



**國泰金控**

Cathay Financial Holdings

# 2021 First Half Briefing

August 2021



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# Agenda

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- **1H21 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**
  - Cathay United Bank
  - Cathay Life
  - Cathay Century
- **Appendix**

# 1H21 Business Overview

## Cathay United Bank

- Delivered steady loan and deposit growth with higher net interest income YoY.
- Fee income showed double-digit growth YoY. Wealth management fee income and credit card fee income grew 15% and 18%, respectively.

## Cathay Life

- Adhered to value-driven strategy. Protection type FYP grew 23% YoY. AUM of investment-linked products increased to ~NT\$700bn, ranking No. 1 in the industry.
- Delivered sound investment performance with after-hedging investment yield of 5.6%. Both net profit and book value set new records.
- Retained strong capital position with RBC ratio of 371% and E/A of 10.6%.

## Cathay Century

- Premium income grew 9% YoY. Ranked second in market share, at 11.8%.
- Developed online business in China and expanded local team in Vietnam. Overseas premium income continued to rise.

## Cathay SITE

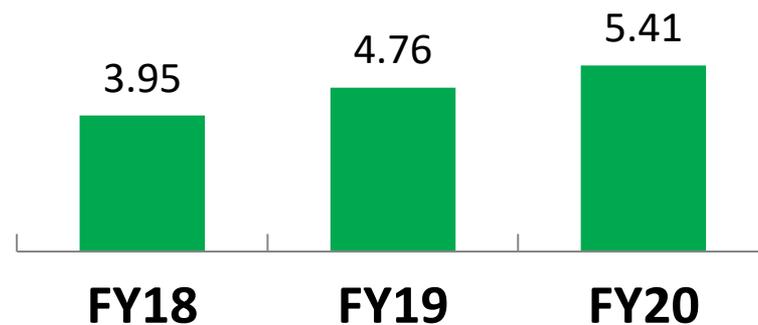
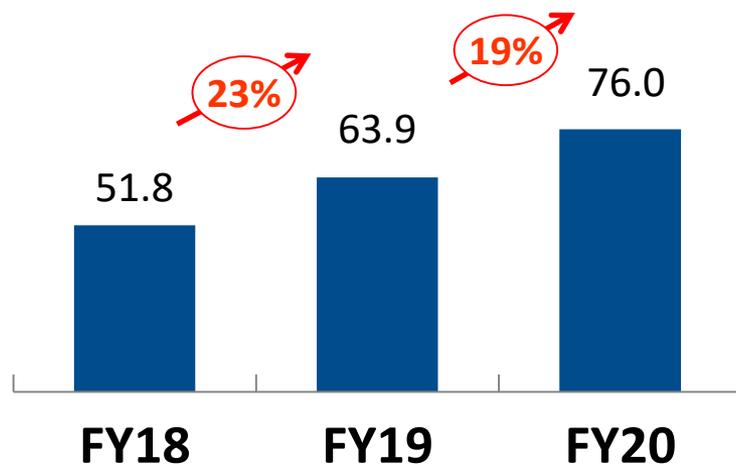
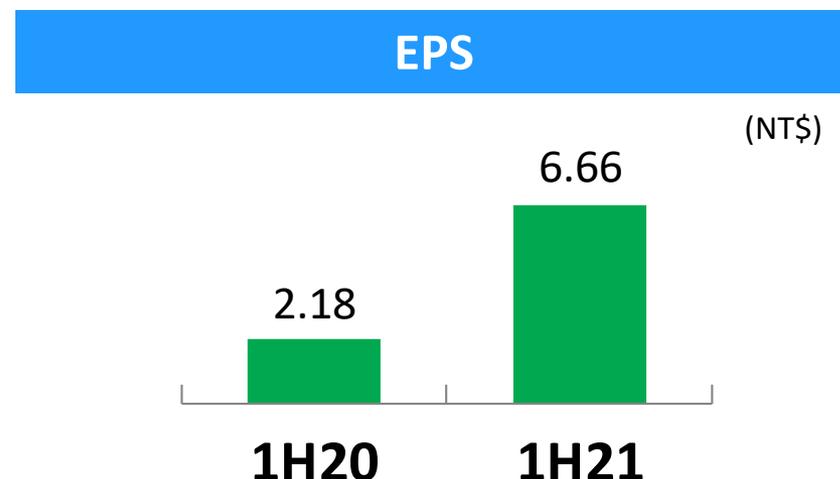
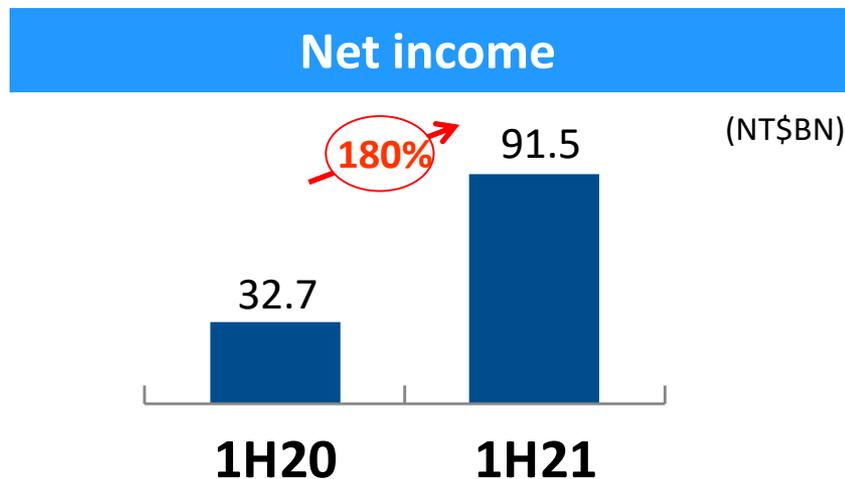
- Ranked No. 1 in terms of AUM, amounting to NT\$1,201bn. 1H21 net profit achieved a record high for a first-half period.
- Recognized by Asia Asset Management and Benchmark. Received TFF-Bloomberg Best Fund Award in 2021.

## Cathay Securities

- Optimized customer experience with a digital-only business model; focused on digital customers to increase customer base.
- Number of new accounts opened in 1H21 reached 1mn. Earnings and number of customers each hit new records for a first-half period.

# Cathay FHC – Net income & EPS

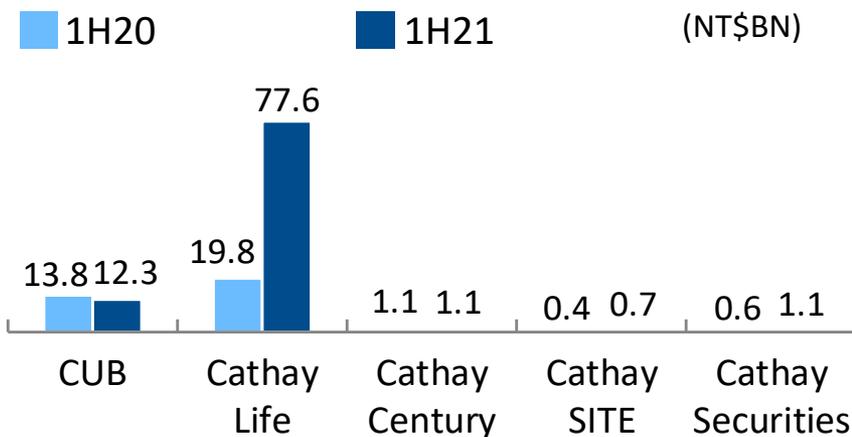
- 1H21 net income has outpaced 2020 full-year earnings, driven by sound investment performance.



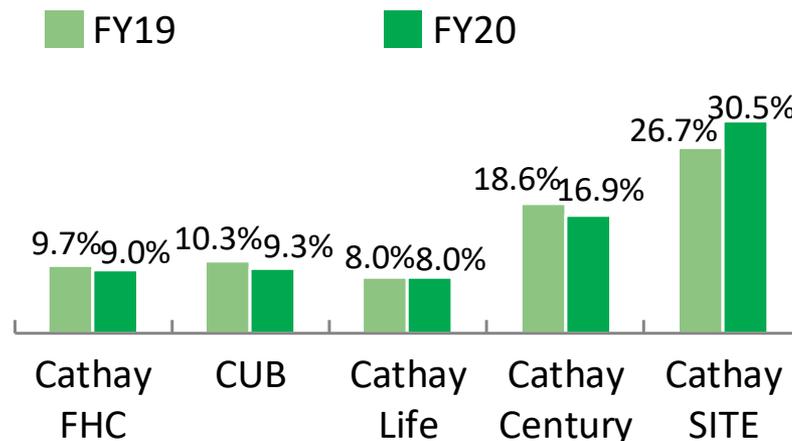
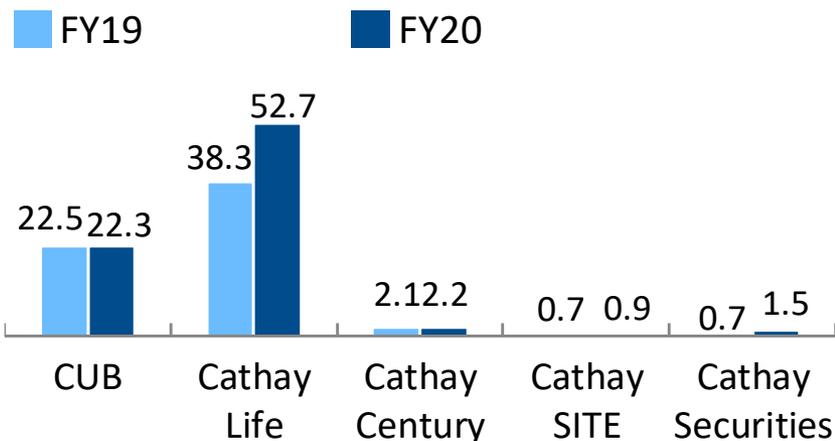
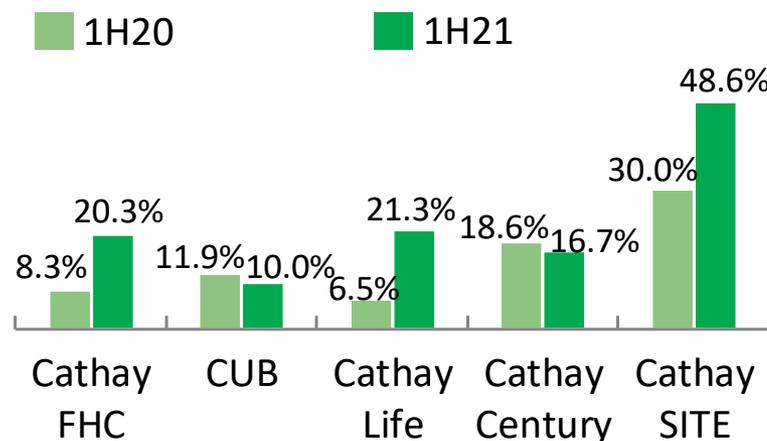
# Cathay FHC – Net income & ROE

- Cathay Life delivered strong investment performance with net profit outpacing FY20. Cathay Securities and Cathay SITE also reported record 1H earnings, attributable to economic recovery and financial market rally.
- CUB's core business remained solid despite earnings decline due to higher 1H20 base of investment gains.

## Net income of primary subsidiaries (NT\$BN)

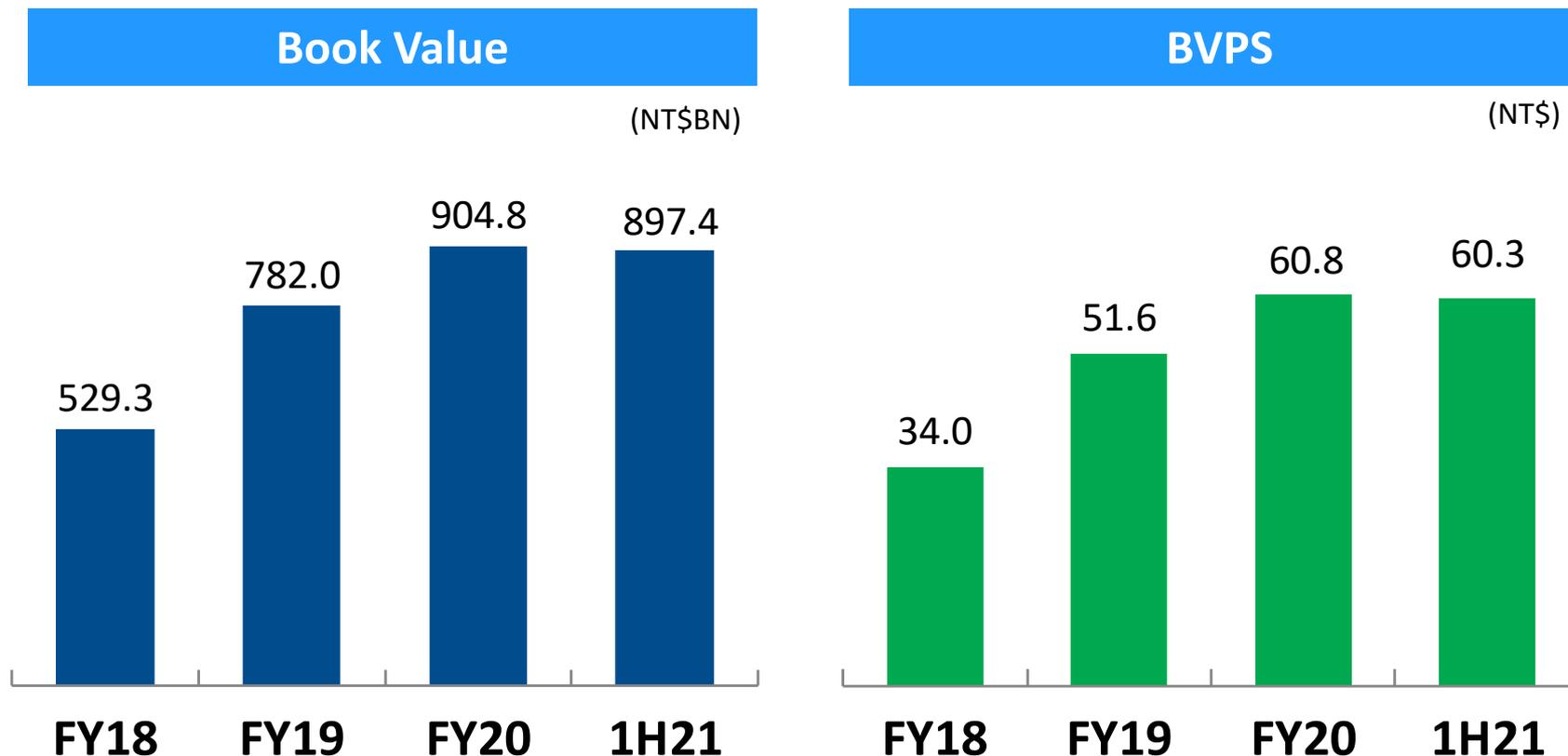


## ROE



# Cathay FHC – Book value & BVPS

- Book value was supported by strong earnings contributions, partially offset by cash dividend distribution.



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

# Agenda

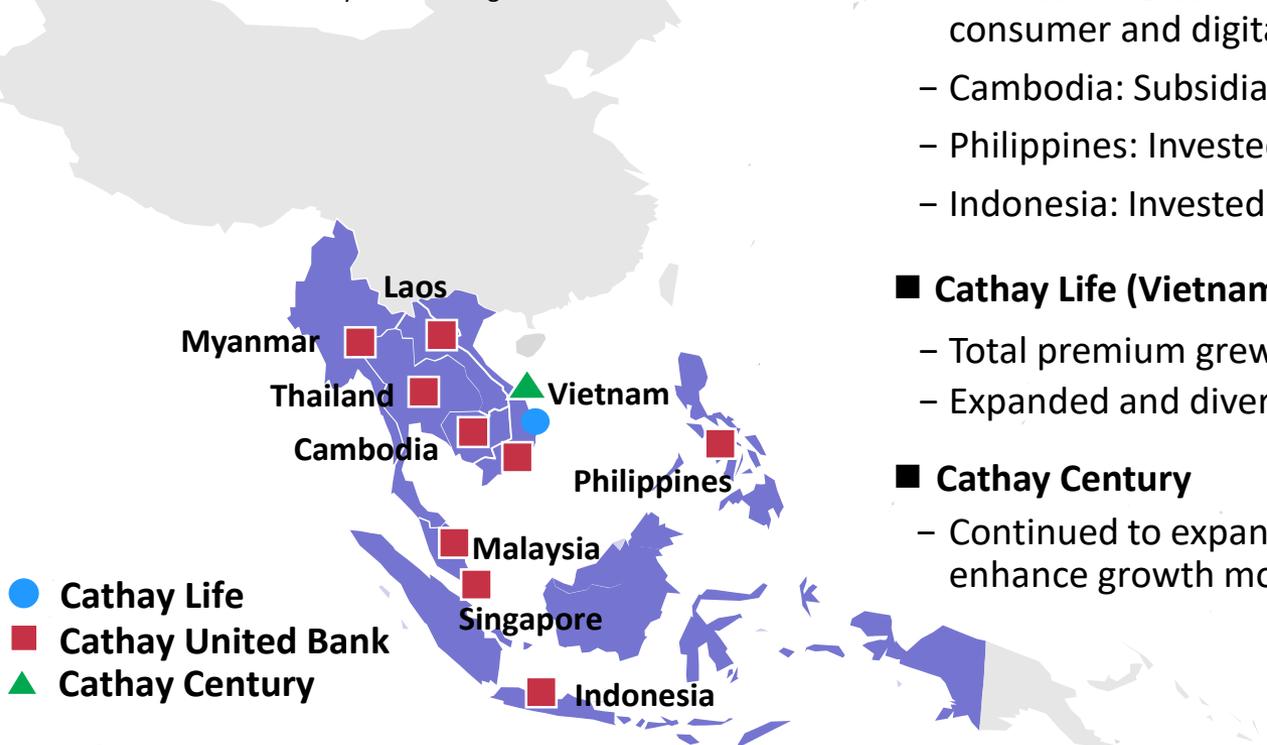
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- **Appendix**

# Cathay FHC in South East Asia

	China	Vietnam	Cambodia	Hong Kong	Singapore	Malaysia	Laos	Philippines	Myanmar	Thailand	Indonesia
Bank	7	36	16	1	1	1	1	1	1	1	1
Life	53	136									
P&C	26	2									
Asset Mgt.	1			1							
Securities				2							

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



## ■ Banking

- Vietnam: IVB continued to expand corporate, consumer and digital banking business.
- Cambodia: Subsidiary's businesses grew steadily.
- Philippines: Invested in RCBC.<sup>(2)</sup>
- Indonesia: Invested in Bank Mayapada.<sup>(2)</sup>

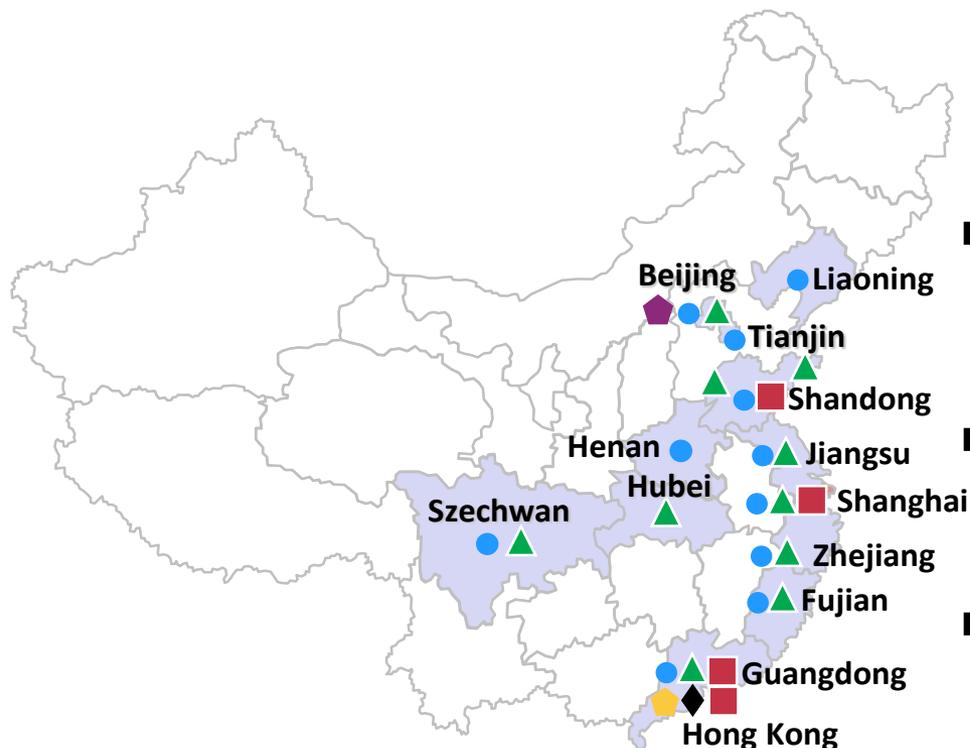
## ■ Cathay Life (Vietnam)

- Total premium grew 52% YoY to 1.1tn VND in 1H21.
- 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**
  - China subsidiary showed steady performance.
  - Joint venture Chongqing Ant Consumer Finance obtained operating approval in June, 2021
- **Cathay Lujiazui Life**
  - Total premium grew 19% YoY to 1.7bn RMB in 1H21.
  - Each business line grew steadily.
- **Cathay Century (China)**
  - Formed a strategic alliance with Ant Group. Actively developed e-commerce-related financial services.
- **Cathay Securities (HK)**
  - Continued to grow local and cross-border business.
- **JV with China Development Bank Securities (CDBS Cathay Asset Management)**
  - Business line grew steadily.
- **Conning Asia Pacific Limited**
  - Continued to expand asset management business.

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Cathay United Bank

Cathay Life

Cathay Century

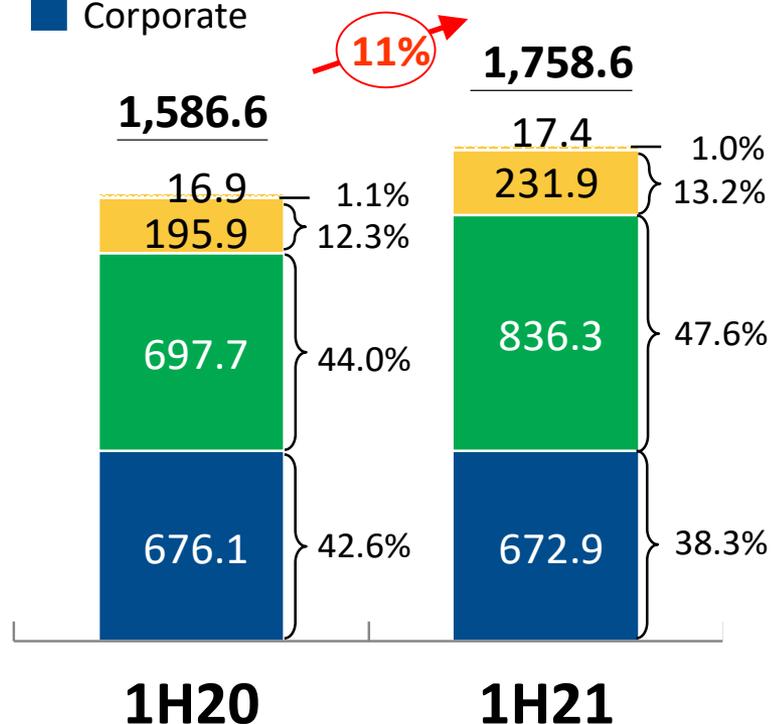
- **Appendix**

# Cathay United Bank – Loan & Deposit breakdown

- Robust loan growth with both consumer loan and mortgage shown double digit growth.
- Deposit grew solidly with higher demand-deposit ratio.

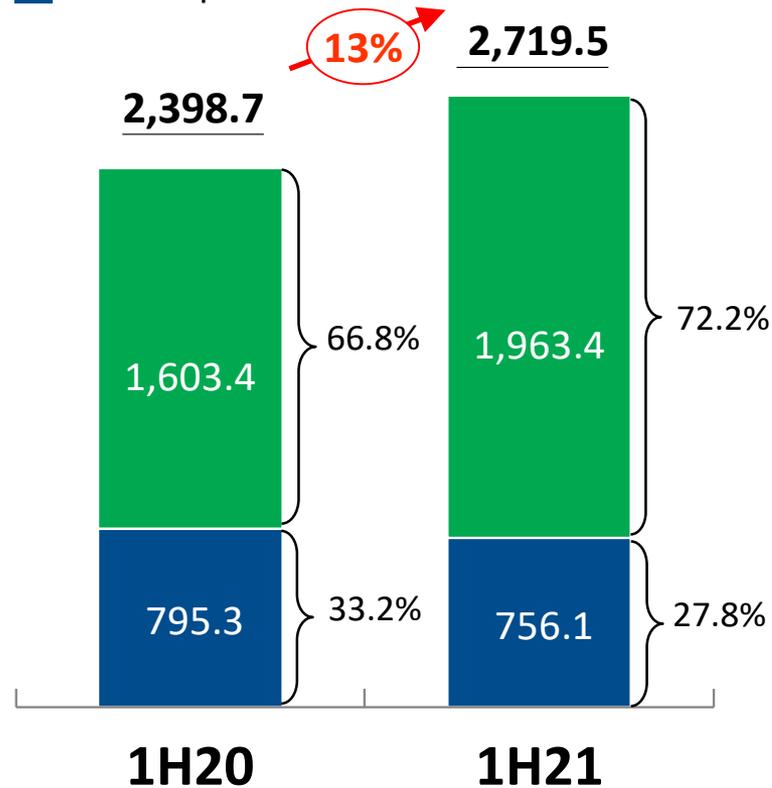
## Loan breakdown

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



## Deposit breakdown

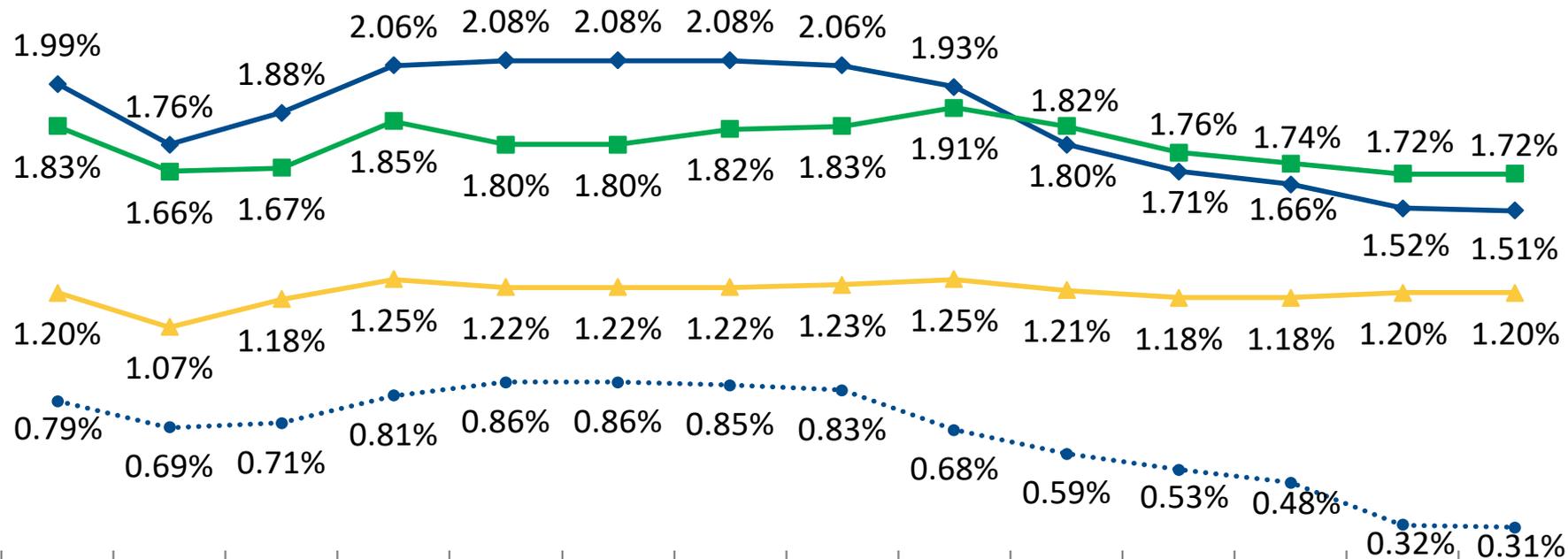
- Demand deposit (NT\$BN)
- Time deposit



# Cathay United Bank – Interest yields

□ NIM and spread remained stable in 1H21. The negative impact of rate cuts was fully reflected in 3Q20.

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



	FY15	FY16	FY17	FY18	1Q19	1H19	9M19	FY19	1Q20	1H20	9M20	FY20	1Q21	1H21
<b>Quarterly</b>				<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>	<u>1Q21</u>	<u>2Q21</u>
<b>Spread</b>				1.83%	1.80%	1.81%	1.85%	1.86%	1.91%	1.73%	1.65%	1.69%	1.72%	1.71%
<b>NIM</b>				1.22%	1.22%	1.22%	1.23%	1.26%	1.25%	1.17%	1.13%	1.17%	1.20%	1.20%

Note : (1) Credit card related loans are included in the calculation of interest spread.

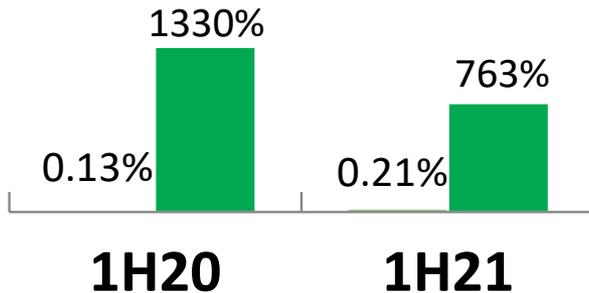
(2) China subsidiary was launched in Sep 2018. Hence, since 9M18, China subsidiary results was excluded.

# Cathay United Bank – Credit quality

- Asset quality remained steady with NPL at 0.21% and coverage ratio at 763%.

## NPL & Coverage ratio

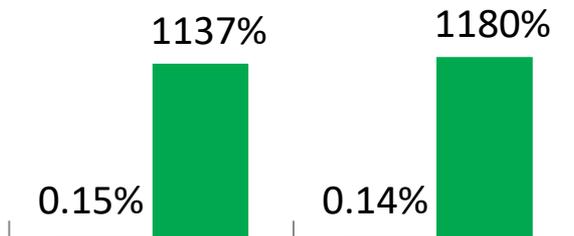
- NPL ratio
- Coverage ratio



Mortgage NPL

0.17 %

0.10 %



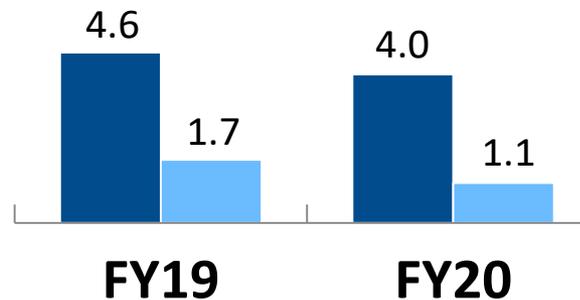
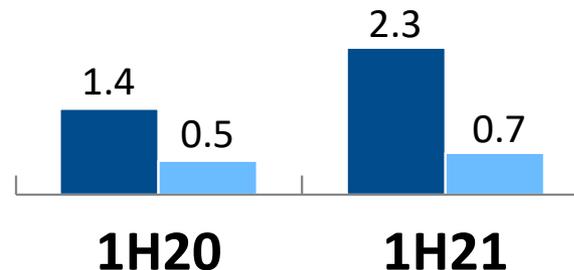
Mortgage NPL

0.21 %

0.11 %

## Gross provision

- Gross provision (NT\$BN)
- Recovery

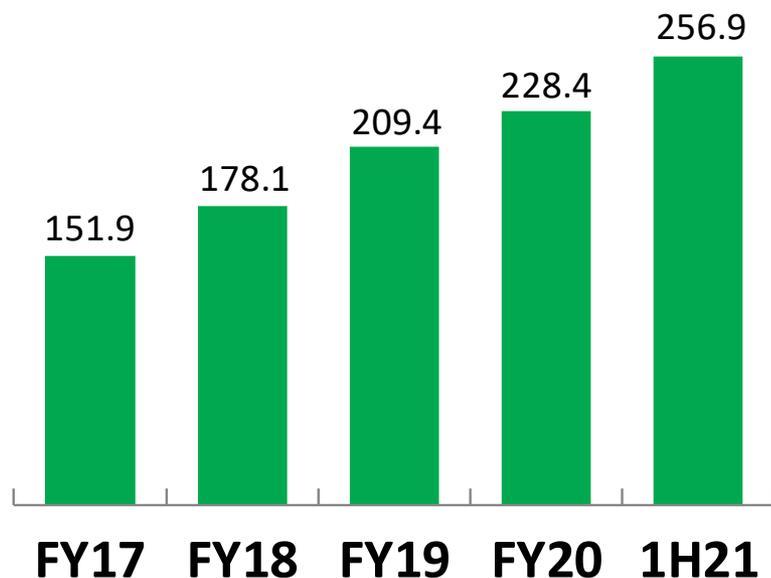


# Cathay United Bank – SME & FX loans

- SME loans grew 12% YTD.
- Foreign currency loans slowed down due to overseas pandemic uncertainty .

## SME loans

(NT\$BN)

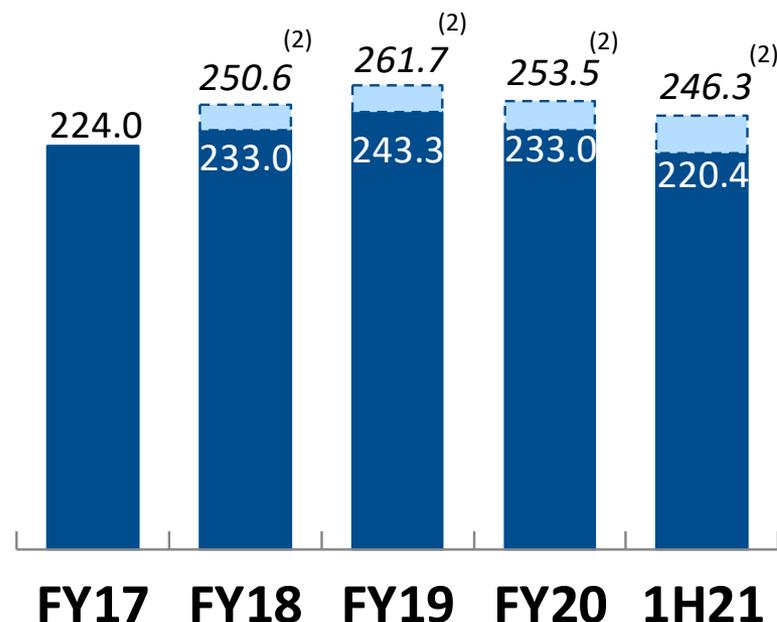


As % of total loans

10.7% 11.4% 13.8% 14.1% 14.8%

## Foreign currency loans

(NT\$BN)



15.8% 15.0% 16.1% 14.4% 12.7%

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

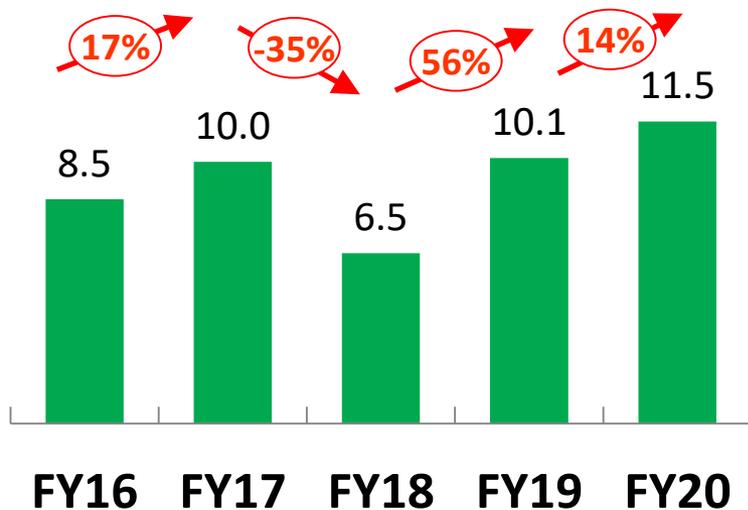
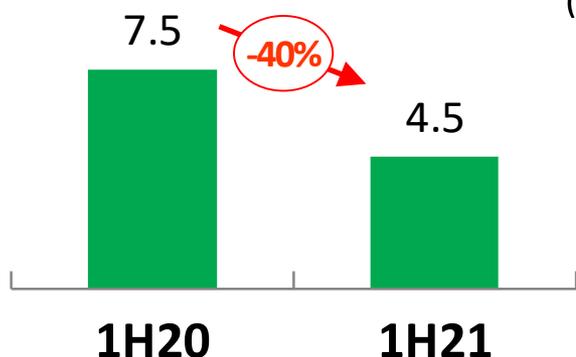
(2) China subsidiary was launched in Sep 2018, hence FY18, FY19, FY20 and 1H21 foreign currency loan balance excluded NT\$17.6BN , NT\$18.4BN , NT\$20.5BN and NT\$25.9BN from China subsidiary, respectively. (preliminary)

# Cathay United Bank – Offshore earnings

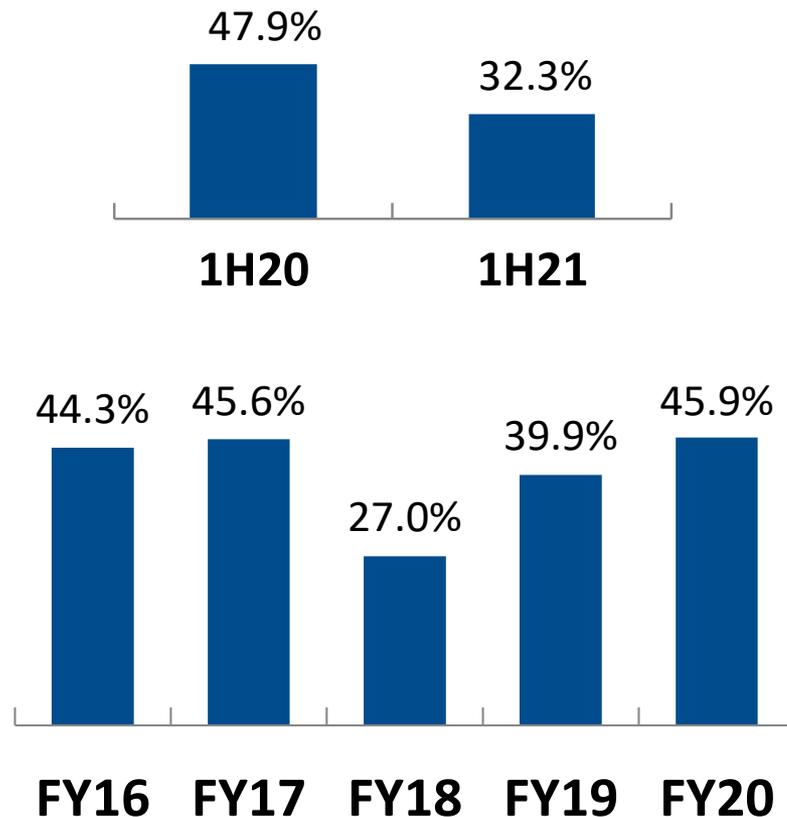
- Offshore earnings declined mainly due to higher 1H20 base of investment gains.

## Offshore earnings

(NT\$BN)



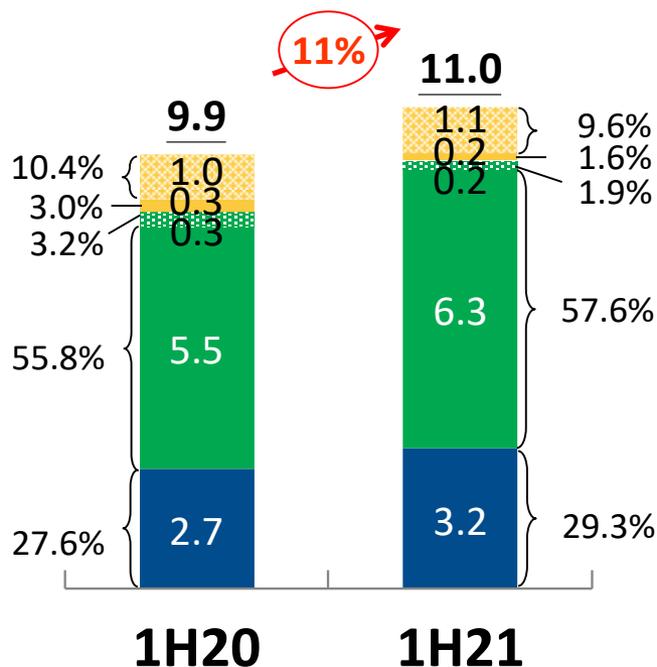
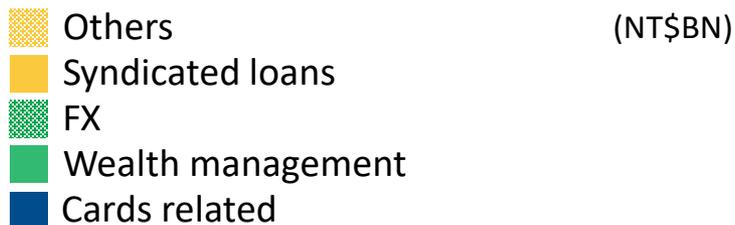
## As % of CUB pre-tax profits



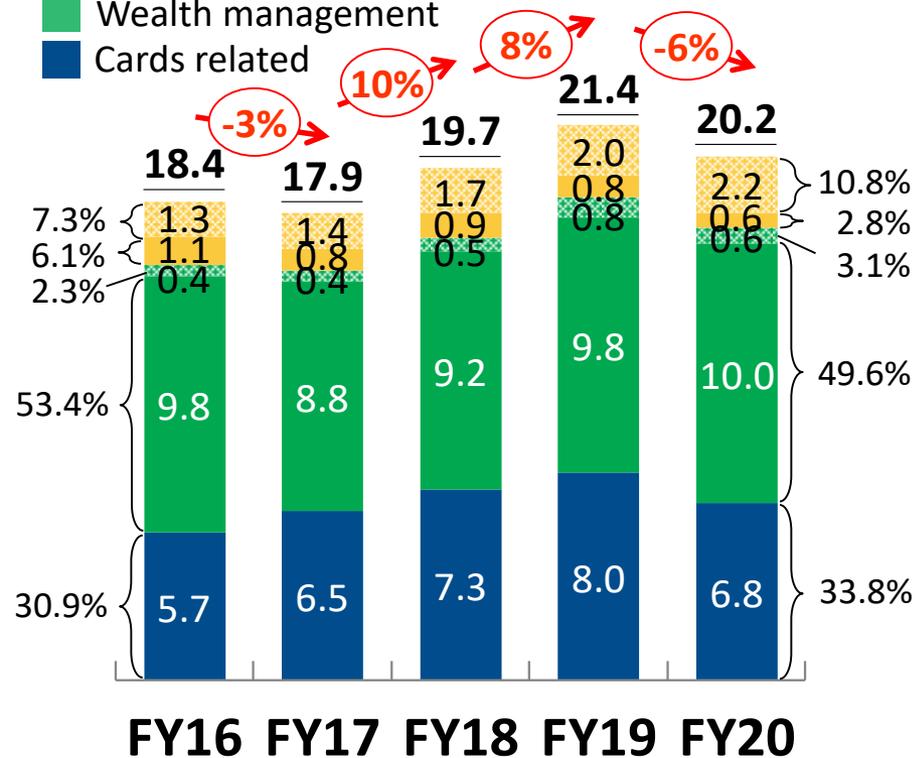
# Cathay United Bank – Fee income

- Fee income grew 11% YoY, attributable to credit card fee rebound and successive wealth management fee growth.

## Quarterly fee income



## Annual fee income

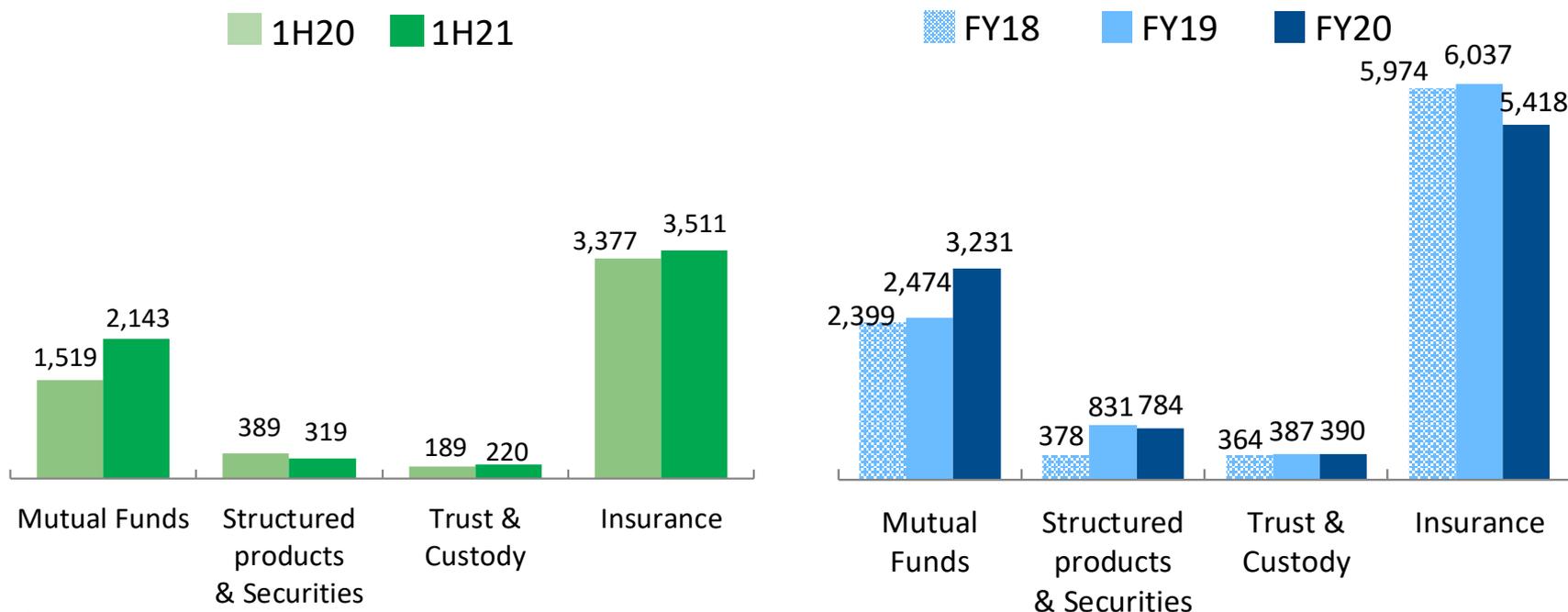


# Cathay United Bank – Wealth management fee

- Wealth management fee increased 15% YoY, driven by continued solid influx of mutual funds and strong sales of new investment-linked products.

## Wealth management fee breakdown

(NT\$MN)	1H20	1H21	FY18	FY19	FY20
Wealth management fee income	5,541	6,346	9,183	9,808	9,991
YoY growth (%)	1.2%	14.5%	3.9%	6.8%	1.9%



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Cathay United Bank

Cathay Life

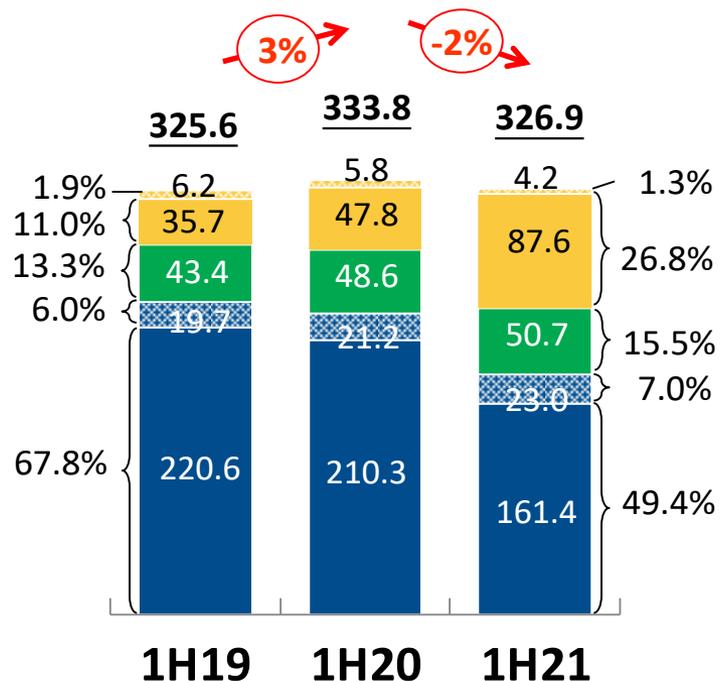
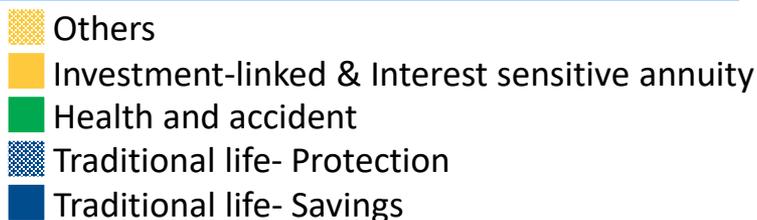
Cathay Century

- **Appendix**

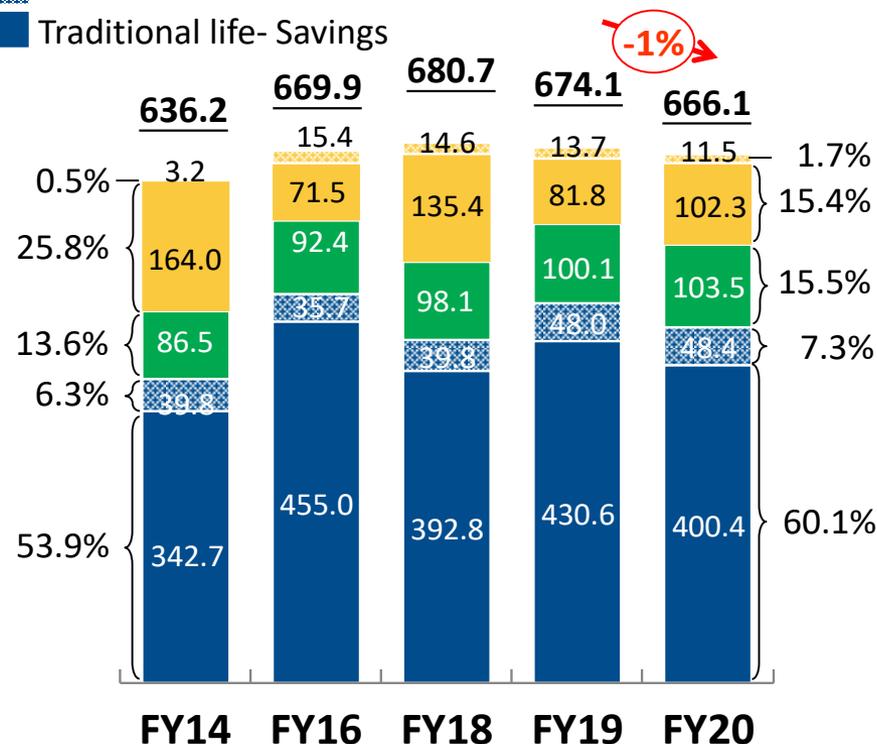
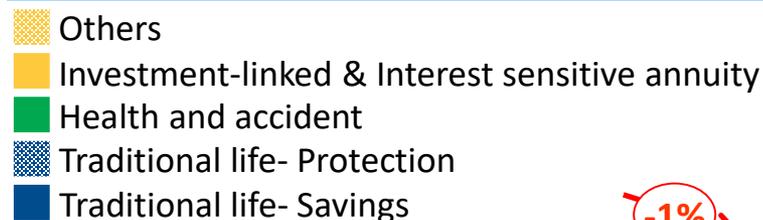
# Cathay Life – Total premium

- Total premium declined YoY due to lower renewal premium, reflecting the end of regular premium payment terms for some top-selling products.

## Quarterly total premium



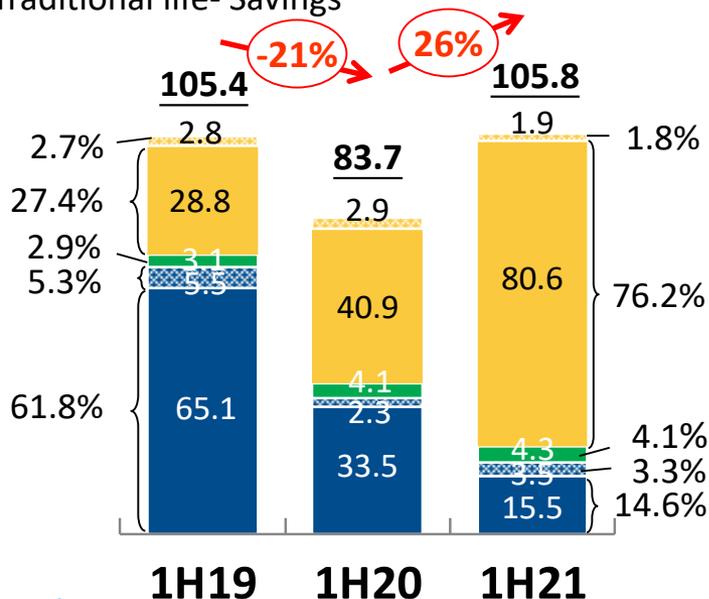
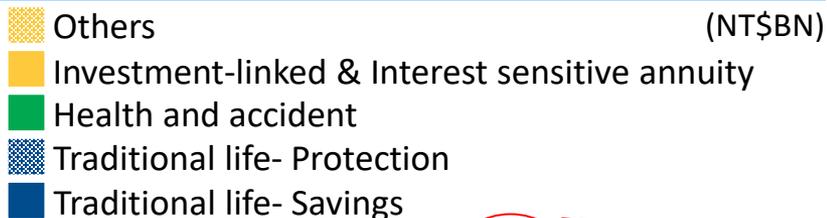
## Annual total premium



# Cathay Life – Quarterly FYP & APE

- FYP grew 26% YoY driven by substantial growth in investment-linked products (ILPs).
- FYP of protection-type policies grew 23% YoY, strongly supporting the contractual service margin (CSM).
- APE declined YoY, reflecting dominant single-payment ILPs in FYP.

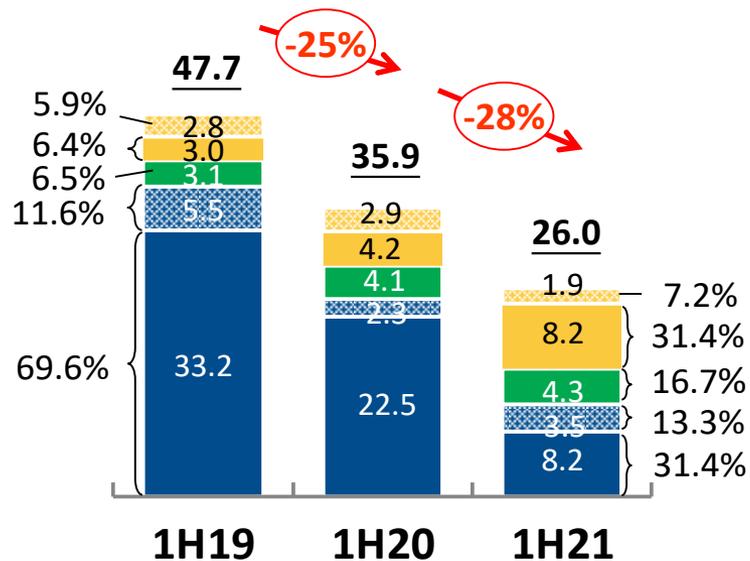
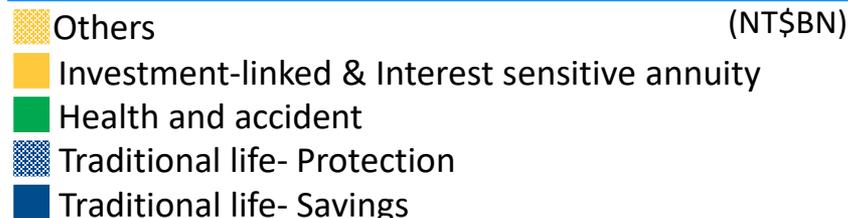
## First Year Premium



FX polices %  
(excl. investment-linked)

**53%**      **67%**      **71%**

## Annualized FYP (APE)



Note: (1) Protection type policies includes "Traditional life-Protection" and "Health and accident"

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

# Cathay Life –Value of new business

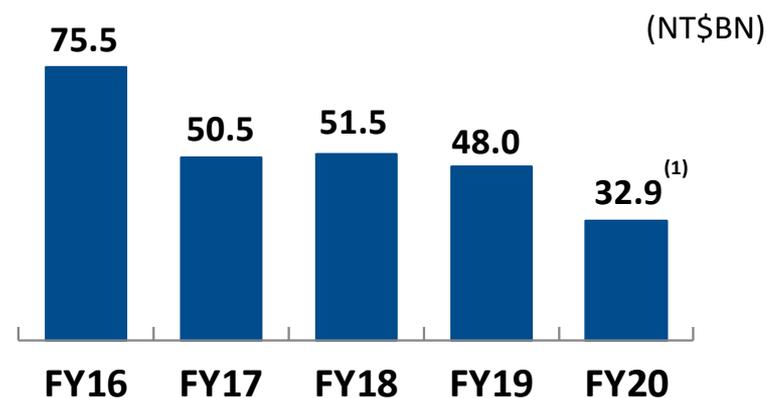
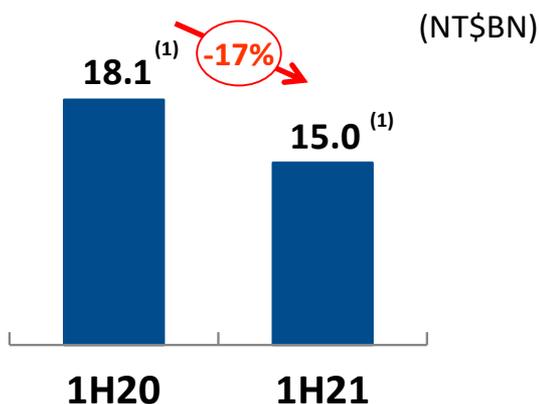
- VNB declined YoY due to high 1Q20 base driven by deferred premium income from stop-selling effect, and lower sales volume in 2Q21 amid local Covid-19 outbreak.
- Continued to grow high-CSM protection-type products. VNB margin increased to 50 % if excl. single-paid ILPs.

## Value for New Business

Profit Margin	1H20 <sup>(1)</sup>	1H21 <sup>(1)</sup>
VNB/FYP	22%	14%
VNB/FYP (excl. Investment-linked (non-VUL))	39%	50%
VNB/FYPE	50%	58%

## Value for New Business (annual)

Profit Margin	FY16	FY17	FY18	FY19	FY20 <sup>(2)</sup>	FY20 <sup>(1)</sup>
VNB/FYP	38%	22%	24%	24%	20%	20%
VNB/FYPE	56%	64%	72%	50%	51%	53%



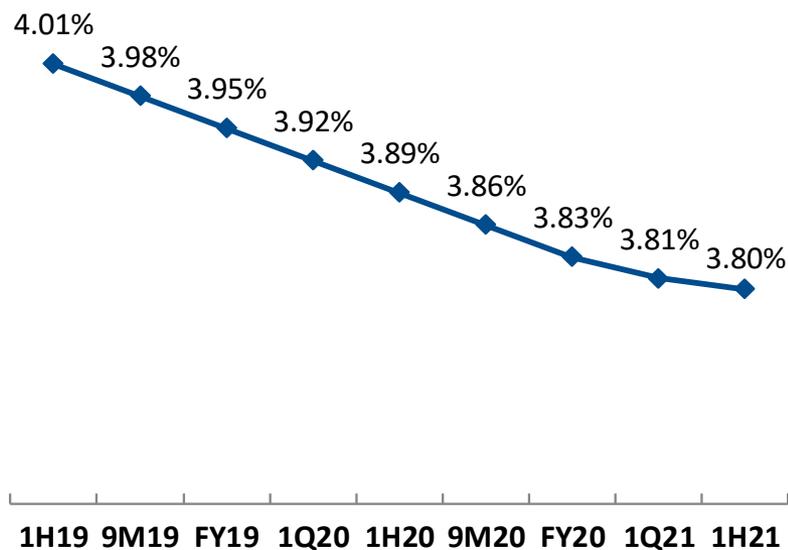
Note : (1) 1H20, FY20 and 1H21 VNB were based on 2020 Embedded Value assumptions.

(2) Based on 2019 Embedded Value assumptions, 1H20 & FY20 VNB were NT\$17.4BN and NT\$31.8BN ; VNB/FYP were 21% and 20% , VNB/FYPE were 48% and 51%, respectively.

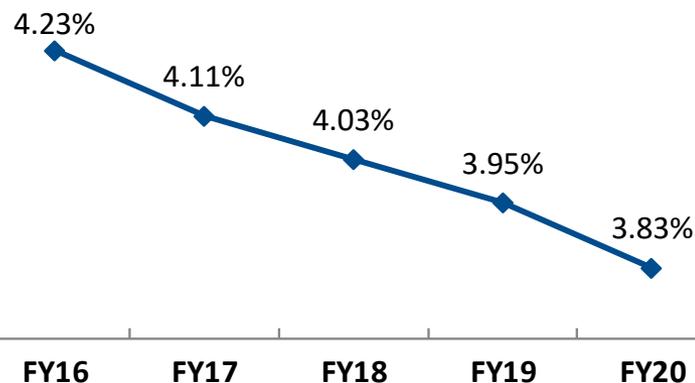
# Cathay Life – Cost of liability and break-even asset yield

- Continued to strengthen value-driven strategy.
- Cost of liability and break-even asset yield continued to improve.

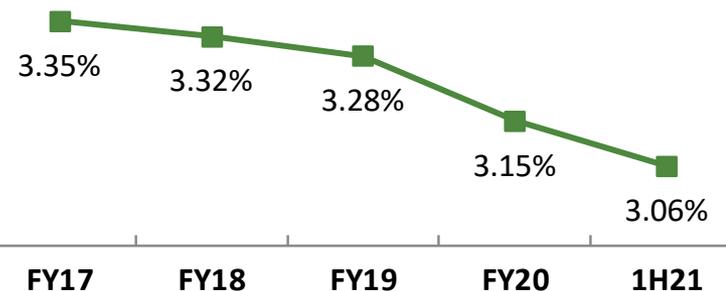
## Cost of liability (quarterly)



## Cost of liability (annual)



## Break-even asset yield



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

# Cathay Life – Investment portfolio

(NT\$BN)	FY18	FY19	FY20			1H21		
<b>Total investments<sup>(1)</sup></b>	<b>5,761.0</b>	<b>6,415.0</b>	<b>6,945.1</b>			<b>7,097.2</b>		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	1.1%	3.7%	4.8%	335	0.4%	4.7%	330	0.3%
Equity- Domestic	7.5%	5.0%	6.3%	438	13.5%	7.0%	499	24.8%
Equity- International <sup>(2)</sup>	6.7%	5.8%	5.9%	407	5.5%	6.2%	437	14.8%
Bond- Domestic	5.0%	7.9%	8.0%	553	4.6%	7.3%	516	0.8%
Bond- International <sup>(1)(2)</sup>	58.6%	58.9%	58.0%	4,028	5.5%	58.0%	4,118	6.1%
Mortgage & Secured loans	7.1%	5.3%	4.5%	311	1.7%	4.3%	308	1.5%
Policy loans	3.0%	2.7%	2.4%	167	5.6%	2.4%	167	5.4%
Real estate	8.7%	8.2%	7.7%	537	2.9%	7.7%	547	2.7%
Others	2.4%	2.6%	2.4%	168		2.5%	176	

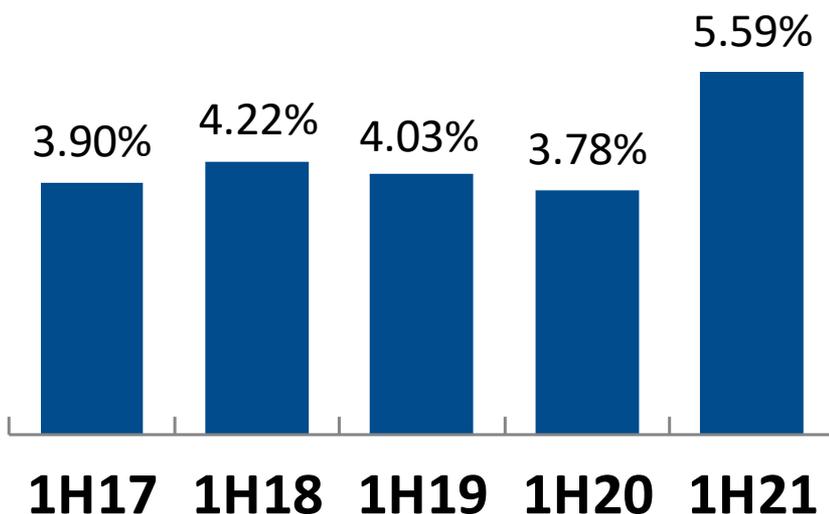
Note: (1) Total assets excluded separate account assets; international bond includes foreign currency deposit and related adjustments

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

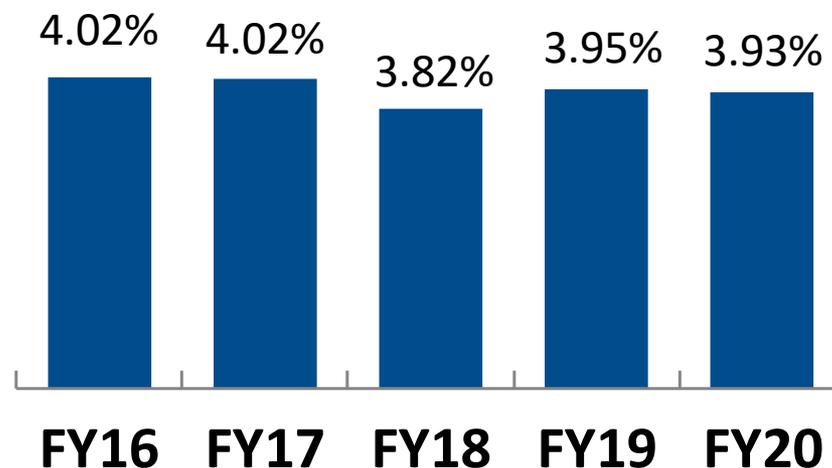
# Cathay Life – Investment performance highlight

- Strong gains from equity and fixed income position boosted the after-hedging investment yield.

## After-hedging investment yield



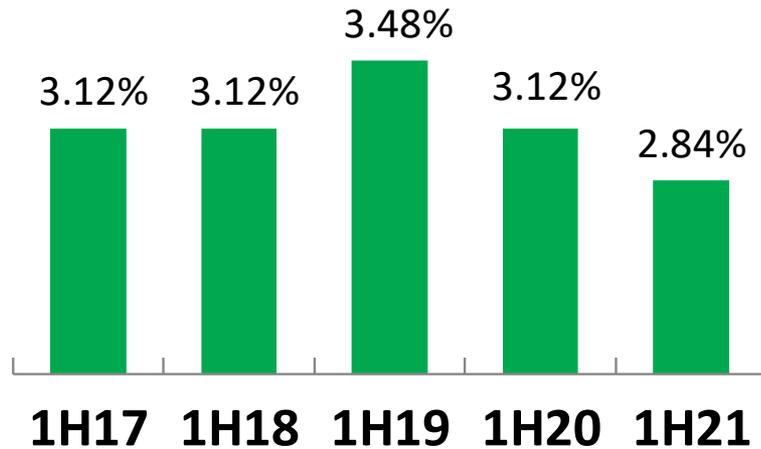
## After-hedging investment yield



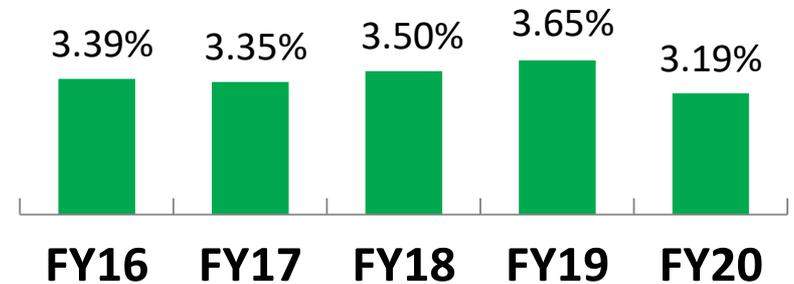
# Cathay Life – Investment performance highlight

- Lower global interest rates in 2020 led to reduction in 1H21 pre-hedging recurring yield. Higher new money yield in 1H21 supported the efforts to increase in recurring income.
- Hedging cost improved in 1H21.

## Pre-hedging recurring yield

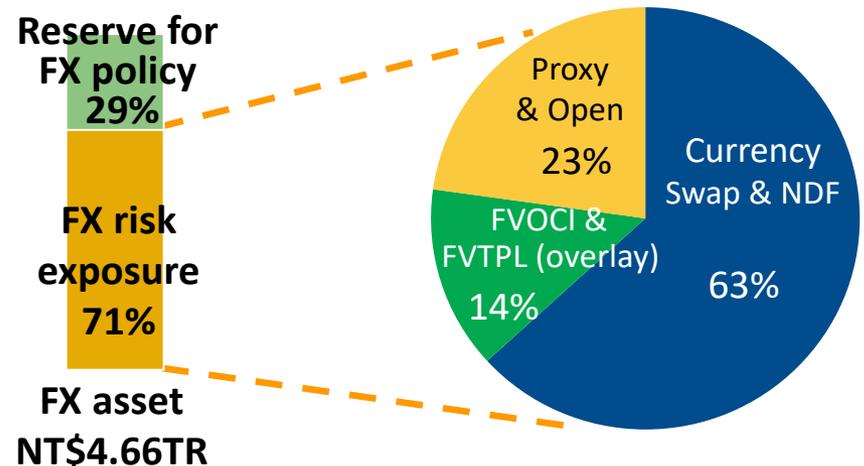


## Pre-hedging recurring yield



## Currency hedging structure

**1H21 Hedging cost 1.39%**



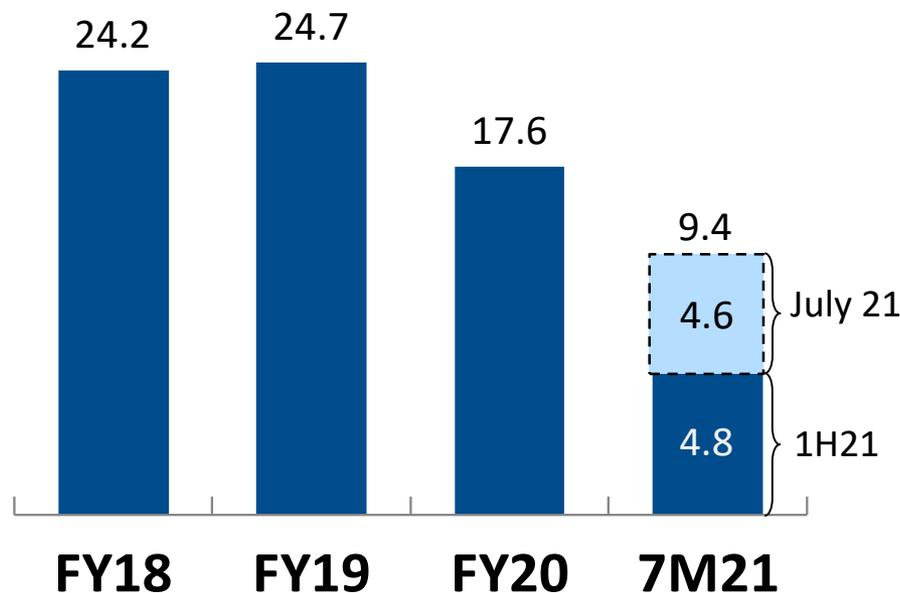
Note: Pre-hedging recurring income doesn't include capital gains but rental, interest revenue and cash dividend.

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

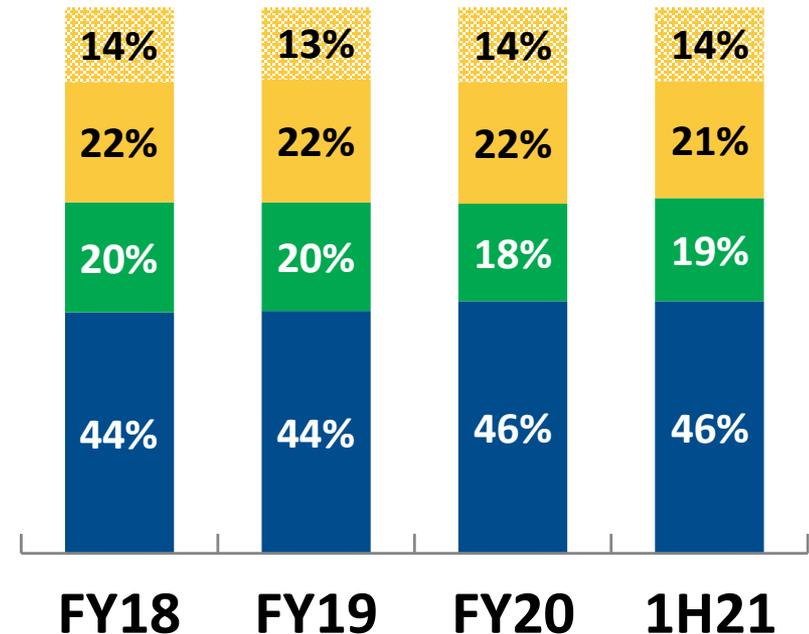
- 7M21 cash dividend income was NT\$9.4bn. Some cash dividend payments are delayed this year as AGMs have been mandatorily postponed due to the local Covid-19 outbreak.
- As corporates resume regular dividend payments, cash dividend income for 2021 is expected to grow YoY.

## Cash dividend income

(NT\$BN)



## Overseas fixed income by region



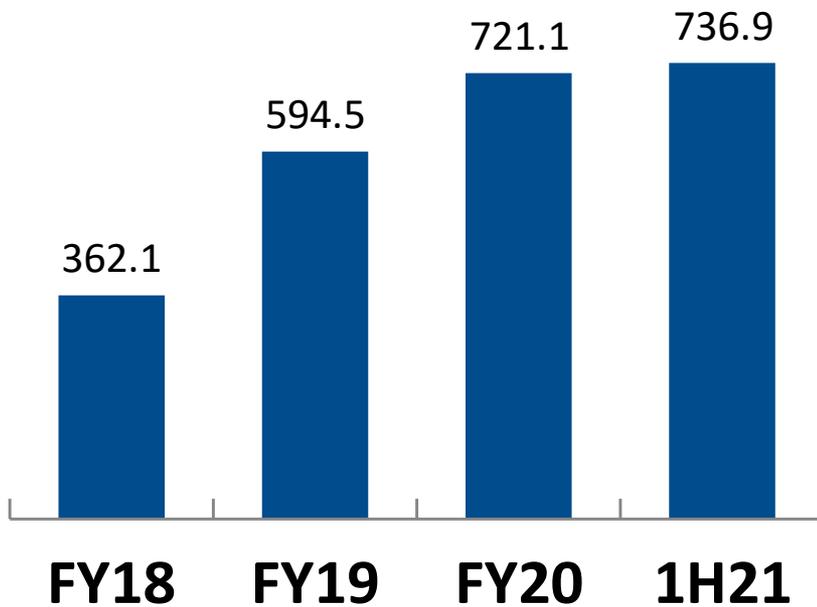
Note: Exclude overseas deposit.

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

- Book value reached a new record.
- Unrealized gains from fixed income fell, reflecting YTD US bond yield rebound.

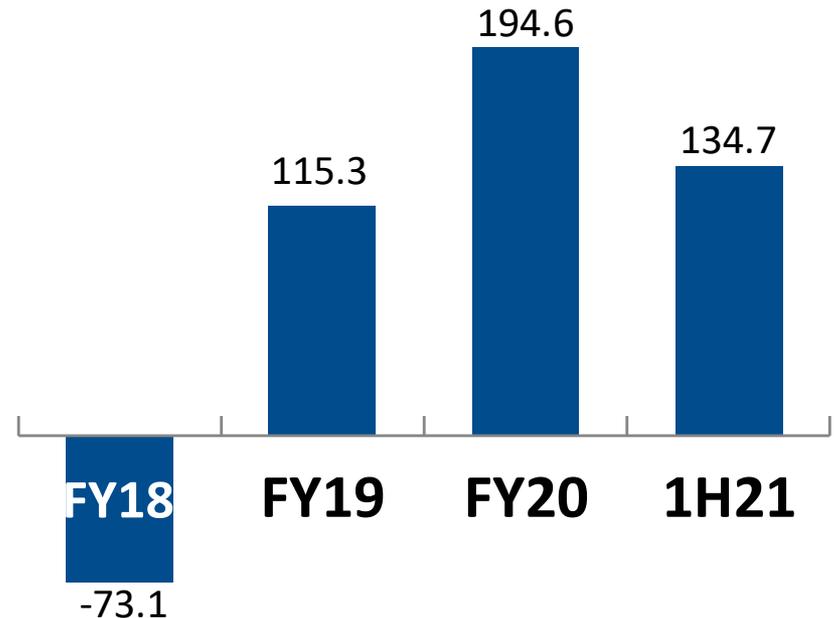
## Book value

(NT\$BN)



## Unrealized G/L of financial assets

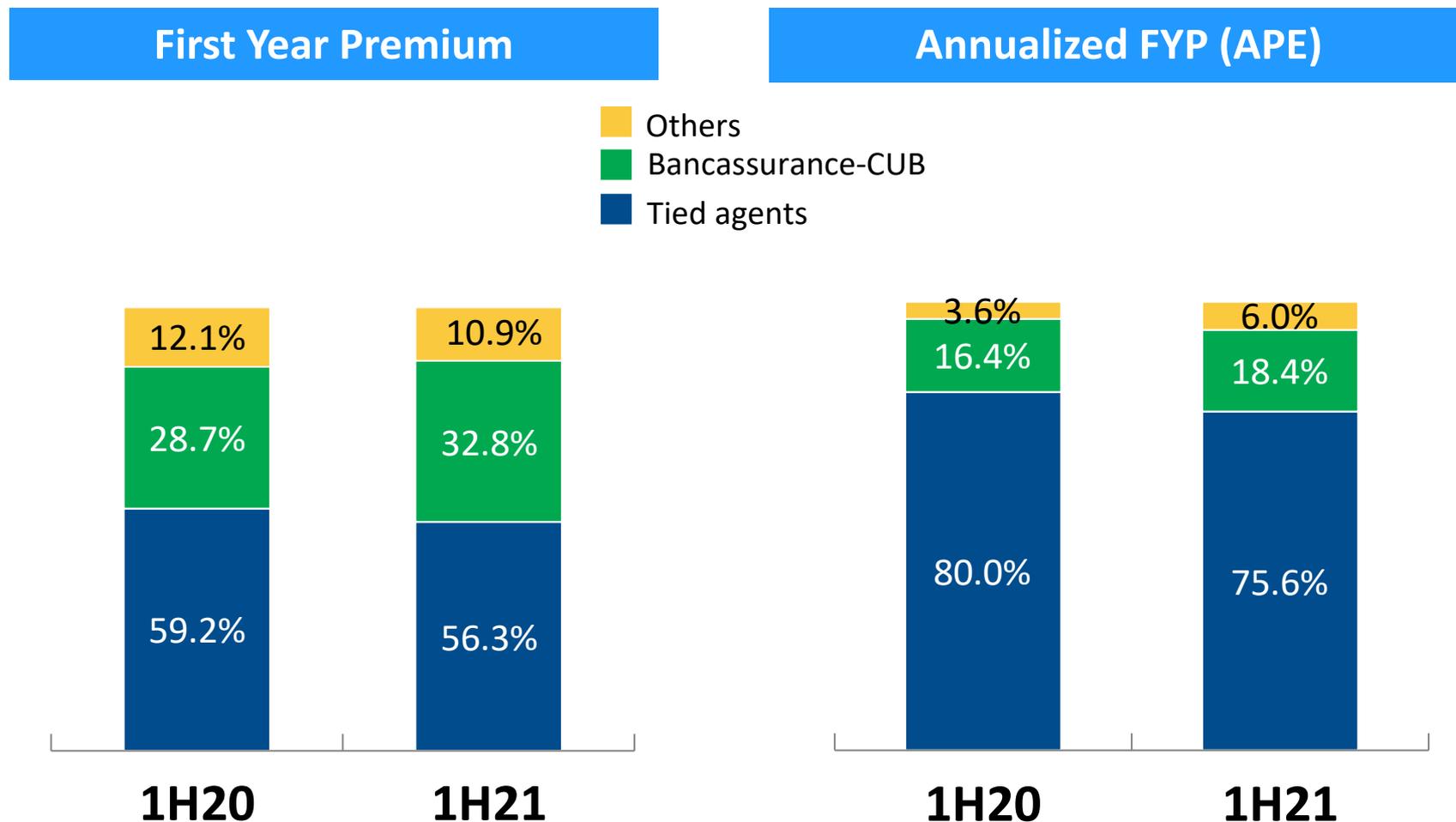
(NT\$BN)



Note: FVOCI & FVTPL (overlay approach)

# Cathay Life – Distribution channel

- Premium income was mainly generated by Cathay Life agents and Cathay United Bank. The group's strong sales capabilities provided solid contributions to premium income and VNB.



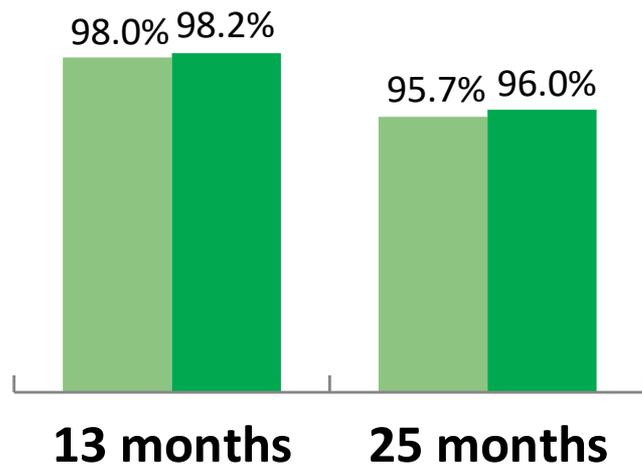
# Cathay Life – Operational indicators

- Total expense slightly declined with a greater magnitude of decline in total premium, leading to a higher expense ratio.

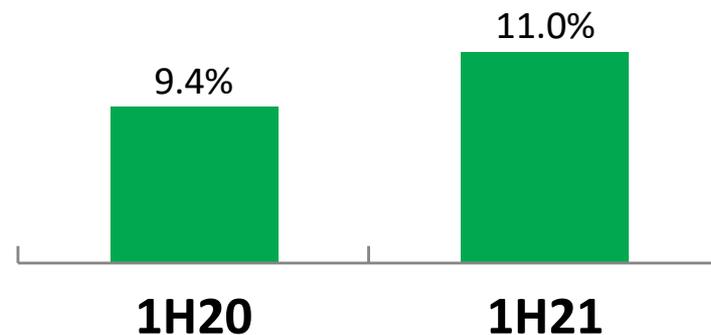
## Persistency ratio

■ 1H20

■ 1H21



## Expense ratio



# Agenda

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- **1H21 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**

Cathay United Bank

Cathay Life

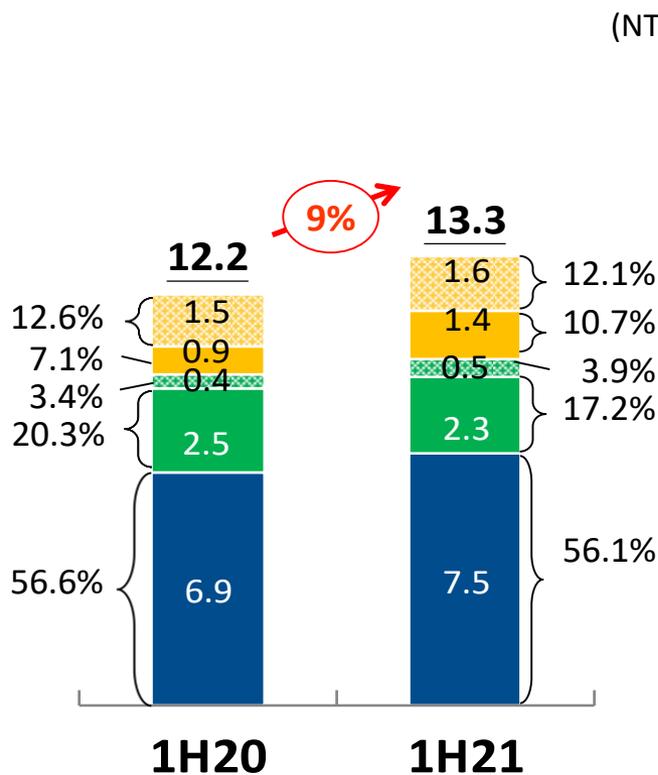
Cathay Century

- **Appendix**

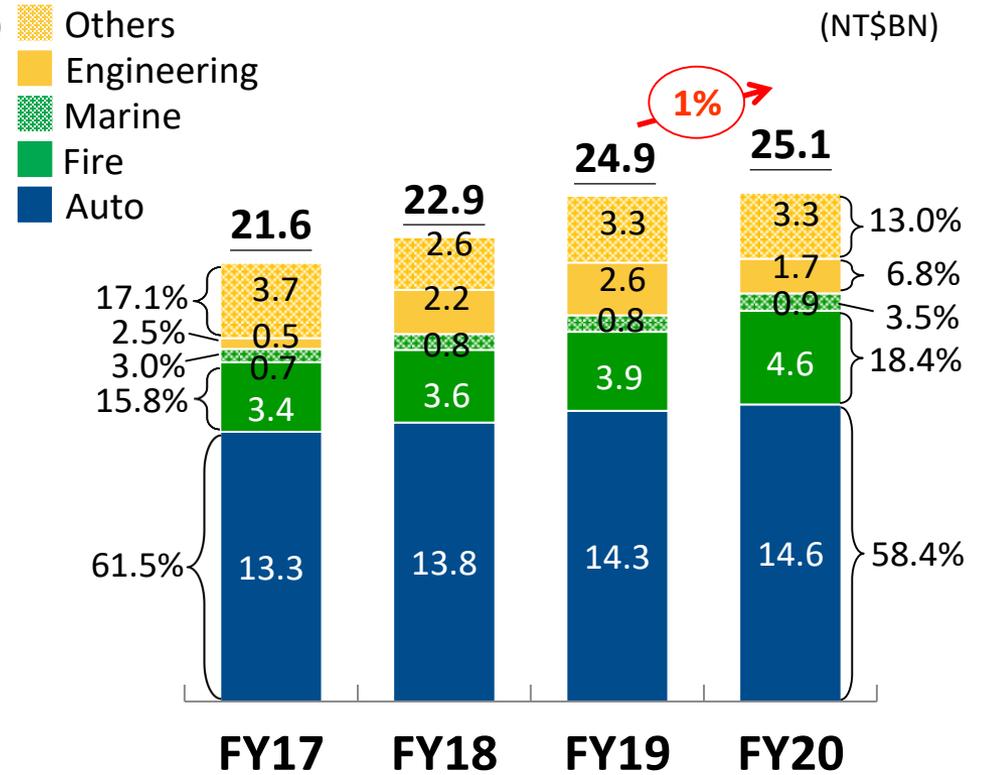
# Cathay Century – Premium income

□ Premium income grew steadily. Market share was 11.8%, ranked No. 2 in the industry.

## Premium income



## Premium income (annual)



Market share	11.6%	11.8%	13.1%	13.0%	13.1%	12.3%
Retention	75.6%	72.8%	76.2%	77.1%	77.7%	76.4%

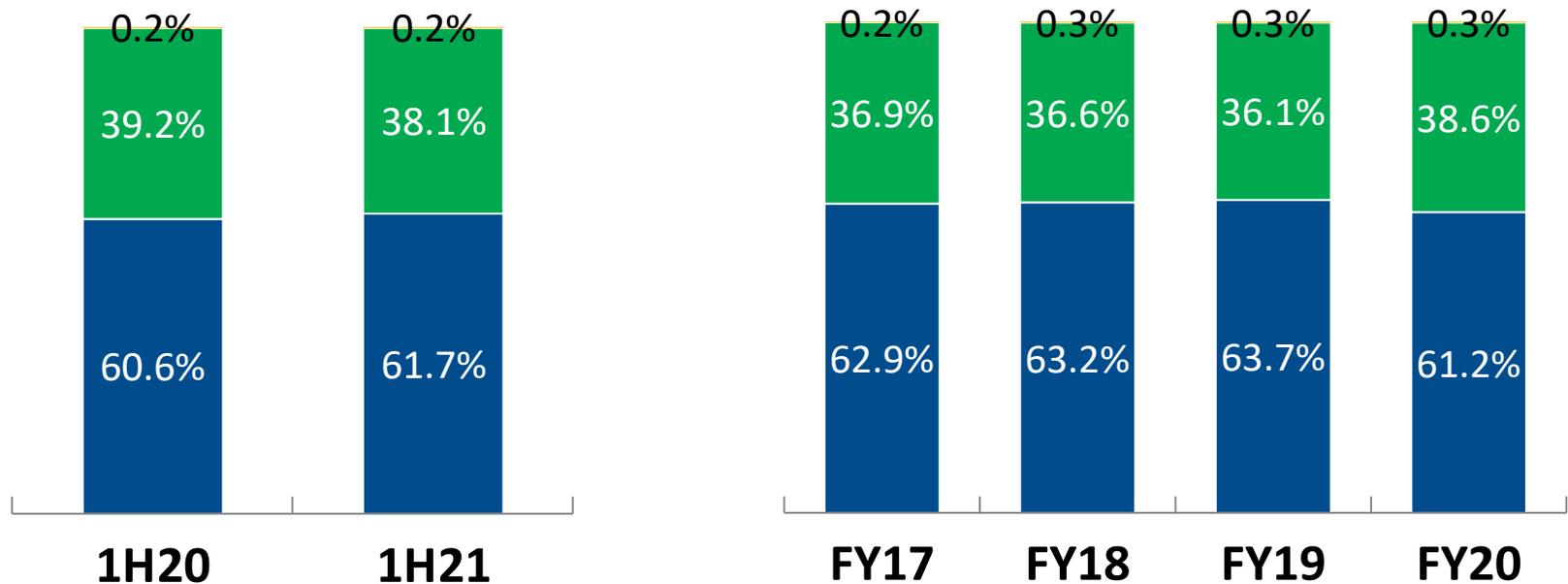
# Cathay Century – Distribution channel

Benefiting from cross-selling synergy, over 60% of premium income was generated by the group channel.

## Distribution channel

## Distribution channel (annual)

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

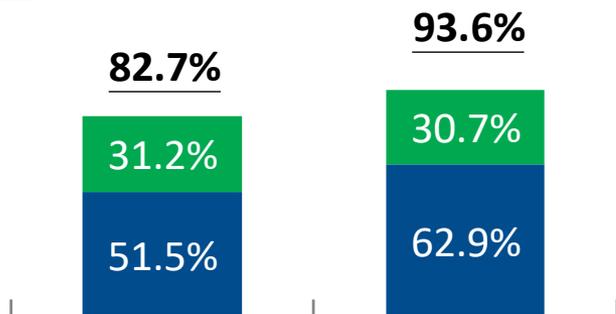


# Cathay Century – Combined ratio

- Gross combined ratio and retained combined ratio each increased due to relatively large claim events from commercial fire insurance.

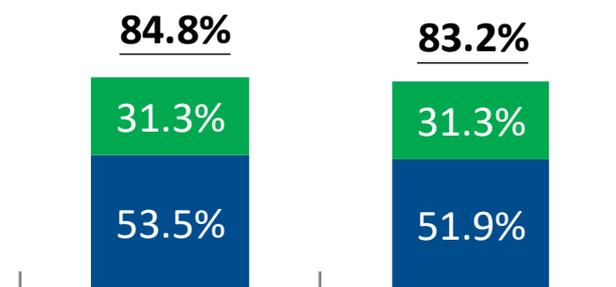
## Gross combined ratio

- Gross expense ratio
- Gross loss ratio



1H20

1H21

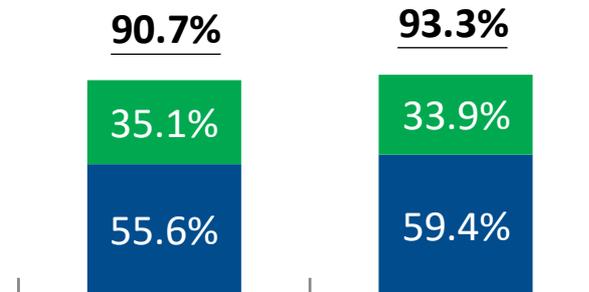


FY19

FY20

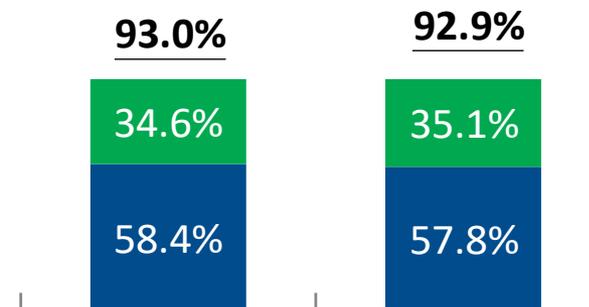
## Retained combined ratio

- Retained expense ratio
- Retained loss ratio



1H20

1H21



FY19

FY20

# Agenda

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- **1H21 Business Overview**
- **Overseas Expansion**
- **Business Performance Summary**

Cathay United Bank

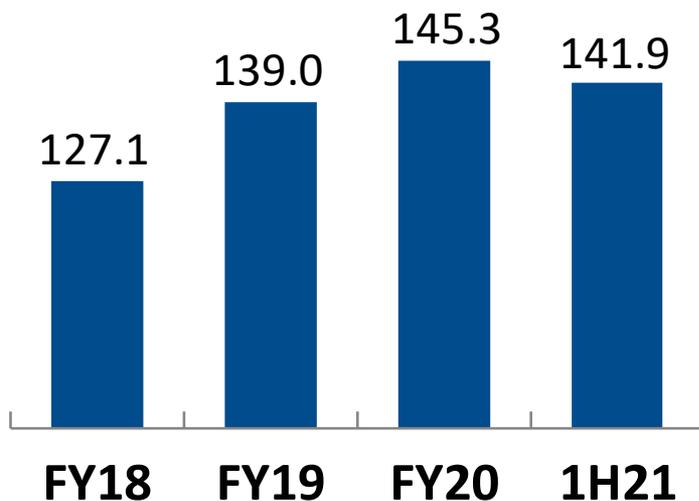
Cathay Life

Cathay Century

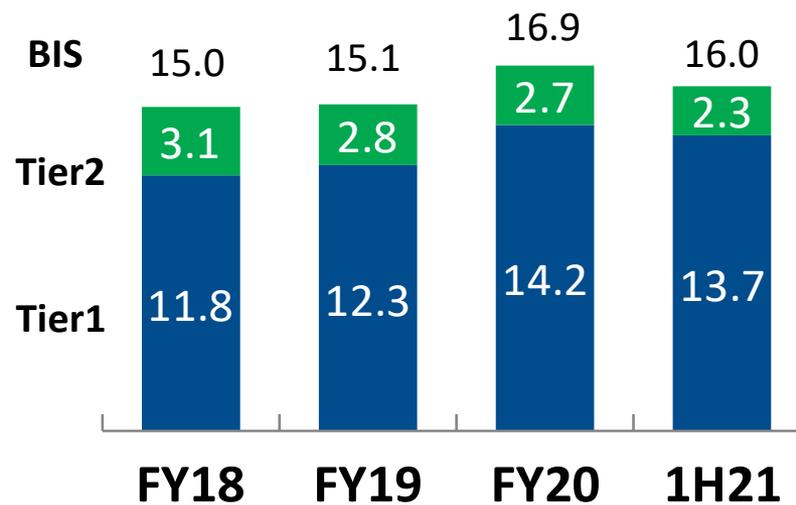
- **Appendix**

# Capital adequacy

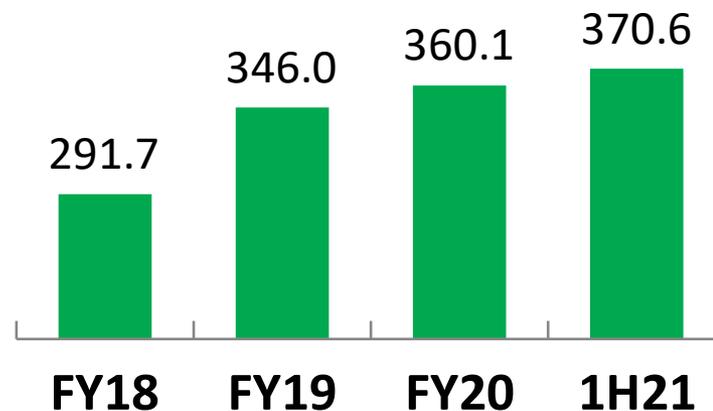
Cathay FHC CAR (%)



CUB Capital Adequacy (%)

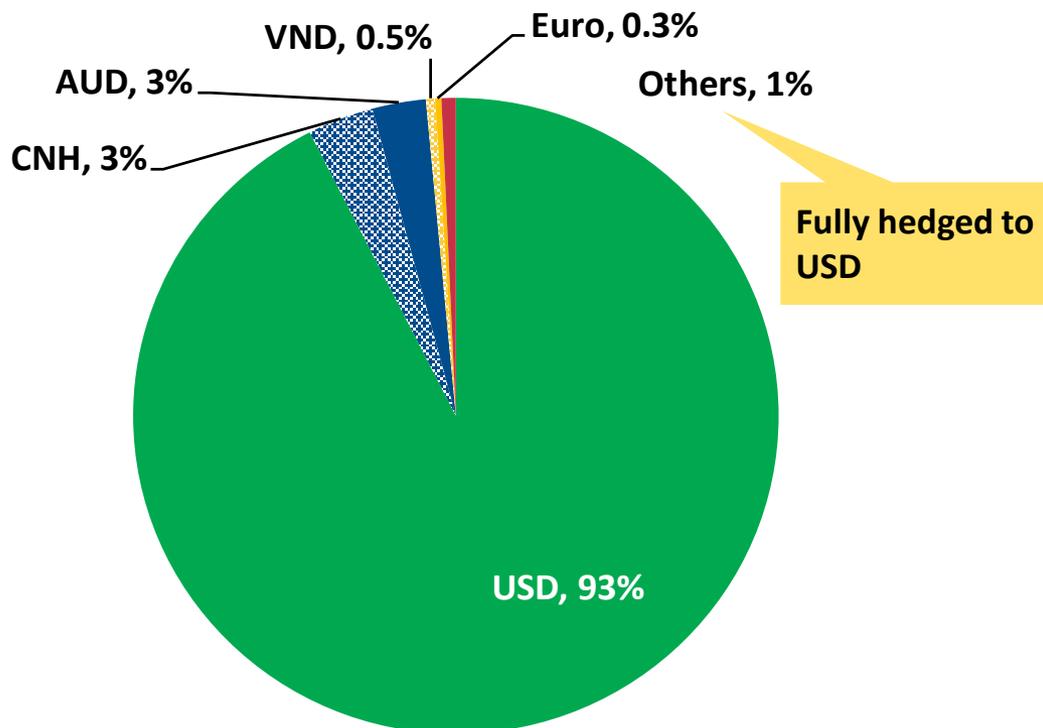


Cathay Life RBC (%)

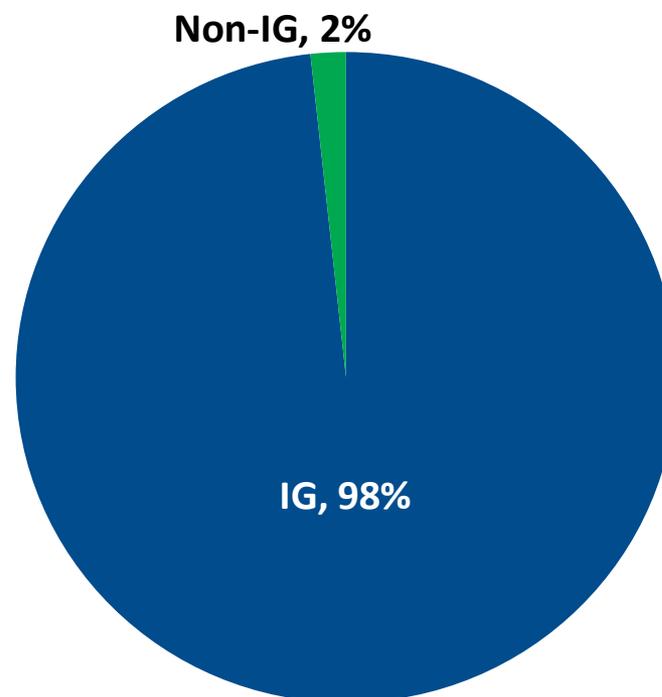


# Cathay Life – Overseas bond breakdown by currency and rating

## Overseas bond by currency (1H21)



## Overseas bond by rating (1H21)



**Thank you**



Cathay Financial Holdings (NT\$MN)			FY20/ FY19 % Chg			1H21/ 1H20 % Chg			2Q21/ 2Q20 % Chg
<u>Income Statement Data (Consolidated)</u>	FY19	FY20		1H20	1H21		2Q20	2Q21	
<b>Operating Income</b>									
Net interest income	196,367	190,930	-3%	95,905	96,313	0%	47,625	48,261	1%
Net commission and fee	2,346	7,244	209%	2,799	5,476	96%	491	2,744	459%
Net earned premium	631,487	602,806	-5%	304,967	261,377	-14%	155,295	128,758	-17%
Change in liability reserve	(394,074)	(462,094)	17%	(241,909)	(198,469)	-18%	(125,655)	(94,621)	-25%
Net claims payment	(365,669)	(289,808)	-21%	(135,945)	(141,002)	4%	(65,404)	(73,614)	13%
Investment income	89,797	124,347	38%	52,128	115,766	122%	26,154	44,328	69%
Contribution from associates-equity method	1,149	(12,085)	-1152%	(13,010)	1,021	108%	(12,622)	454	104%
Other net non-interest income	411	6,480	1475%	14,306	6,826	-52%	7,520	5,238	-30%
Bad debt expense	(2,205)	(3,178)	44%	(920)	(2,181)	137%	(587)	(859)	46%
Operating expense	(89,050)	(83,027)	-7%	(40,498)	(40,938)	1%	(21,304)	(20,364)	-4%
<b>Income before taxes</b>	70,557	81,616	16%	37,824	104,188	175%	11,514	40,325	250%
Income taxes	(6,698)	(5,658)	-16%	(5,122)	(12,672)	147%	(2,326)	(6,375)	174%
Net income	63,859	75,958	19%	32,702	91,516	180%	9,188	33,949	269%
EPS (NT\$)	4.76	5.41		2.18	6.66		0.41	2.30	
<b>Dividend Payout</b>									
Cash dividend per share	2.00	2.50							
Stock dividend per share	0.00	0.00							
Weighted average outstanding shares (Millions of common shares)	12,618	13,169		13,169	13,169				
<b>Balance Sheet Data (Consolidated)</b>									
Total assets	10,065,479	10,950,472		10,346,869	11,318,443				
Total shareholders' equity	782,027	904,776		787,239	897,417				
<b>Operating Metrics</b>									
ROAE (Consolidated)	9.74%	9.01%		8.34%	20.31%				
ROAA (Consolidated)	0.66%	0.72%		0.64%	1.64%				
Double leverage ratio(inc. preferred stock)	110%	111%		112%	113%				
<b>Capital Adequacy Metrics</b>									
Capital Adequacy Ratio	139%	145%		133%	142%				

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**Cathay Life**  
 (NT\$MN)

	FY20/ FY19			1H21/ 1H20			2Q21/ 2Q20		
	FY19	FY20	% Chg	1H20	1H21	% Chg	2Q20	2Q21	% Chg
<b>Income Statement Data (Consolidated)</b>									
Net written premium	608,641	580,261	-5%	294,076	249,607	-15%	149,732	122,365	-18%
Net earned premium	607,820	579,563	-5%	294,226	249,812	-15%	149,358	122,026	-18%
Reinsurance commission earned	356	533	50%	7	9	31%	(2)	4	376%
Fee income	8,450	8,701	3%	4,179	5,225	25%	1,950	2,731	40%
Recurring investment income	228,037	212,247	-7%	105,825	100,553	-5%	54,721	51,354	-6%
Gain on disposal of investment									
Realized gain (loss)-Equity	38,929	74,997	93%	35,647	77,926	119%	19,606	30,794	57%
Realized gain (loss)-Debt	36,365	64,964	79%	38,510	45,525	18%	17,386	17,072	-2%
Gain on investment property	912	1,881	106%	1,898	1,146	-40%	1,879	1,158	-38%
FX and others, net	(61,689)	(90,182)	-46%	(57,558)	(28,722)	50%	(37,377)	(13,435)	64%
Investment income, net	242,553	263,907	9%	124,322	196,427	58%	56,215	86,943	55%
Other operating income	6,107	6,978	14%	3,173	3,850	21%	1,570	1,900	21%
Separate account revenues	63,653	73,396	15%	10,672	53,426	401%	35,157	14,193	-60%
Net claims payment	(349,158)	(273,049)	-22%	(128,371)	(132,939)	4%	(60,985)	(68,735)	13%
Changes in liability reserves	(393,679)	(462,233)	17%	(242,222)	(198,146)	-18%	(125,851)	(94,540)	-25%
Acquisition and commission expense	(43,834)	(35,815)	-18%	(17,821)	(17,077)	-4%	(10,495)	(8,316)	-21%
Other operating costs	(6,394)	(6,635)	4%	(3,198)	(3,909)	22%	(1,519)	(2,031)	34%
Financial cost	(2,730)	(2,501)	-8%	(1,040)	(1,481)	42%	(377)	(745)	98%
Separate account expense	(63,653)	(73,396)	15%	(10,672)	(53,426)	401%	(35,157)	(14,193)	-60%
Operating expense	(30,692)	(29,565)	-4%	(14,583)	(15,693)	8%	(7,294)	(7,787)	7%
Net non-operating income	1,710	1,589	-7%	849	810	-5%	445	398	-11%
Income taxes	(2,216)	1,209	-155%	271	(9,285)	3532%	1,558	(4,110)	364%
Net income	38,293	52,682	38%	19,790	77,604	292%	4,573	27,737	507%
<b>Balance Sheet Data</b>									
Total assets	7,085,624	7,675,559		7,274,177	7,894,917				
General account	6,478,081	7,033,875		6,702,942	7,200,022				
Separate account	607,542	641,685		571,235	694,896				
Reserves for life insurance liabilities	5,683,424	6,085,534		5,894,301	6,245,333				
Total liabilities	6,491,106	6,954,433		6,656,270	7,157,978				
Total shareholders' equity	594,518	721,126		617,908	736,940				
<b>Operating Metrics (Standalone)</b>									
First Year Premium(FYP)	201,064	160,771		83,738	105,789				
First Year Premium Equivalent(FYPE)	96,313	62,182		35,941	25,997				
Expense ratio	10.6%	9.5%		9.4%	11.0%				
13-M persistency ratio	98.0%	98.1%		98.0%	98.2%				
25-M persistency ratio	96.4%	95.5%		95.7%	96.0%				
ROAE	8.01%	8.01%		6.53%	21.29%				
ROAA	0.57%	0.71%		0.55%	1.99%				
<b>Capital Adequacy Metrics (Standalone)</b>									
RBC ratio	346%	360%		347%	371%				

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**Cathay United Bank**

(NT\$MN)	FY20/ FY19			1H21/ 1H20			2Q21/ 2Q20		
<u>Income Statement Data (Consolidated)</u>	FY19	FY20	% Chg	1H20	1H21	% Chg	2Q20	2Q21	% Chg
<b>Operating Income</b>									
Net interest income	36,446	35,223	-3%	17,945	18,655	4%	8,828	9,443	7%
Fee income	17,090	16,331	-4%	7,962	8,698	9%	3,519	4,081	16%
Investment income	8,996	9,482	5%	6,794	4,176	-39%	2,923	1,812	-38%
Other income	594	855	44%	461	274	-40%	181	164	-9%
<b>Net operating income</b>	63,126	61,891	-2%	33,161	31,804	-4%	15,452	15,499	0%
Operating expenses	(33,806)	(32,686)	-3%	(15,801)	(15,599)	-1%	(7,595)	(7,842)	3%
<b>Pre-provision profit</b>	29,320	29,205	0%	17,361	16,205	-7%	7,856	7,657	-3%
Net provisions for possible losses	(2,853)	(3,382)	19%	(1,272)	(2,121)	67%	(683)	(876)	28%
<b>Income before taxes</b>	26,467	25,823	-2%	16,089	14,084	-12%	7,174	6,780	-5%
Income tax	(3,981)	(3,512)	-12%	(2,240)	(1,823)	-19%	(924)	(923)	0%
<b>Net income</b>	22,486	22,311	-1%	13,849	12,261	-11%	6,249	5,857	-6%
<b>Balance Sheet Data</b>									
Total assets	2,973,496	3,229,460		3,058,052	3,389,518				
Loans, net	1,553,151	1,661,296		1,615,552	1,786,771				
Financial assets	897,677	1,028,595		1,018,013	1,064,790				
Total liability	2,741,601	2,982,805		2,823,362	3,147,337				
Deposits	2,335,331	2,648,995		2,443,394	2,781,375				
Financial Debenture Payable	53,900	53,800		53,800	46,800				
Total shareholders' equity	231,895	246,656		234,690	242,180				
<b>Operating Metrics</b>									
Cost income ratio	53.55%	52.81%		47.65%	49.05%				
ROAE	10.27%	9.32%		11.87%	10.03%				
ROAA	0.77%	0.72%		0.92%	0.74%				
<b>Assets Quality (Standalone)</b>									
NPL	2,286	2,274		1,998	3,643				
NPL ratio	0.15%	0.14%		0.13%	0.21%				
NPL provisions	25,983	26,846		26,583	27,805				
Coverage ratio	1137%	1180%		1330%	763%				
<b>Capital Adequacy Metrics (Standalone)</b>									
BIS ratio	15.1%	16.9%		15.3%	16.0%				
Tier I Ratio	12.3%	14.2%		12.7%	13.7%				
<b>LDR (Standalone)</b>									
LDR	65.5%	62.5%		65.4%	64.0%				
TWD LDR	70.1%	69.7%		71.3%	71.8%				
FX LDR	48.8%	38.7%		45.5%	36.6%				

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**Cathay Century**

(NT\$MM)	FY20/ FY19			1H21/ 1H20			2Q21/ 2Q20		
<u>Income Statement Data (Consolidated)</u>	FY19	FY20	% Chg	1H20	1H21	% Chg	2Q20	2Q21	% Chg
Premium income	25,343	25,498	1%	12,391	13,554	9%	6,544	7,497	15%
Net written premium	19,550	19,413	-1%	9,354	9,808	5%	4,806	5,199	8%
Net earned premium	19,077	18,848	-1%	9,368	9,445	1%	4,629	4,895	6%
Reinsurance commission earned	572	572	0%	283	492	74%	139	350	152%
Fee income	42	45	6%	24	24	1%	11	13	12%
Investment	1,020	1,254	23%	415	798	92%	264	317	20%
Interest income	555	546	-2%	281	269	-4%	140	133	-5%
Other investment income, net	465	708	52%	134	529	295%	125	185	48%
Other operating income	0	0	0%	0	0	0%	0	0	0%
Net claims payment	(10,321)	(10,669)	3%	(5,350)	(5,194)	-3%	(2,727)	(2,720)	0%
Changes in liability reserves	(395)	139	-135%	313	(323)	203%	196	(81)	141%
Commissions and other operating costs	(3,409)	(3,411)	0%	(1,642)	(1,808)	10%	(835)	(972)	16%
Operating expenses	(4,097)	(4,224)	3%	(2,039)	(2,152)	6%	(1,018)	(1,084)	6%
<b>Operating income</b>	2,490	2,553	3%	1,373	1,281	-7%	659	717	9%
Net non-operating income	5	5	1%	1	(2)	-361%	0	(0)	-269%
Income taxes	(389)	(385)	-1%	(243)	(188)	-23%	(107)	(117)	9%
Net income	2,106	2,174	3%	1,130	1,092	-3%	553	600	9%
<b>Balance Sheet Data</b>									
Total assets	43,008	44,298		43,269	49,053				
Total stockholders' equity	12,656	13,130		11,596	13,013				
<b>Operating Metrics</b>									
Gross Combined ratio	84.8%	83.2%		82.7%	93.6%				
Net Combined ratio	93.0%	92.9%		90.7%	93.3%				
ROAE	18.57%	16.86%		18.63%	16.70%				
ROAA	5.19%	4.98%		5.24%	4.68%				
<b>Capital Adequacy Metrics</b>									
RBC ratio (Standalone)	339%	323%		307%	317%				

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