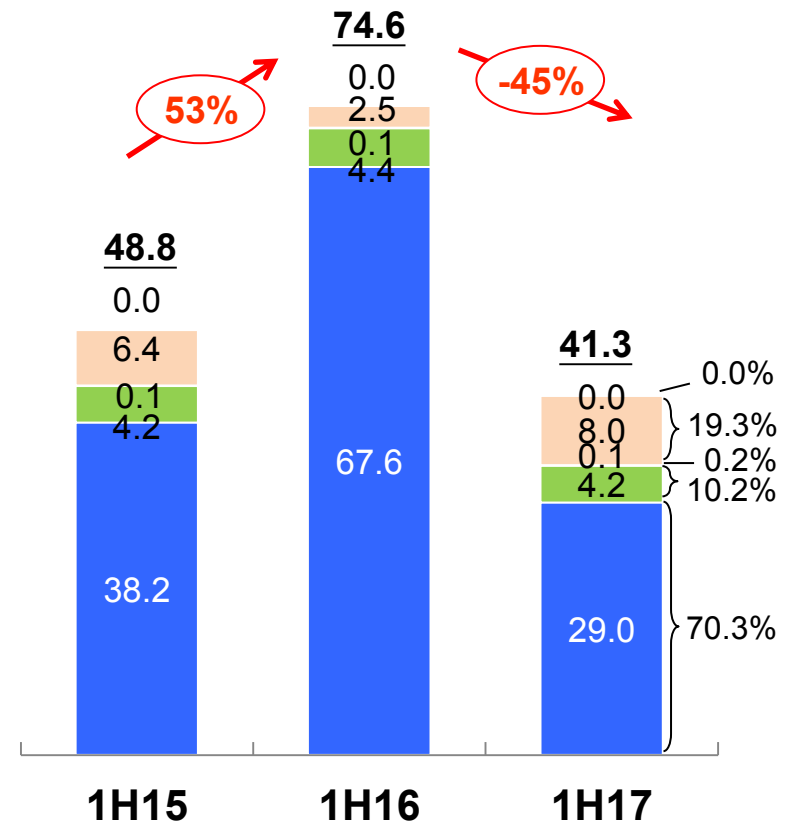
## First Year Premium

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



## Annualized First Year Premium

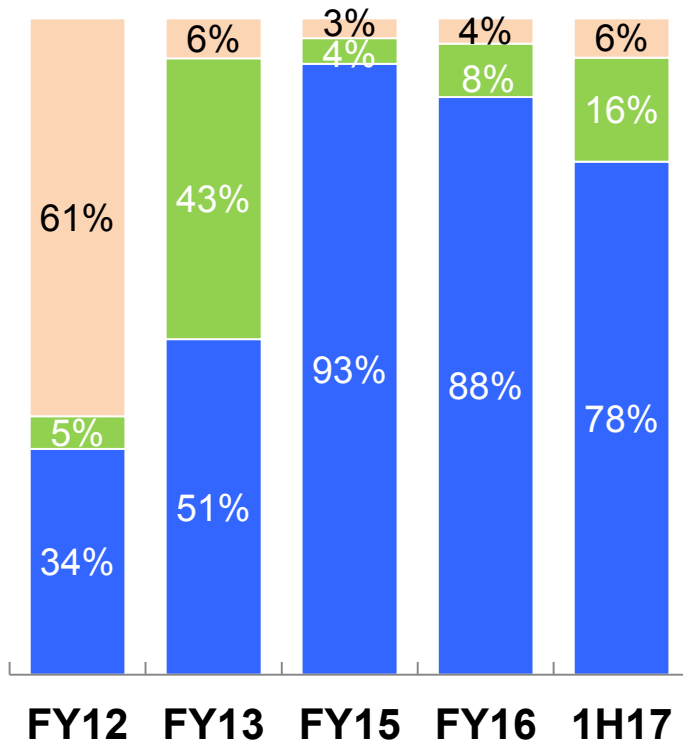
-  Interest sensitive annuity (NT\$BN)
-  Investment-linked (non-VUL)
-  Investment-linked (VUL)
-  Health, accident and others
-  Traditional life



# Cathay Life – Regular paid policies remain as focus

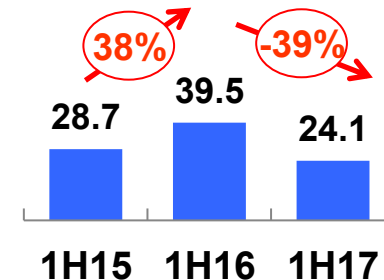
## Breakdown of Traditional FYP

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

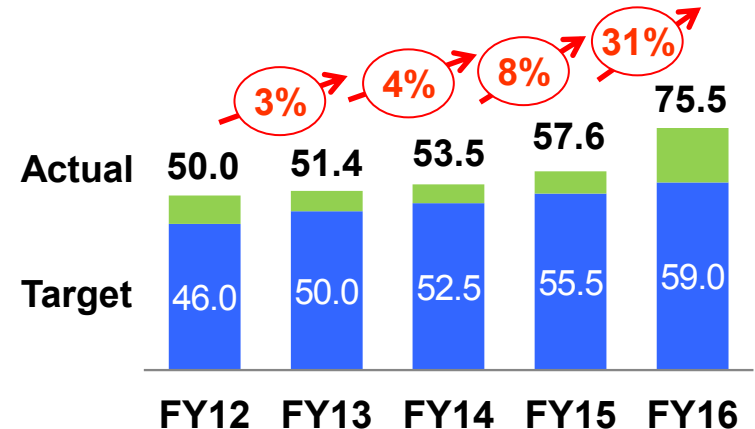


## Value for New Business

Profit Margin	1Q15	1Q16	1Q17
VNB/FYP	23%	39%	19%
VNB/FYPE	74%	51%	57%

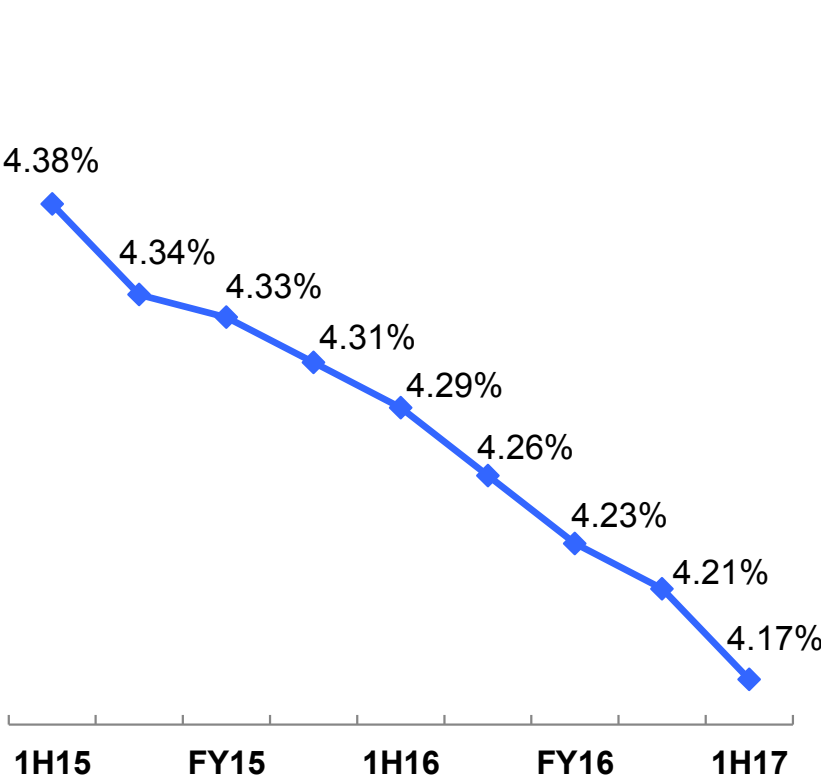


Profit Margin	FY12	FY13	FY14	FY15	FY16
VNB/FYP	19%	26%	23%	27%	38%
VNB/FYPE	54%	70%	75%	57%	56%

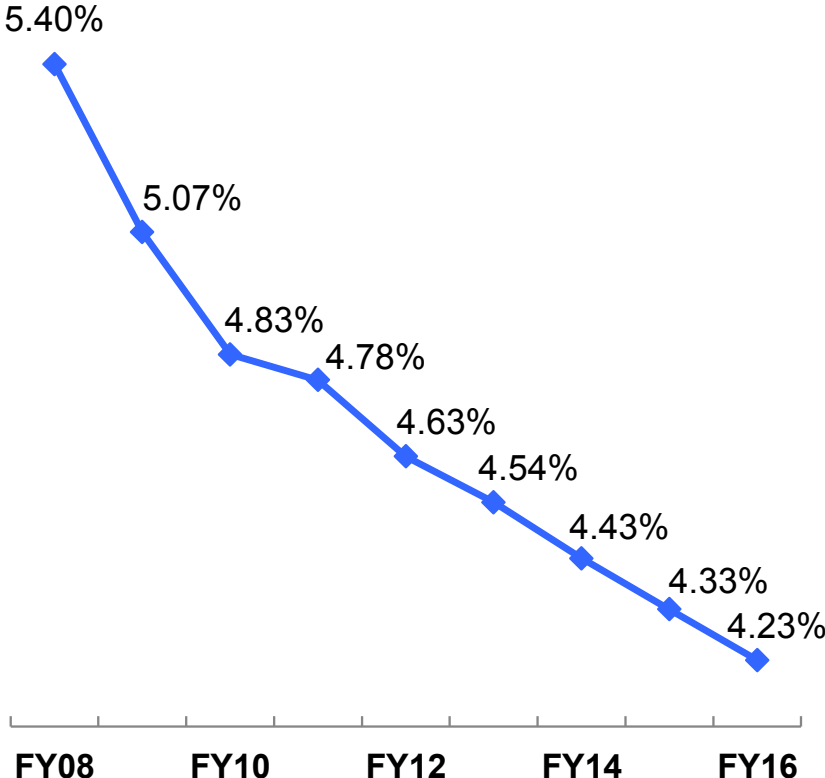


# Cathay Life – Cost of liability

### Cost of liability (quarterly)



### Cost of Liability (annual)



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

# Cathay Life – Investment portfolio

(NT\$BN)	FY14	FY15	FY16			1H17		
<b>Total investments<sup>(1)</sup></b>	<b>4169.1</b>	<b>4,636.6</b>	<b>5,001.1</b>			<b>5,239.7</b>		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
<b>Cash &amp; Cash equivalents</b>	<b>3.2%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>63.1</b>	<b>0.5%</b>	<b>4.0%</b>	<b>210.0</b>	<b>0.6%</b>
<b>Equity- Domestic</b>	<b>8.4%</b>	<b>7.4%</b>	<b>7.9%</b>	<b>393.9</b>	<b>5.0%</b>	<b>7.7%</b>	<b>404.9</b>	<b>8.1%</b>
<b>Equity- International<sup>(2)</sup></b>	<b>5.0%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>319.0</b>	<b>5.0%</b>	<b>6.6%</b>	<b>347.6</b>	<b>8.9%</b>
<b>Bond- Domestic</b>	<b>11.0%</b>	<b>8.0%</b>	<b>6.5%</b>	<b>327.1</b>	<b>2.3%</b>	<b>6.0%</b>	<b>315.7</b>	<b>2.0%</b>
<b>Bond- International<sup>(1)(2)</sup></b>	<b>43.6%</b>	<b>50.6%</b>	<b>53.8%</b>	<b>2,692.3</b>	<b>5.7%</b>	<b>52.5%</b>	<b>2,750.5</b>	<b>5.1%</b>
<b>Mortgage &amp; Secured loans</b>	<b>12.7%</b>	<b>10.2%</b>	<b>8.9%</b>	<b>445.2</b>	<b>1.9%</b>	<b>8.5%</b>	<b>443.2</b>	<b>1.8%</b>
<b>Policy loans</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.3%</b>	<b>164.9</b>	<b>6.1%</b>	<b>3.1%</b>	<b>164.9</b>	<b>5.7%</b>
<b>Real estate</b>	<b>10.5%</b>	<b>10.5%</b>	<b>9.8%</b>	<b>487.9</b>	<b>3.3%</b>	<b>9.4%</b>	<b>493.7</b>	<b>2.2%</b>
<b>Others</b>	<b>1.6%</b>	<b>2.1%</b>	<b>2.2%</b>	<b>107.8</b>		<b>2.1%</b>	<b>109.2</b>	

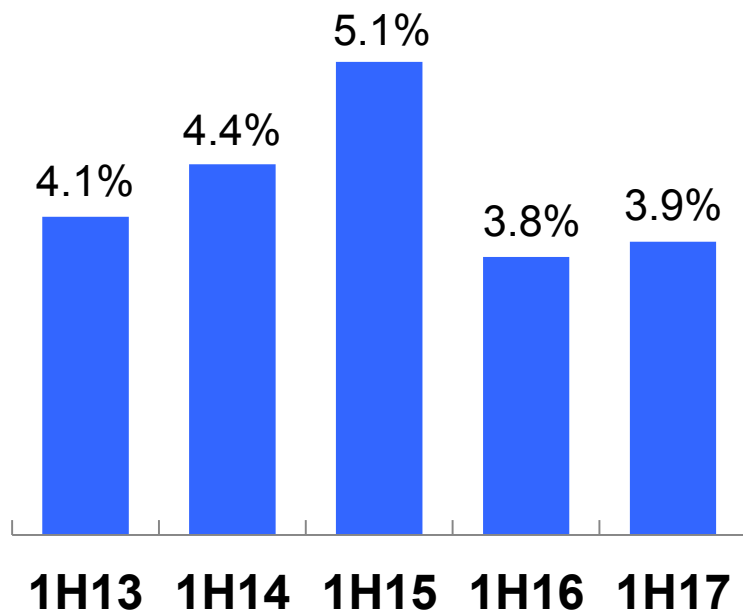
Note: (1) Total assets excluded separate account assets; international bond includes foreign currency deposit and related adjustments

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

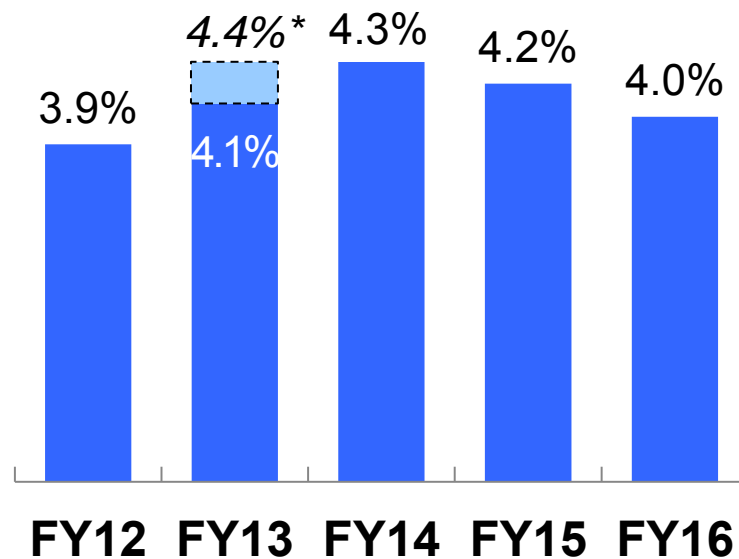


# Cathay Life – Investment performance highlight

## After-hedging investment yield



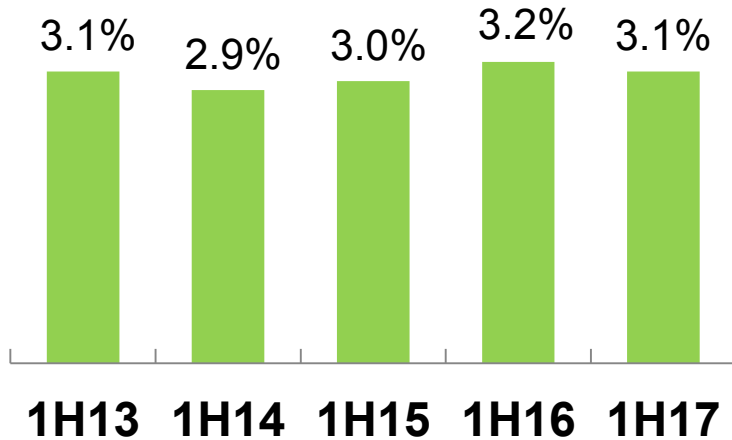
## After-hedging investment yield (annual)



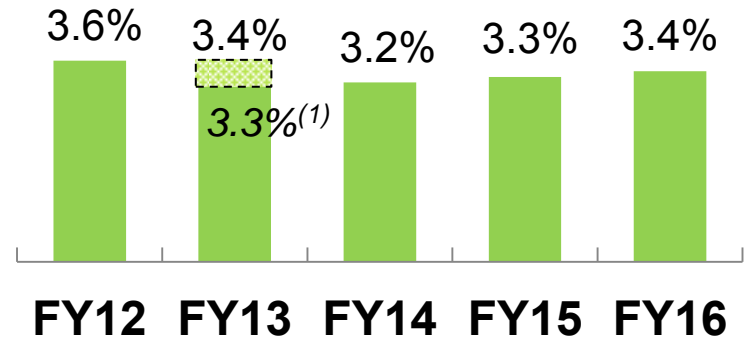
Note: FY13 (4.4% ) was pro forma adjusted number of fair value method on investment property.

# Cathay Life – Investment performance highlight

## Pre-hedging recurring yield

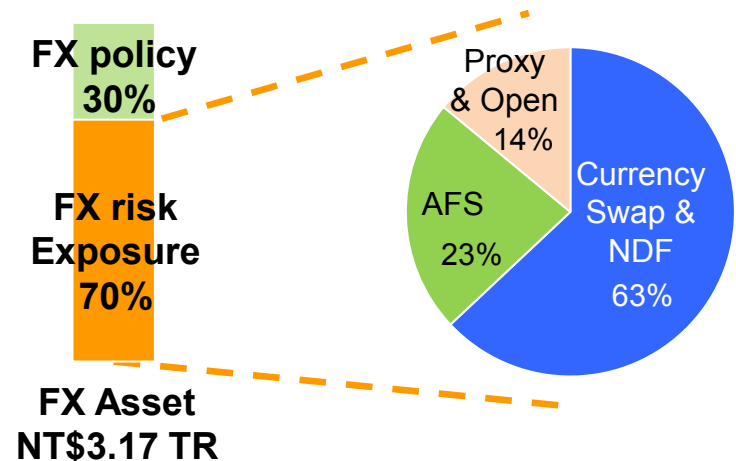


## Pre-hedging recurring yield



## Currency Hedging Structure

1H17 Hedging cost 1.11%

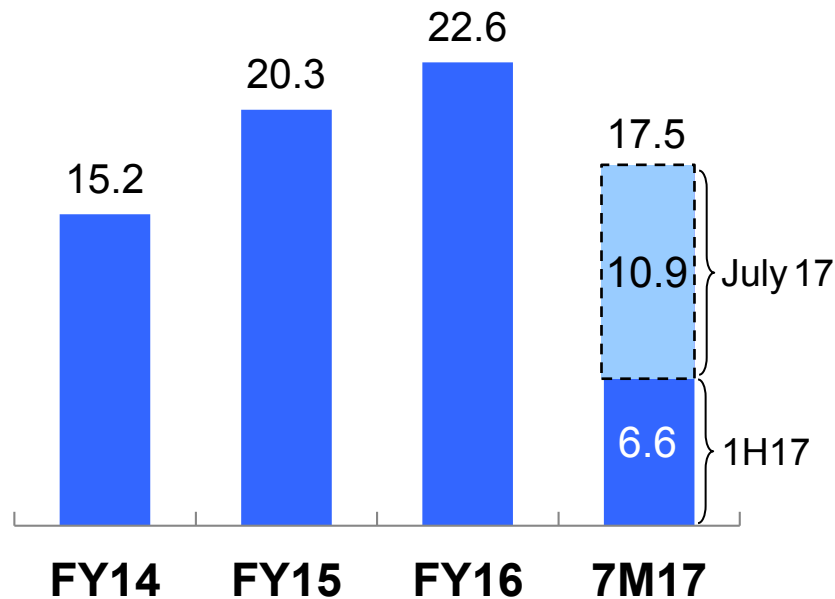


Note: (1) FY13 (3.3%) was pro forma adjusted number of fair value method on investment property.  
 (2) Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend. Most dividend will be recognized in 2Q & 3Q.

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

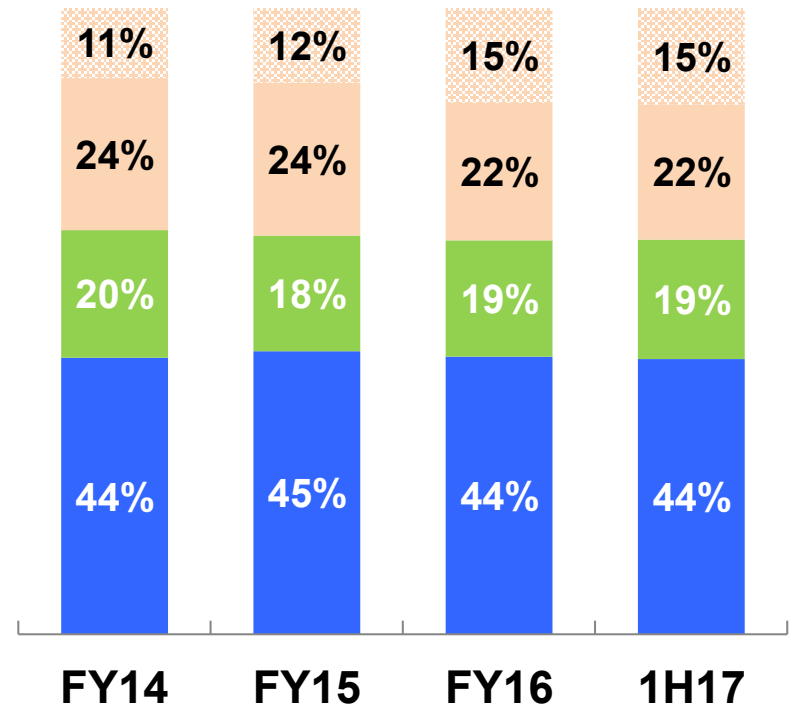
## Cash dividend income

(NT\$BN)



## Overseas fixed income by region\*

- Others
- Asia Pacific
- Europe
- North America

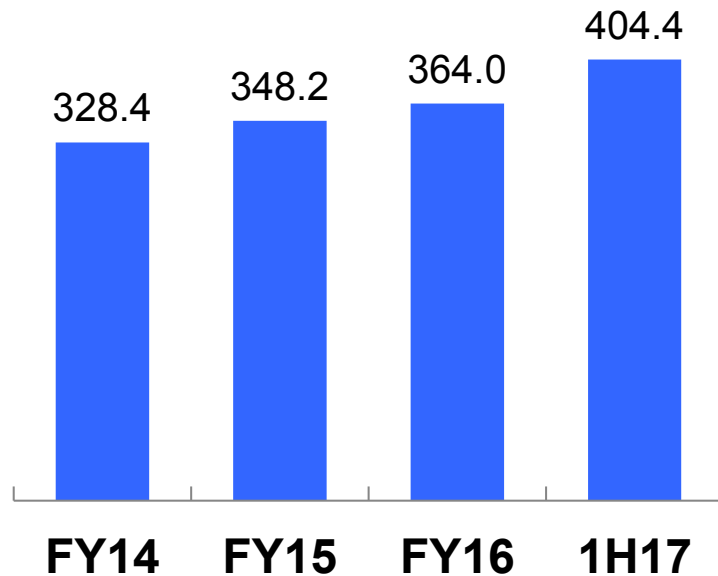


Note: Exclude overseas deposit and equity.

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

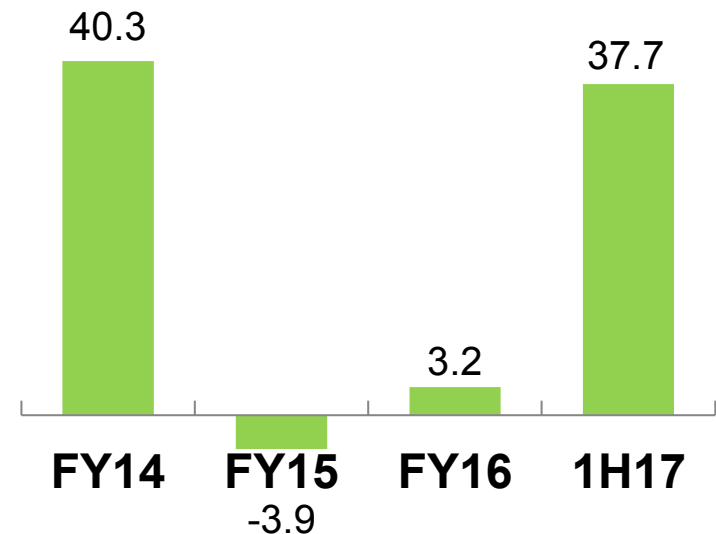
## Book value

(NT\$BN)



## Unrealized G/L of AFS financial assets

(NT\$BN)

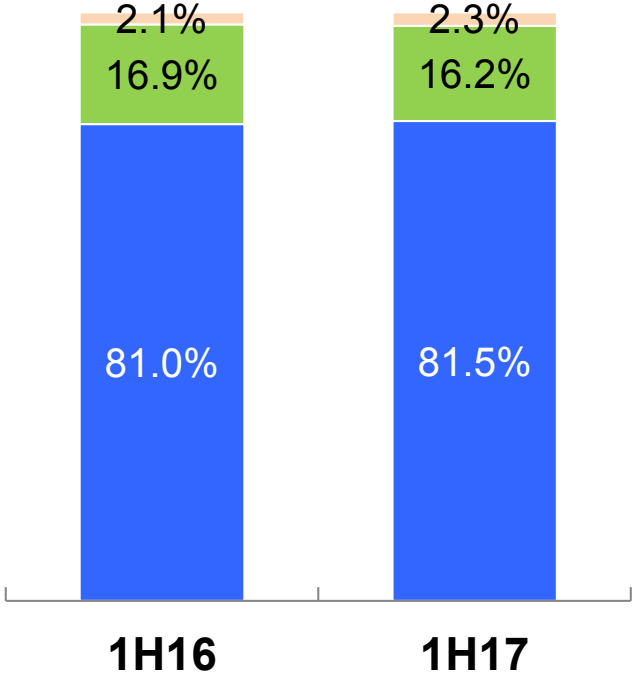
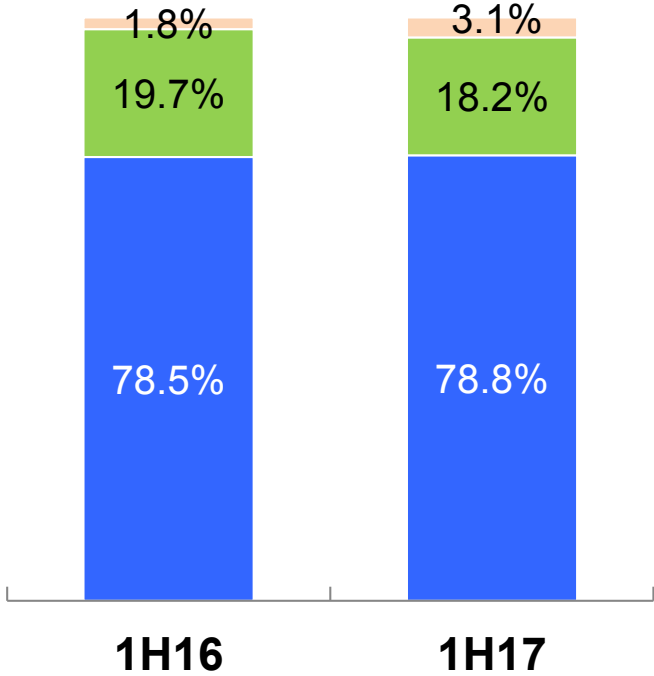


# Cathay Life – Distribution channel

## First Year Premium

## Annualized First Year Premium

- Others
- Bancassurance-CUB
- Tied agents

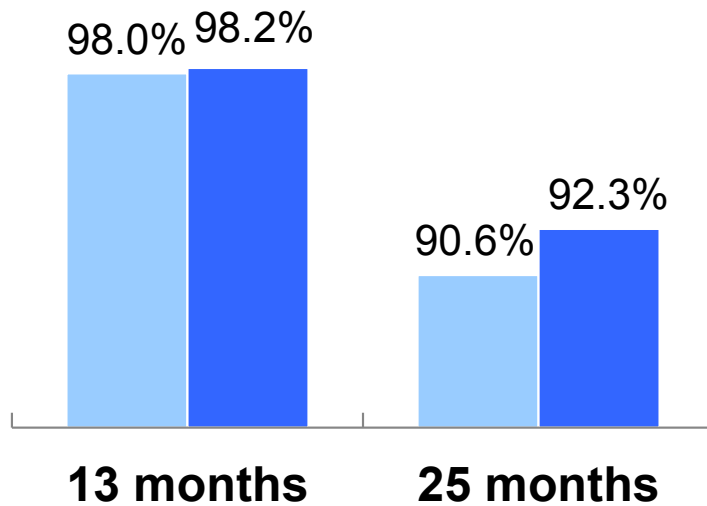


# Cathay Life – Operational indicators

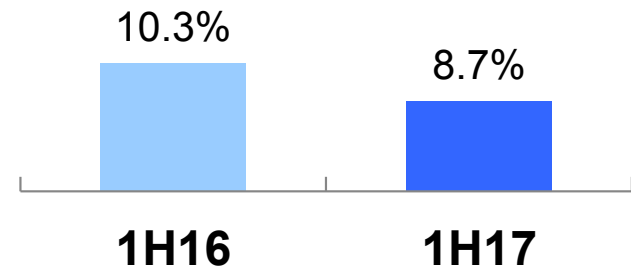
## Persistency ratio

1H16

1H17



## Expense ratio



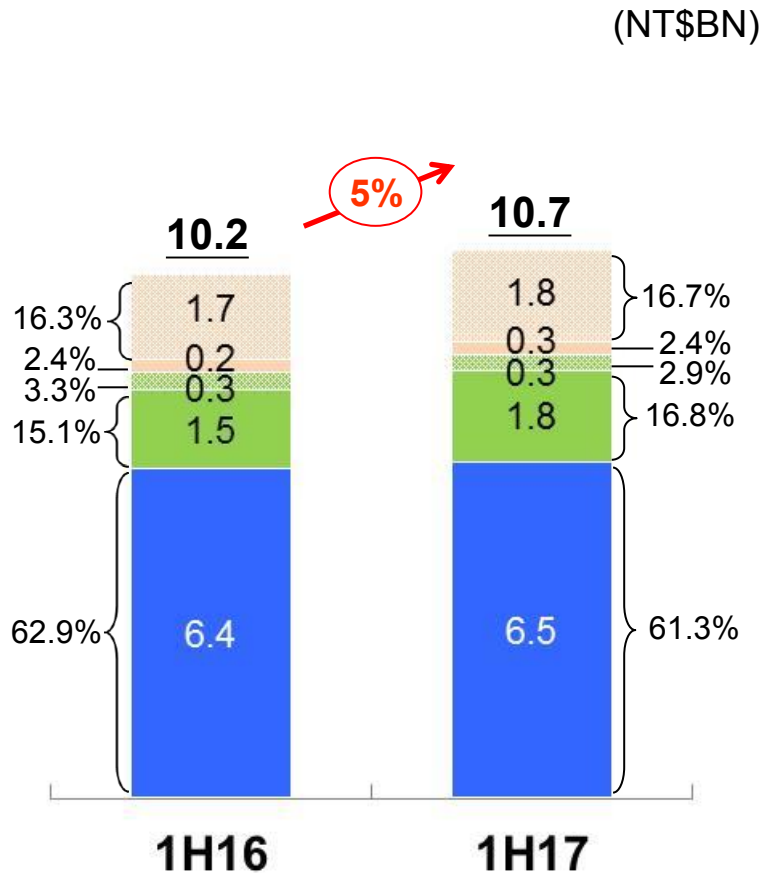
# Agenda

---

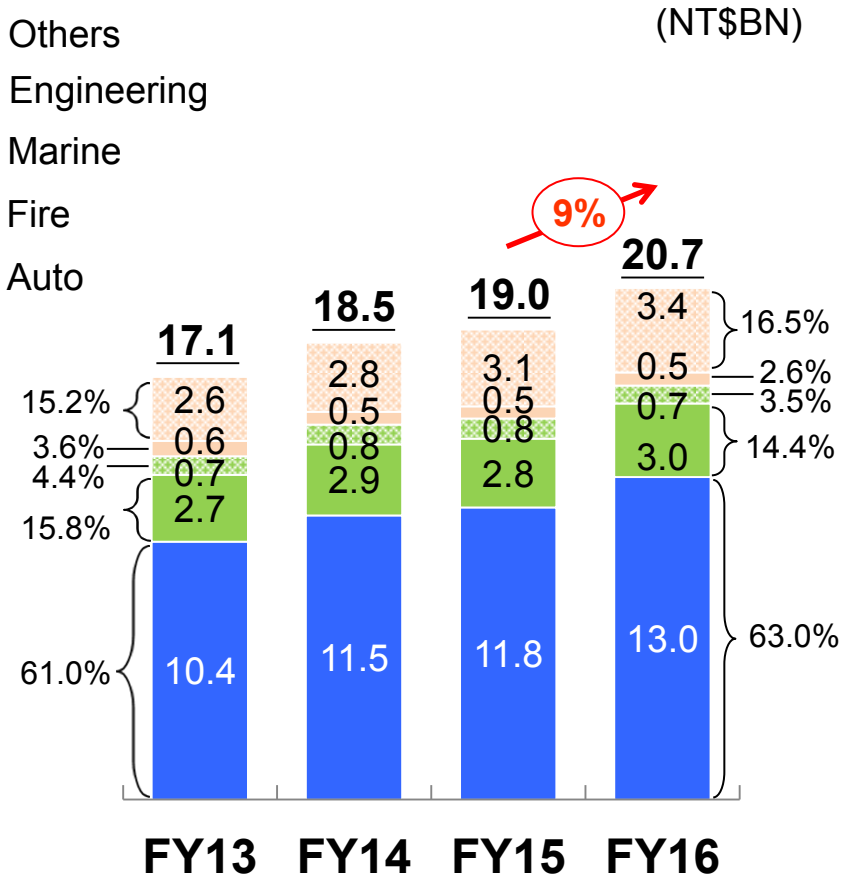
- **1H17 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# Cathay Century – Premium income

## Premium income



## Premium income (annual)



Market share	13.0%	12.5%	13.4%	13.6%	13.3%	13.6%
Retention	74.3%	75.7%	76.1%	76.9%	74.9%	75.7%

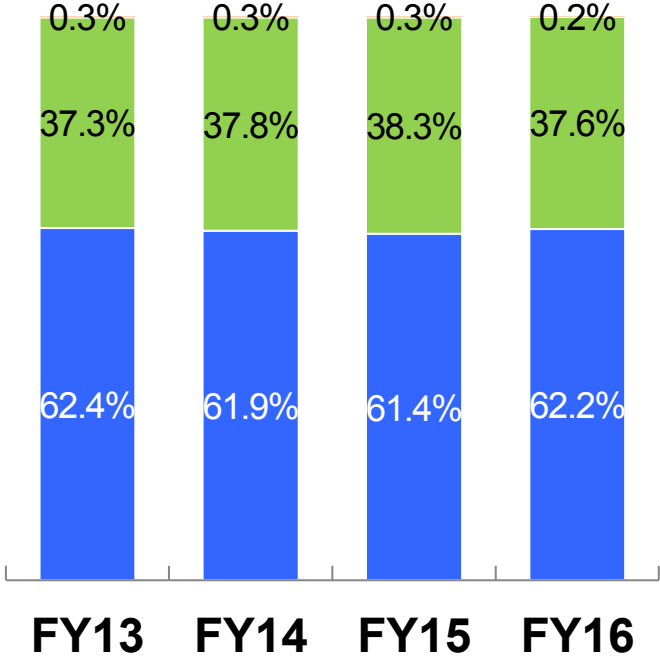
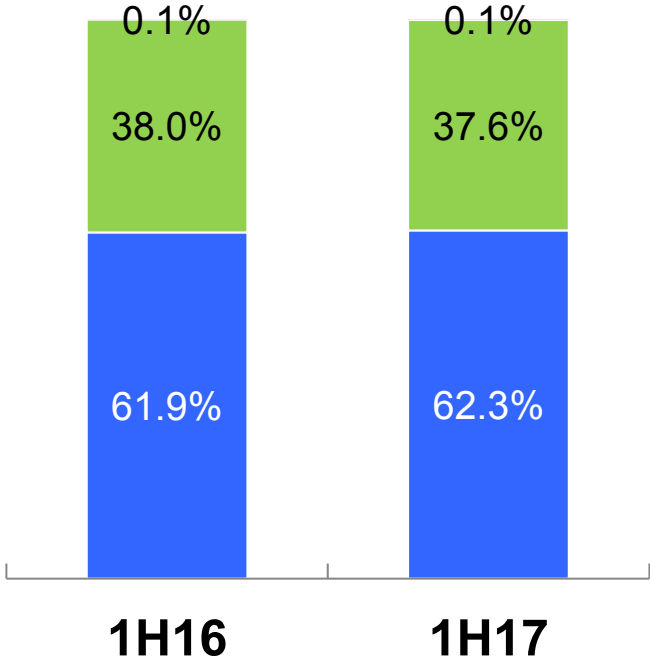


# Cathay Century – Distribution

**Distribution channel**

**Distribution channel (annual)**

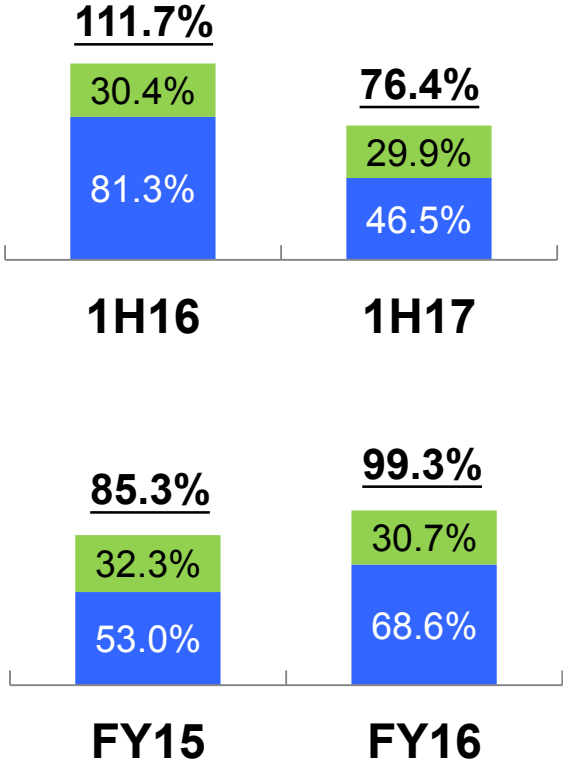
- Affiliate channels
- Cathay P&C agents
- Cathay group channel



# Cathay Century – Combined ratio

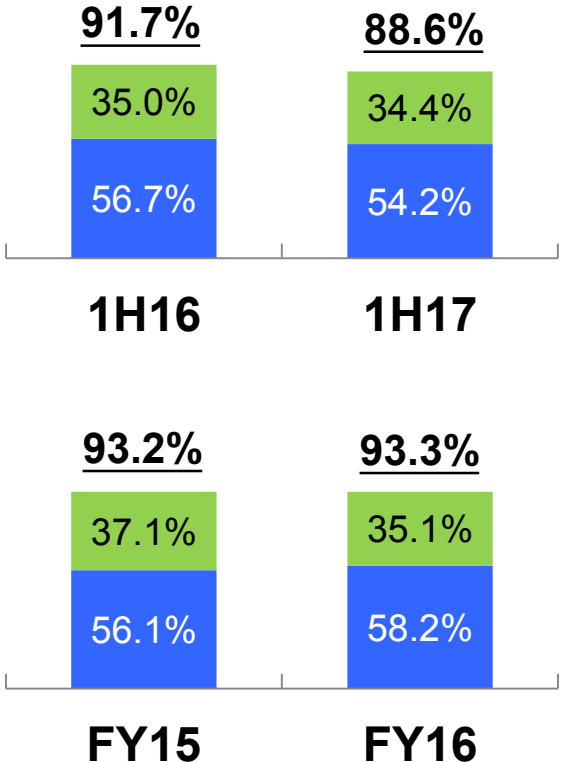
## Gross combined ratio

- Gross expense ratio
- Gross loss ratio



## Retained combined ratio

- Retained expense ratio
- Retained loss ratio



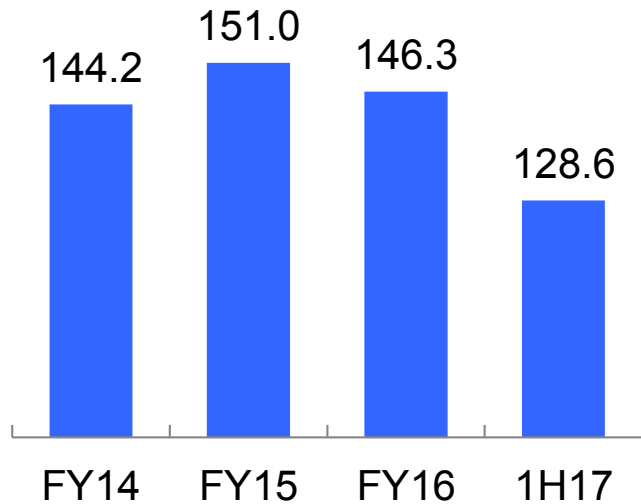
# Agenda

---

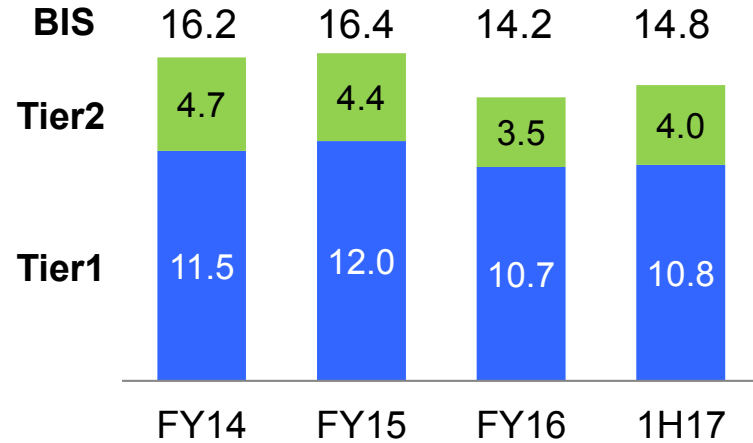
- **1H17 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# Capital adequacy

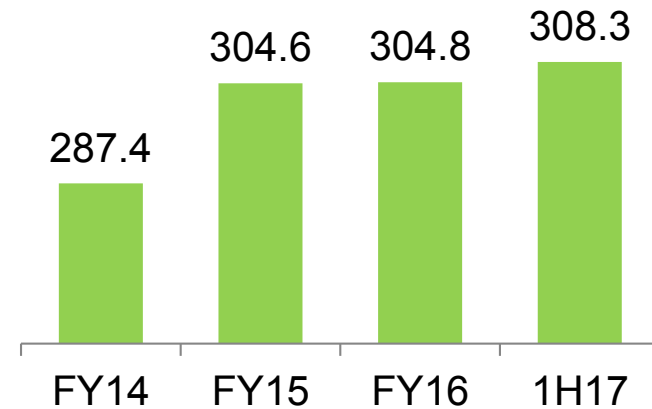
### Cathay FHC CAR (%)



### CUB Capital Adequacy (%)

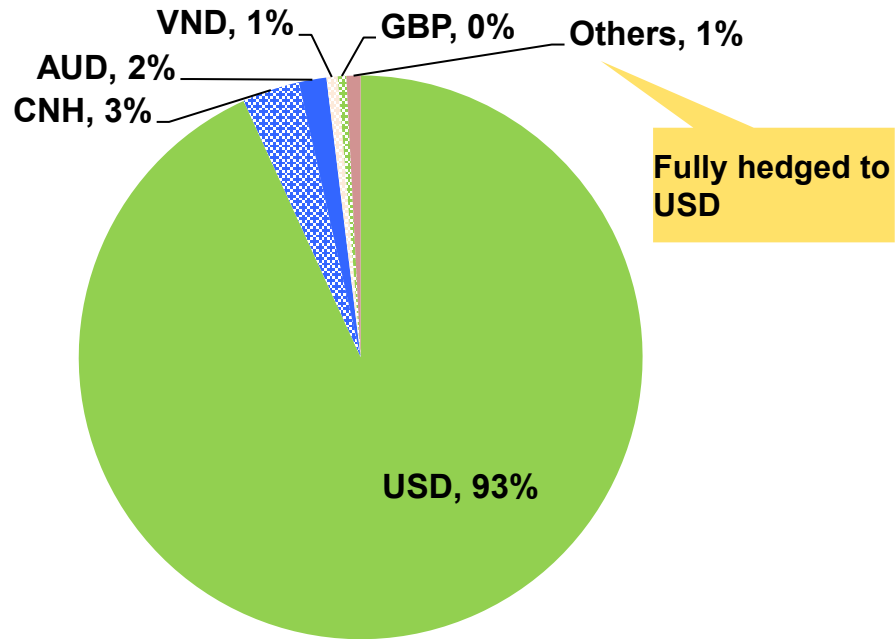


### Cathay Life RBC(%)

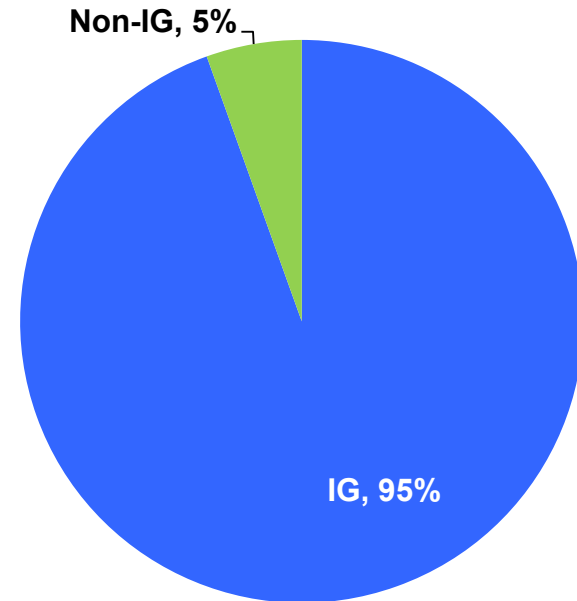


# Cathay Life – Overseas bond breakdown by currency and rating

## Overseas bond by currency (1H17)



## Overseas bond by rating (1H17)





Thank You

Cathay Financial Holdings (NT\$MN)	FY16/ FY15			1H17/ 1H16		2Q17/ 2Q16			
	FY15	FY16	% Chg	1H16	1H17	% Chg	2Q16	2Q17	% Chg
<b>Income Statement Data (Consolidated)</b>									
<b>Operating Income</b>									
Net interest income	139,998	153,478	10%	76,073	81,964	8%	38,477	41,439	8%
Net commission and fee	(4,480)	(7,913)	-77%	(4,170)	256	106%	(1,998)	472	124%
Net earned premium	535,858	622,916	16%	302,944	299,246	-1%	159,013	155,371	-2%
Change in liability reserve	(306,598)	(408,614)	-33%	(200,572)	(208,596)	-4%	(106,242)	(110,023)	-4%
Net claims payment	(309,104)	(308,697)	0%	(147,989)	(146,689)	1%	(74,663)	(73,378)	2%
Investment income	63,734	37,782	-41%	19,660	23,272	18%	10,660	18,207	71%
Contribution from associates-equity method	1,108	1,202	9%	762	690	-9%	260	218	-16%
Other net non-interest income	14,151	40,512	186%	10,816	15,623	44%	5,213	5,106	-2%
Bad debt expense	(2,467)	(5,232)	-112%	(2,310)	(1,274)	45%	(1,673)	(954)	43%
Operating expense	(65,067)	(75,250)	-16%	(35,462)	(34,847)	2%	(17,596)	(17,671)	0%
<b>Income before taxes</b>	67,132	50,185	-25%	19,752	29,646	50%	11,451	18,787	64%
Income taxes	(9,250)	(2,145)	77%	(5,509)	(3,191)	42%	(5,546)	(3,123)	44%
Net income	57,882	48,039	-17%	14,243	26,455	86%	5,905	15,665	165%
EPS (NT\$)	4.58	3.79		1.11	2.09		0.46	1.24	
<b>Dividend Payout</b>									
Cash dividend per share	2.00	2.00							
Stock dividend per share	0.00	0.00							
Weighted average outstanding shares (Millions of common shares)	12,563	12,563		12,563	12,563				
<b>Balance Sheet Data</b>									
Total assets	7,568,975	8,135,137		7,807,698	8,463,548				
Total shareholders' equity	461,062	529,824		456,655	562,421				
<b>Operating Metrics</b>									
ROAE (Consolidated)	12.86%	9.70%		6.21%	9.69%				
ROAA (Consolidated)	0.80%	0.61%		0.37%	0.64%				
Double leverage ratio(inc. preferred stock)	111%	105%		111%	108%				
<b>Capital Adequacy Metrics</b>									
Capital Adequacy Ratio	151%	146%		130%	129%				

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) Starting from 2015/1/1, Cathay FHC adopted IFRS 2013 version and has adjusted FY14 financial data to pro-forma basis.  
FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
- (3) Total may not sum due to rounding.

**Cathay Life**

(NT\$MN)

	FY16/ FY15			1H17/ 1H16			2Q17/ 2Q16		
	FY15	FY16	% Chg	1H16	1H17	% Chg	2Q16	2Q17	% Chg
<b>Income Statement Data (Consolidated)</b>									
Net written premium	519,014	605,910	17%	294,023	291,336	-1%	154,385	151,225	-2%
Net earned premium	518,250	605,231	17%	293,969	291,408	-1%	154,037	150,915	-2%
Reinsurance commission earned	200	363	81%	362	287	-21%	350	234	-33%
Fee income	5,762	5,542	-4%	2,726	4,611	69%	1,379	2,022	47%
Recurring investment income	140,977	161,051	14%	76,056	79,127	4%	40,627	41,578	2%
Gain on disposal of investment									
Realized gain (loss)-Equity	30,072	14,346	-52%	3,941	33,823	758%	(1,641)	16,242	1090%
Realized gain (loss)-Debt	14,804	29,382	98%	7,133	11,569	62%	2,063	6,338	207%
Gain on investment property	11,074	5,000	-55%	5,351	(355)	-107%	5,115	(354)	-107%
FX and others, net	(13,101)	(17,469)	-33%	(2,367)	(24,419)	-932%	1,131	(10,764)	-1052%
Investment income, net	183,827	192,310	5%	90,114	99,745	11%	47,295	53,041	12%
Other operating income	914	5,032	450%	2,380	2,469	4%	1,276	1,301	2%
Separate account revenues	17,303	39,589	129%	19,908	20,522	3%	12,426	15,702	26%
Net claims payment	(298,102)	(297,201)	0%	(142,445)	(141,820)	0%	(71,644)	(70,449)	2%
Changes in liability reserves	(305,864)	(408,398)	-34%	(200,198)	(208,429)	-4%	(105,974)	(109,991)	-4%
Acquisition and commission expense	(33,238)	(38,901)	-17%	(18,119)	(15,566)	14%	(7,831)	(7,335)	6%
Other operating costs	(5,541)	(6,381)	-15%	(3,206)	(2,847)	11%	(1,538)	(1,314)	15%
Financial cost	(296)	(413)	-40%	(164)	(767)	-367%	(150)	(474)	-217%
Separate account expense	(17,303)	(39,589)	-129%	(19,908)	(20,522)	-3%	(12,426)	(15,702)	-26%
Operating expense	(23,021)	(30,768)	-34%	(15,579)	(14,134)	9%	(8,696)	(7,023)	19%
Net non-operating income	1,265	1,956	55%	968	719	-26%	550	349	-37%
Income taxes	(5,710)	1,861	133%	(2,990)	541	118%	(3,917)	(192)	95%
Net income	38,447	30,235	-21%	7,818	16,214	107%	5,138	11,083	116%

**Balance Sheet Data**

Total assets	5,179,877	5,556,950		5,336,165	5,821,673
General account	4,699,309	5,058,936		4,847,690	5,288,624
Separate account	480,568	498,014		488,475	533,049
Reserves for life insurance liabilities	4,228,117	4,567,324		4,377,792	4,718,697
Total liabilities	4,831,642	5,192,967		4,989,690	5,417,319
Total shareholders' equity	348,235	363,984		346,476	404,353

**Operating Metrics**

First Year Premium(FYP)	217,378	199,082		100,559	119,896
First Year Premium Equivalent(FYPE)	102,002	135,035		74,635	41,282
Expense ratio	10.3%	10.3%		10.3%	8.7%
13-M persistency ratio	97.6%	98.3%		98.0%	98.2%
25-M persistency ratio	91.8%	92.2%		90.6%	92.3%
ROAE	11.36%	8.49%		4.50%	8.44%
ROAA	0.78%	0.56%		0.30%	0.57%

**Capital Adequacy Metrics**

RBC ratio (Standalone)	305%	305%		288%	308%
------------------------	------	------	--	------	------

**Notes:**

- 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.
- Starting from 2015/1/1, Cathay Life adopted IFRS 2013 version and has adjusted FY14 financial data to pro-forma basis.  
FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
- Total may not sum due to rounding.



**Cathay United Bank**

(NT\$MN)	FY16/ FY15			1H17/ 1H16			2Q17/ 2Q16		
<u>Income Statement Data (Consolidated)</u>	FY15	FY16	% Chg	1H16	1H17	% Chg	2Q16	2Q17	% Chg
<b>Operating Income</b>									
Net interest income	26,729	25,910	-3%	12,331	14,440	17%	6,121	7,408	21%
Fee income	14,344	15,745	10%	7,982	7,419	-7%	3,680	3,569	-3%
Investment income	5,599	8,278	48%	4,142	4,261	3%	1,888	2,793	48%
Other income	1,380	1,222	-12%	759	538	-29%	199	255	29%
<b>Net operating income</b>	48,052	51,154	6%	25,214	26,658	6%	11,887	14,025	18%
Operating expenses	(24,851)	(26,959)	-8%	(12,657)	(13,077)	-3%	(6,491)	(6,527)	-1%
<b>Pre-provision profit</b>	23,201	24,195	4%	12,557	13,581	8%	5,396	7,498	39%
Net provisions for possible losses	(1,922)	(4,455)	-132%	(1,933)	(1,308)	32%	(1,213)	(937)	23%
<b>Income before taxes</b>	21,279	19,740	-7%	10,624	12,273	16%	4,183	6,561	57%
Income tax	(2,513)	(2,229)	11%	(1,176)	(1,552)	-32%	(381)	(848)	-123%
<b>Net income</b>	18,767	17,511	-7%	9,447	10,721	13%	3,803	5,713	50%
<b>Balance Sheet Data</b>									
Total assets	2,383,377	2,566,669		2,458,952	2,626,136				
Loans, net	1,127,807	1,437,531		1,275,704	1,417,573				
Financial assets	791,192	849,989		858,748	812,764				
Total liability	2,226,608	2,406,701		2,302,570	2,451,877				
Deposits	1,881,657	2,032,600		1,941,807	2,053,747				
Financial Debenture Payable	51,900	51,900		51,900	63,350				
Total shareholders' equity	156,769	159,968		156,382	174,259				
<b>Operating Metrics</b>									
Cost income ratio	51.72%	52.70%		50.20%	49.06%				
ROAE	12.33%	11.06%		12.07%	12.83%				
ROAA	0.81%	0.71%		0.78%	0.83%				
<b>Assets Quality</b>									
NPL	1,599	2,133		1,991	2,556				
NPL ratio	0.14%	0.15%		0.16%	0.18%				
NPL provisions	17,323	19,686		18,704	21,075				
Coverage ratio	1083%	923%		939%	824%				
<b>Capital Adequacy Metrics</b>									
BIS ratio (Standalone)	16.4%	14.2%		15.2%	14.8%				
Tier I Ratio (Standalone)	12.0%	10.7%		11.3%	10.8%				

**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) Starting from 2015/1/1, Cathay United Bank adopted IFRS 2013 version and has adjusted FY14 financial data to pro-forma basis.  
FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
- (3) Total may not sum due to rounding.

**Cathay Century**

(NT\$MM)	FY16/ FY15			1H17/ 1H16			2Q17/ 2Q16		
<u>Income Statement Data (Consolidated)</u>	FY15	FY16	% Chg	1H16	1H17	% Chg	2Q16	2Q17	% Chg
Premium income	22,449	22,774	1%	12,011	10,786	-10%	6,329	5,706	-10%
Net written premium	17,254	17,390	1%	9,139	8,129	-11%	4,692	4,212	-10%
Net earned premium	17,169	17,213	0%	8,897	7,989	-10%	4,531	4,110	-9%
Reinsurance commission earned	517	526	2%	296	247	-16%	151	124	-18%
Fee income	48	44	-7%	24	21	-13%	13	11	-15%
Investment	972	2,082	114%	383	399	4%	215	220	2%
Interest income	564	568	1%	291	269	-8%	139	138	-1%
Other investment income, net	408	1,514	271%	92	130	42%	76	82	7%
Other operating income	15	0	-100%	2	0	-100%	1	0	-100%
Net claims payment	(9,292)	(9,559)	-3%	(4,747)	(4,246)	11%	(2,247)	(2,230)	1%
Changes in liability reserves	(734)	(209)	71%	(374)	(167)	55%	(268)	(32)	88%
Commissions and other operating costs	(1,402)	(1,289)	8%	(1,604)	(1,378)	14%	(831)	(699)	16%
Operating expenses	(6,197)	(5,974)	4%	(2,379)	(1,756)	26%	(1,251)	(895)	28%
<b>Operating income</b>	1,095	2,834	159%	498	1,111	123%	315	608	93%
Net non-operating income	(4)	(1)	81%	(3)	(9)	-172%	3	(4)	-226%
Income taxes	(287)	(492)	-71%	(112)	(149)	-33%	(66)	(86)	-30%
Net income	804	2,342	191%	383	953	149%	252	518	106%
<b><u>Balance Sheet Data</u></b>									
Total assets	42,106	38,250		44,970	38,940				
Total stockholders' equity	7,219	9,216		7,673	8,830				
<b><u>Operating Metrics</u></b>									
Gross Combined ratio	85.3%	99.3%		111.7%	76.4%				
Net Combined ratio	93.2%	93.3%		91.7%	88.6%				
ROAE	11.44%	28.50%		10.28%	21.13%				
ROAA	2.06%	5.83%		1.76%	4.94%				
<b><u>Capital Adequacy Metrics</u></b>									
RBC ratio (Standalone)	359%	385%		365%	347%				

**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) Starting from 2015/1/1, Cathay Century adopted IFRS 2013 version and has adjusted FY14 financial data to pro-forma basis. FY14 total assets, liabilities, and shareholders' equity have also been adjusted accordingly.
- (3) Total may not sum due to rounding.