



國泰金控

Cathay Financial Holdings

# 2018 Cathay Financial Holdings Annual Report

Happiness is Giving Happiness to Others





Integrity • Accountability • Innovation



# Contents

Letter to Shareholders .....04

# Overview of Cathay Financial Holding Co., Ltd

Company Profile .....	05
Organizational Chart .....	06
Group Affiliates .....	06
Directors, Independent Directors and Key Managers .....	07
Capital and Shares .....	07
2019 Business Plan .....	08

## Overview of Subsidiaries

## Cathay Life Insurance Co., Ltd.

Message from the Chairman .....	10
Company Profile .....	11
Business Scope .....	13
2019 Business Plan and Operation Targets .....	14

## Cathay United Bank Co., Ltd.

Message from the Chairman .....	16
Company Profile .....	17
Business Scope .....	19
2019 Business Plan and Operation Targets .....	20

Cathay Century Insurance Co., Ltd.

Message from the Chairman .....	22
Company Profile .....	23
Business Scope .....	24
2019 Business Plan and Operation Targets .....	25

## Cathay Securities Corporation

Message from the Chairman .....26

Company Profile .....27

Business Scope .....28

2019 Business Plan and Operation Targets .....29







## Financial Report .....42

•2018.12.31 NTD/USD Exchange Rate: 30.55: 1

## Four investment themes in 2019 .....35



## Letter to Shareholders

In 2018, the divergence in global monetary policies and trade friction led to discrepancies in growth rates for economies across the globe. The business environment was filled with challenges as the U.S. economy continued to expand, growth in the Eurozone, Japan, and China decelerated, and turmoil hit the capital markets. With concerted efforts and commitment, Cathay Financial Holdings once more achieved outstanding business performance in 2018 with consolidated after-tax profit of NT\$51.8 billion (US\$1.7 billion) and earnings per share of NT\$3.95. Our subsidiaries, Cathay Life Insurance and Cathay United Bank, were the primary contributors.

### Subsidiaries Delivered Excellent Performance in 2018

Cathay Life Insurance recorded consolidated after-tax profit of NT\$30.3 billion (US\$990 million) for the year. In addition to stable investment performance, Cathay Life Insurance also maintained its position as the market leader in terms of premium income. First-year premium income and total premium income reached NT\$211.6 billion (US\$6.93 billion) and NT\$680.7 billion (US\$22.28 billion), respectively. First-year premium equivalent, a better indicator of the value of business, was NT\$71.4 billion (US\$2.34 billion), and this allowed Cathay Life Insurance to be the industry leader.

Cathay United Bank recorded consolidated after-tax profit of NT\$21.3 billion (US\$700 million) for the year. Cathay United Bank had strong operating performance, delivering exceptional performance in corporate banking and retail banking, maintaining stable asset quality, and increasing fee income from credit cards and wealth management as compared to last year. Cathay United Bank also worked with strategic partners to provide a diverse range of payment applications. Cathay United Bank continues to manage its customers' wealth by adhering to the core values of treating customers with respect and sincerity and providing them with professional financial services. Cathay United Bank hopes to be the most trustworthy and reliable brand for customers.

Cathay Century Insurance was ranked second in the industry in terms of premium income. Cathay Securities Investment Trust reported NT\$635.1 billion (US\$20.79 billion) in assets under management, making it the largest securities investment trust company in Taiwan. Cathay Securities also ranked first in the market in terms of sub-brokerage service; its commitment to digital product development has meanwhile led to multiple awards and recognition for its excellent performance in digital operations.

### Deepening Our Presence in Overseas Markets

Cathay Financial Holdings continues to forge a deeper presence in overseas markets. Cathay United Bank upgraded its branch in China to a subsidiary, which commenced operations in September 2018, and will focus on strengthening the development of its various financial services. Regarding our insurance business in China, Cathay Lujiazui Life Insurance currently operates 12 offices (headquarters and branch offices) and 51 sales and service agencies across China. Meanwhile, Cathay Century Insurance (China) integrated the technologies and big data analytics capabilities of Ant Financial Services Group, and actively developed eCommerce-related financial services, which contributed substantial premium income growth. Going forward, Cathay Century Insurance will continue to develop property and casualty insurance business opportunities in China.

With respect to our presence in Southeast Asia, Cathay United Bank is completing the expansion of its Southeast Asian network. With overseas offices in nine of the ten ASEAN member states, Cathay United Bank has the most extensive network in the ASEAN markets among Taiwanese banks. In anticipation of potential growth in Vietnam's insurance market, Cathay Life Insurance (Vietnam) has established 6 branch offices and 59 sales and service offices. Our property and casualty business in Vietnam continues to grow steadily.

### Integrating Our Asset Management Business

Development of our asset management business is one of Cathay Financial Holdings's core strategies. We are doing this by consolidating the resources of Cathay Securities Investment Trust, Conning Holdings Corp., and China Development Bank Securities in the Asia Pacific, Europe and U.S. markets. In 2018, we completed a strategic investment in Global Evolution, a Denmark-based fixed income asset management company specializing in emerging and frontier markets, which enhanced our investment capabilities. Cathay Financial Holdings will continue to integrate group resources, and develop a global asset management platform.

### Promoting Financial Innovation

Cathay Financial Holdings is actively engaged in digital transformation by building digital, data, and technology capabilities and infrastructure that enable us to refine our risk management practices, enhance business performance, and optimize customer experiences. For example, Cathay United Bank and Cathay Life Insurance launched the AI-enabled customer service chatbot "Alpha" to provide quick and timely responses to user queries. Cathay United Bank launched the Cathay Robo, a digital wealth management platform that integrates global investment products and intelligent algorithm technology. Cathay Robo enables customers to achieve their financial goals in a rational and disciplined manner. Cathay Century Insurance worked with local airlines to develop the first automated claims for flight delays in Taiwan, taking claims services to a whole new level. Cathay Securities is the first in the industry to introduce a stock loan app that can quickly meet unexpected cash needs by allowing customers to apply for loans online at any time of the day and receive loan approvals in three minutes. In keeping with the times, Cathay Financial Holdings seeks to be a leader in providing innovative financial services for next-gen customers and the best customer-centric digital experiences.

### Strengthening Our Corporate Governance and Ensuring Sustainable Development

In 2018, Cathay Financial Holdings and its subsidiaries Cathay Life Insurance and Cathay United Bank received the highest rating (Excellent) in the CG6010 Corporate Governance Assessment, which was organized by the Corporate Governance Association in Taiwan. Experts in corporate governance have been appointed to assist our Board of Directors in fulfilling their supervisory functions. We also established a whistleblowing system, continued to strengthen our anti-money laundering/countering terrorism financing mechanisms, and organized a wide variety of compliance education and training programs in order to enhance the compliance culture of the Cathay Group. To address the complicated range of emerging risks arising all across the world, we continuously refine our risk map, carefully monitor potential risks, and forge stronger connections between risk assessments and business plans. We also reinforced disclosure of tax information and kept pace with international trends in tax governance to ensure effective tax management. To enhance the independence and effectiveness of our board's performance evaluation, we will also appoint a third-party professional independent institution to conduct evaluations of board performance before the end of 2019.

For four consecutive years, Cathay Financial Holdings has been selected as a DJSI Emerging Markets constituent of the Dow Jones Sustainability Index (DJSI), a respected international indicator of corporate sustainability. Selected from a pool of more than 3,500 companies around the world, Cathay Financial Holdings excelled in this regard and was ranked among the top 10% global insurance companies for its comprehensive performance in economic, environmental and social aspects.



More than half of the population in Taiwan rely on Cathay Financial Holdings to manage their wealth. We understand our great social responsibility and for this reason we adopted international sustainability financial frameworks—the Principles for Sustainable Insurance (PSI), Equator Principles (EPs), Principles for Responsible Investment (PRI), and Principles for Responsible Banking (PRB) as management guidelines. By incorporating environmental, social and governance (ESG) elements into our operations we seek to continue to strengthen the development of our corporate sustainability.

Climate change imposes considerable risk on Taiwan. Cathay Financial Holdings has consistently addressed climate change issues and developed green finance services by incorporating “investment,” “finance,” and “insurance,” with “low-carbon” initiatives. We were the first to adopt the Task Force on Climate-related Financial Disclosures’ (TCFD) framework for disclosing the financial impact of climate change on the company, future contingency strategies, and goals in compliance with international standards. Cathay Financial Holdings also actively participates in global initiatives with the hope of leveraging its influence as a financial institution to inspire Taiwanese corporations to keep up with international benchmark companies.

Looking forward to 2019, the world remains filled with political and economic uncertainties, and numerous research institutions have predicted slower economic growth amidst the challenges in the business environment. Cathay Financial Holdings will continue to manage its business with integrity, pay attention to capital market volatility, monitor potential risks, commit to integrating the operations of the Cathay Group and focusing on digital transformation, provide more efficient, convenient, and customer-friendly financial services, and implement a customer-centric business model. By reinforcing our AI-enabled technologies, integrating physical and virtual channels, providing a comprehensive range of excellent financial services, and focusing on our three engines of growth, “Insurance + Banking + Asset

Management,” as our core development strategy, we aim to create value for our shareholders and advance toward our vision of becoming a “leading financial institution in the Asia-Pacific region,” and thereby demonstrate our sincere gratitude and appreciation to the shareholders who have given us their invaluable support over the years.

Chairman *Hong-Tu Tsai*



## Overview of Cathay Financial Holding Co., Ltd.

### Cathay Holdings Company Profile

To reflect the diversification and globalization of financial markets, and to provide more comprehensive services to our customers, Cathay Financial Holding Co., Ltd. was established on December 31, 2001 with paid-in capital of NT\$141 billion (US\$4.61 billion). Primary subsidiaries of Cathay Financial Holdings include Cathay Life Insurance, Cathay United Bank, Cathay Century Insurance, Cathay Securities, Cathay Securities Investment Trust and Cathay Venture, serving collectively over 13 million customers through a total of 675 office locations around Taiwan.

Looking to the future, we will continue to seek suitable partners to further strengthen our operations. With a corporate culture that stresses integrity, trustworthiness and compliance, we will continue to integrate our products and services and leverage our extensive network of business locations and professional sales forces to provide our customers with convenient “one-stop,” customized services.

Based on our core principle of “sustainable management,” we are committed to becoming the most trustworthy and reliable financial holding company and a leading financial institution in the Asia-Pacific region.

Assets	US\$301.947 billion (Note 1)
Net income	US\$1.696 billion (Note 2)
Number of business locations	854 (in Taiwan and overseas)
Number of customers	13,820 thousand
Number of employees	54 thousand



Note 1. US\$301.947 billion = NT\$9,224.48 billion / 30.55  
Note 2. US\$1.696 billion = NT\$51.822 billion / 30.55

Overview of Cathay Financial Holding

Cathay Life Insurance

Cathay United Bank

Cathay Century Insurance

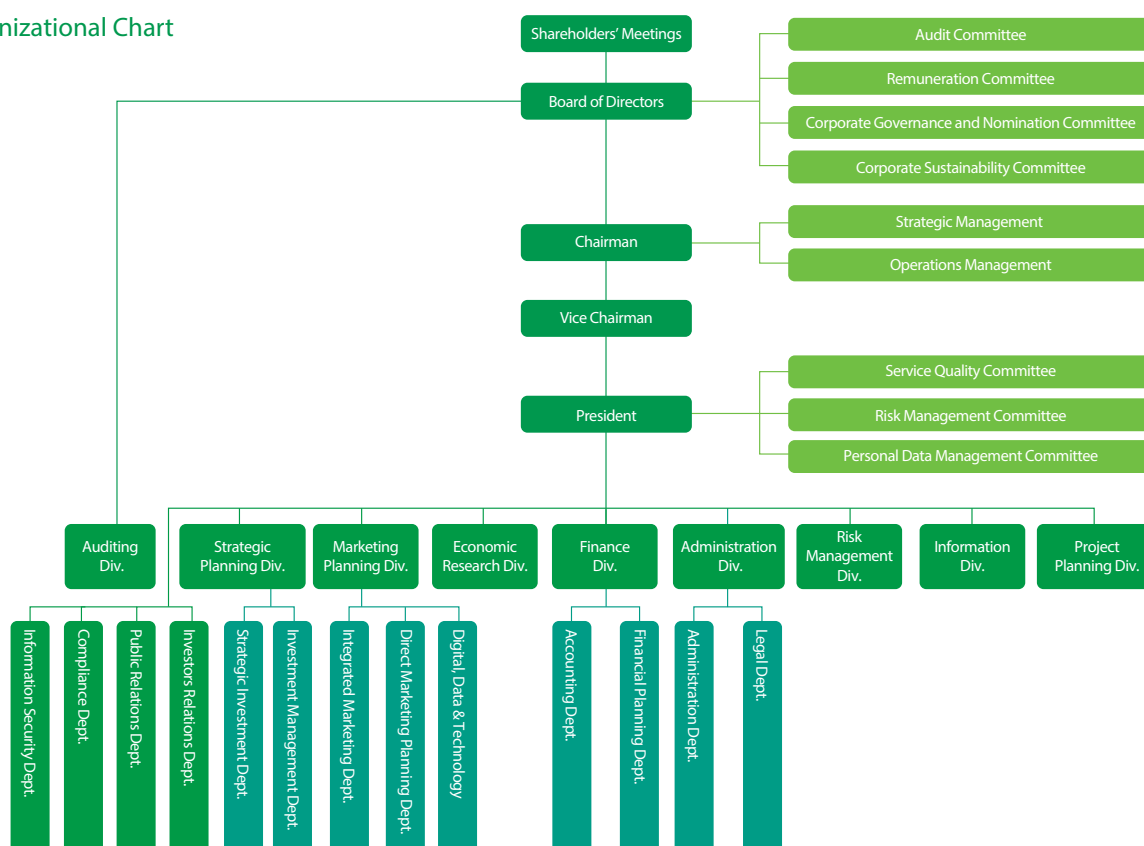
Cathay Securities Corporation

Cathay Securities Investment Trust

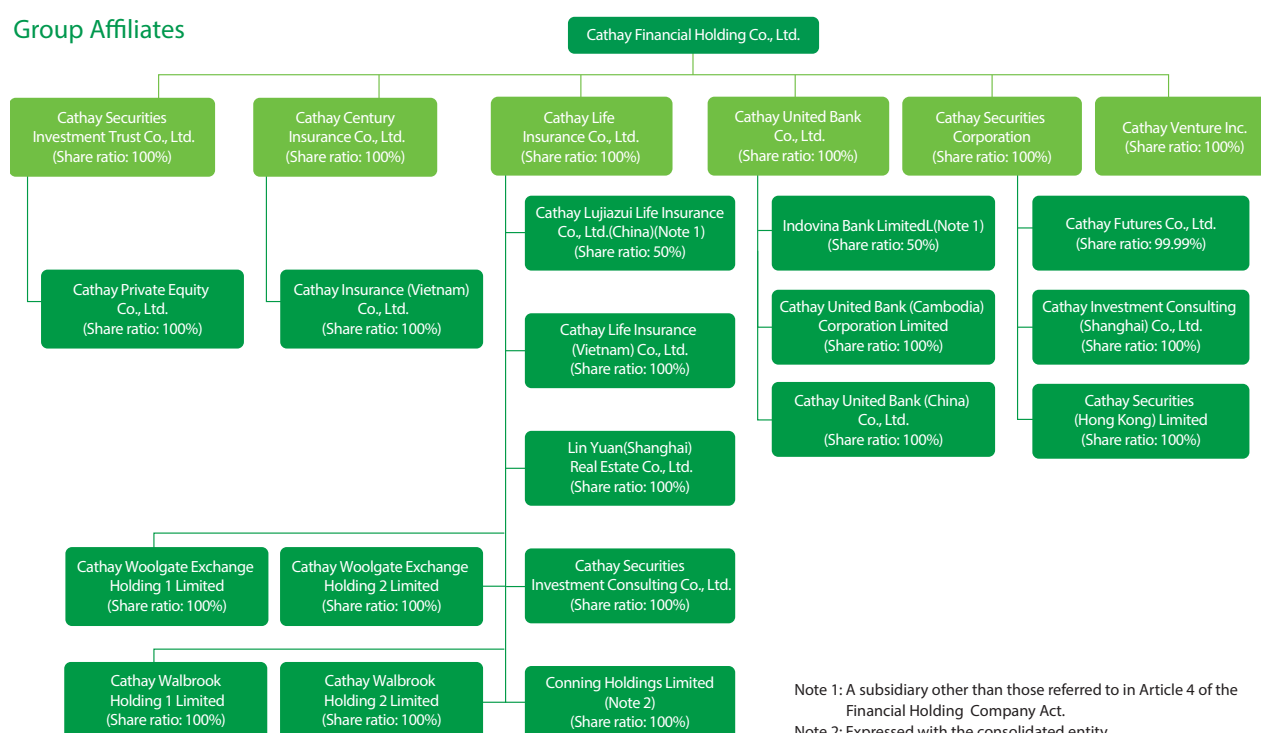
Cathay Venture

# Overview of Cathay Financial Holding Co., Ltd.

## Organizational Chart



## Group Affiliates



Note 1: A subsidiary other than those referred to in Article 4 of the Financial Holding Company Act.  
Note 2: Expressed with the consolidated entity.



## Directors, Independent Directors and Key Managers

	Name	Major Current/Past Position and Education		
Board of Directors	Hong-Tu Tsai	Chairman, Cathay Financial Holdings/Former Chairman, Cathay Life Insurance (J.D., Southern Methodist University, USA)		
	Tsu-Pei Chen	Vice Chairman, Cathay Financial Holdings/Former Chairman, Cathay United Bank (B.A., National Chengchi University)		
	Cheng-Ta Tsai	Former Managing Director, Cathay Life Insurance (B.A., Chinese Culture University)		
	Cheng-Chiu Tsai	Chairman, Cathay Century Insurance (M.A., Keio University, Japan)		
	Chi-Wei Joong	Chairman, CEO legal Representative, Moderntimes Co., Ltd., Director, Cathay United Bank/ Former President, CMB Credit Card Center (B.A., Kean College of New Jersey, USA)		
	Andrew Ming-Jian Kuo	Chairman, Cathay United Bank (M.B.A., Baruch College, City University of New York, USA)		
	Tiao-Kuei Huang	Chairman, Cathay Life Insurance/Former Vice Chairman and President, Cathay Life Insurance (M.S., National Tsing Hua University)		
	Ming-Ho Hsiung	Vice Chairman, Cathay Life Insurance/Former President, Cathay Life Insurance (M.S., University of Iowa, USA)		
	Chang-Ken Lee	President, Cathay Financial Holdings/Former President, Cathay United Bank (M.B.A., University of Pennsylvania, USA)		
	Name	Major Current/Past Position and Education		
Independent Directors	Tsing-Yuan Hwang	Director, Hon Hai Precision Industry Co., Ltd./Former Executive Officer & Head of Asia & Oceania, Daiwa Securities SMBC Co., Ltd., Former Director, First Financial Holdings (Ph.D. Candidate, Business Graduate School, Nihon University, Japan)		
	Feng-Chiang Miao	Chairman, MiTAC Holdings Corporation (M.B.A., Santa Clara University, USA, B.A. in Electrical Engineering, UC Berkeley, USA)		
	Edward Yung Do Way	Chairman, YCSY Co., Ltd./Former CEO, Deloitte Taiwan (M.B.A., University of Georgia, USA)		
	Position		Name	Education
Executive Officer	Chairman		Hong-Tu Tsai	J.D., Southern Methodist University, USA
	Title		Name	Education
Key Managers	President		Chang-Ken Lee	M.B.A.,University of Pennsylvania, USA
	Chief Auditor/ Senior Executive VP		Chih-Jung Kung	E.M.B.A.,China Europe International Business School
	Chief Financial Officer/ Senior Executive VP		Grace Chen	M.B.A.,National Chengchi University
	Head of Marketing Planning Div. / Senior Executive VP		David P.Sun	M.B.A.& M.S.,Harvard University, USA
	Chief Investment Officer /Senior Executive VP		Sophia Cheng	M.S.,Golden Gate University, USA
	Head of Strategic Planning Div. / Senior Executive VP		Daniel CY Teng	M.B.A.,Massachusetts Institute of Technology, USA
	Chief Risk Officer / Executive VP		Ching-Lu Huang	M.S. Statistics, National Tsinghua University
	Chief Information Officer / Senior Executive VP		Chia-Sheng Chang	Ph. D, Weatherhead School of Management at Case Western Reserve University, USA
	Senior Executive VP		Jian-Hsing Wu	M.S.,Tamkang University
	Acting Head of Project Planning Div. / Executive VP		Hsiang-Hsin Tsai	M.B.A., Thunderbird School of Global Management, USA
	Head of Administration Div. / Company Secretary / Executive VP		Deh-Yen Weng	M.B.A.,Massachusetts Institute of Technology, USA
	Chief Compliance Officer / Executive VP		Judie Hsu	LLM, University of London, School of Oriental and African Studies

Data Record Date: May 28, 2019.

## Capital and Shares

Type of stock	Number of shares (000)	Amount (000)	Type of stock	Number of shares (000)	Amount (000)
Common stock	12,563,210 shares	US\$4,112,344 (Note 1)	Preferred stock	1,533,300 shares	US\$501,899 (Note 2)

Note 1. US\$4,112,344,000 = 12,563,210,000 shares \* NT\$10/30.55

Note 2. US\$501,899,000 = 1,533,300,000 shares \* NT\$10/30.55



## Overview of Cathay Financial Holding Co., Ltd.

### 2019 Business Plan

The global economy continues to be exposed to uncertain risks due to external factors, such as the U.S.–China trade war, Brexit negotiations, and economic turmoil in emerging markets. As a leading financial institution, Cathay Financial Holdings will continue to closely monitor market dynamics while staying committed to maximizing value for its shareholders, customers and employees by utilizing its robust business development and sustainable management strategies to respond to rapid market changes and intense competition. Going forward, we will prudently respond to global political and economic changes and continue to expand our regional operations, focus on business innovation, optimize organizational structures, and strengthen legal compliance. Our 2019 business plan is outlined below:

#### Gradually expand regional operations and achieve our vision of being a leading financial institution in the Asia-Pacific region

Consistent with our vision of being a leading financial institution in the Asia-Pacific region, Cathay Financial Holdings aims to connect our regional offices to build a business network in Greater China and the ASEAN markets, provide a more comprehensive range of financial services for domestic and overseas Taiwanese corporates, and seek local business opportunities in our regions of operation. We remain committed to the development of business opportunities that increase profits and create value for our shareholders by leveraging on our experience in Taiwan and the local resources of overseas strategic partners.

Cathay Financial Holdings will continuously strengthen our investment product lines and management capabilities and integrate the strengths and resources of our insurance and banking businesses in order to develop our asset management business as the third pillar of growth for the Cathay Group, thereby facilitating the overall development of the asset management business and accelerating the group's "three-engine" strategy.

#### Develop and implement innovative, technology-driven financial services

To leverage the impact of developments in big data analytics, artificial intelligence, and blockchain technology, Cathay Financial Holdings established a dedicated group to develop and implement digital transformation initiatives within the Group, actively invest in innovative FinTech companies, integrate customer data, improve customer experiences, and develop the best customer-centric financial services. In addition, we track market trends by participating in startup platforms and through strategic investments.

In the future, Cathay Financial Holdings will continue to develop market-leading technologies, explore ways to cooperate with companies in different industries, and build a comprehensive smart banking environment that increases the depth and breadth of services that fulfill customer needs and drives process improvements in front-, mid-, and back-office support functions, thereby providing customers with a more diverse range of convenient and safe financial services.

#### Continuously internalize core corporate values and optimize asset–liability allocation and management

Cathay Financial Holdings seeks to create intangible corporate value through our core values of "Integrity, Accountability and Innovation." In response to increasingly stringent regulatory requirements, Cathay Financial Holdings seeks to forge a group culture that embraces legal compliance. By implementing compliance, cultivating compliance professionals, and strengthening compliance education and training, we seek to increase the awareness of the importance of legal compliance among all of our employees and to ensure that we develop our business in compliance with regulations. In response to the challenges brought by global political and economic changes, Cathay Financial Holdings will also continue to optimize how the Cathay Group allocates and manages its assets and liabilities, thereby building a sound financial position and solid foundation for sustainable growth.



Cathay Financial Holdings received the Excellence in Corporate Social Responsibility Award from Commonwealth Magazine.



Cathay Financial Holdings was recognized among the top 5% companies in the 4<sup>th</sup> Corporate Governance Evaluation.



## Capital Allocation Plan

### Continually monitor capital allocation of the Group and make timely adjustments

In response to the substantial changes in global financial markets in recent years, we will pay close attention to developments in the global markets and their potential impact on the capital adequacy of each subsidiary. Taking into consideration the Group's growth strategies, stock dividend policy, external capital, and the capital needs of subsidiaries, we will actively manage our capital through capital planning and business development to maximize the capital efficiency of each and every subsidiary.

### Seek optimal terms and timing for raising capital and maintaining liquidity

In order to enhance our capital structure and adequacy, we will continuously evaluate various types of financial instruments, including common stock, preferred stock, global depository receipts, senior (subordinated) bonds, and convertible (exchangeable) bonds to improve capital flexibility. In accordance with our goal of building an onshore/offshore financial service platform, we will also seek to ensure the availability of sufficient funds to help the Group expand and become a leading financial institution in the Asia-Pacific region.

senior (subordinated) bonds, and convertible (exchangeable) bonds to improve capital flexibility. In accordance with our goal of building an onshore/offshore financial service platform, we will also seek to ensure the availability of sufficient funds to help the group expand and become a leading financial institution in the Asia-Pacific region.



Cathay FHC became the official financial partner of Michelin Guide Taipei.



Cathay FHC's Climate Change Forum.



Cathay FHC's Economic Climate and Financial Trends outlook conference.



Cathay FHC received the Insurance Talent Awards.



Cathay FHC's Nationwide Beach Clean-up event.



## Overview of Subsidiaries

# Cathay Life Insurance Co., Ltd.

### Message from the Chairman

Looking back on 2018, Cathay Life still delivered strong performance in various aspects of our business, thanks to the concerted efforts of our employees. New written premium income was US\$6.926 billion, representing market share of 15.3% in Taiwan. First-year premium equivalent was US\$2.34 billion, representing market share of 20.6% in Taiwan. Total premium income for the year was US\$22.28 billion with a market share of 19.4%, the highest in the industry. We also reported a profit of US\$990 million for the year, once again turning in an exceptional performance.

The number of new sales agents is also increasing steadily, with the number of agents in our organization exceeding 26,000. To optimize our organizational structure, we launched a Young Golden Plan to introduce the youthful energy of passionate, ambitious sales talents into Cathay Life, where they can learn from the experience of senior employees and work harmoniously with their older colleagues. In addition, we also actively employ digital technology to optimize customer experience and provide more convenient services to our clients.

Despite insurance penetration of 20.4% in Taiwan, an aging society such as that in Taiwan remains underprotected. In 2018, Cathay Life initiated the Protection Type Products Three-Year Plan to assist the general public with understanding the importance of insurance protection, construct a complete network of social security protection, and help Taiwanese citizens to increase their protection in terms of greater breadth and depth. In addition, sound internal controls and corporate governance are the cornerstones of a sustainable operation. Representing Taiwan's insurance industry, Cathay Life participated in the Asia/Pacific Group on Money Laundering's (APG) Mutual Evaluations in 2018 and received a high degree of recognition from foreign evaluation groups.

Cathay Life upholds its vision of sustainability—lead the way in sustainable insurance and ensure the happiness of society—to actively repay society. We have offered student group insurance for two consecutive years and cooperated with the Ministry of Education to implement the Sustainable Campus Project, which is aimed at spreading positive energy on campuses through anti-drug, environmental protection, and campus safety campaigns.

Looking forward to 2019, the insurance industry in Taiwan will be facing more challenges in its overall operation amidst the impact of international political and economic conditions, the rise of insurtech, and market competition. Cathay Life will continue to uphold our core values of "Integrity, Accountability, and Innovation," manage our business operations with a focus on "digital innovation and dedicated customer service," and continue to improve the sustainability of our competitiveness while advancing toward our vision of becoming "a leading financial institution in Asia-Pacific."

Chairman *Tiao-Kuei Huang*





## Company Profile

Cathay Life Insurance Co., Ltd. was founded in October 1962 and listed on the Taiwan Stock Exchange in November 1964. In 2018, we recorded US\$22.28 billion in premium income and US\$207.9 billion in assets. We rank number one in the industry by market share and assets. We currently service more than 7.73 million customers. The efforts of Cathay Life in insurance performance, social enterprises, and other aspects have received consistent recognition both at home and abroad. Cathay Life is a seven-time consecutive winner of the Insurance Excellence Award, the highest honor in Taiwan's insurance industry, and is the only Taiwan financial institution to be included among the Fortune Global 500 list.

In 2016, Cathay Life became Asia's first life insurance company to comply with UNEP FI's Principles for Sustainable Insurance (PSI). We implement corporate sustainability with due consideration to Environmental, Social and Governance (ESG) issues, with the hope of integrating the company's core competencies and becoming a sustainable enterprise that uses its influence to bring happiness to society. In order to continue to develop overseas markets, we have established subsidiaries in China and Vietnam in 2005 and 2008, respectively, becoming the first Taiwan insurer with a presence in these two markets, and we plan to continue our business expansion efforts.

Looking into the future, we will continue to seek growth and steady profits, and offer digital and innovative products and services to enhance customer experience and customer satisfaction as we advance towards becoming a "leading financial institution in the Asia-Pacific region".

No. of employees	32,014
Average age	43.7
Average years of service	12.0



Cathay Life's 2018 Business Meeting.

# Cathay Life Insurance Co., Ltd.

## Board of Directors, Independent Directors, Supervisors and Key Managers

	Name	Education & Experience	
Directors	Tiao-Kuei Huang	Chairman, Cathay Life Insurance/Former Vice Chairman and President, Cathay Life Insurance (M.S., Mathematics, National Tsing Hua University)	
	Ming-Ho Hsiung	Vice Chairman, Cathay Life Insurance/Former President, Cathay Life Insurance (M.S., University of Iowa, USA)	
	Tzung-Han Tsai	Vice Chairman, Cathay United Bank (J.D., Georgetown University, USA)	
	Chung-Yan Tsai	Executive Vice President, Cathay Real Estate Development (M.A., San Francisco State University, USA)	
	John Chung-Chang Chu	Chairman, May Foong Woolen & Worsted Textile Mill. Ltd. (M.B.A., York University, Canada)	
	Shan-Chi Liu	President, Cathay Life Insurance (E.M.B.A., National Taiwan University)	
	Chao-Ting Lin	Managing Senior Executive Vice President, Cathay Life Insurance (M.S., Mathematics, National Taiwan University)	
	Yi-Tsung Wang	Senior Executive Vice President, Cathay Life Insurance (M.B.A., Massachusetts Institute of Technology, USA)	
	Name	Education & Experience	
Independent Directors	Tsing-Yuan Hwang	Director, Hon Hai Precision Industry Co., Ltd./Former Executive Officer & Head of Asia and Oceania, Daiwa Securities SMBC Co., Ltd., Former Director, First Financial Holding (Ph.D. Candidate, Business Graduate School, Nihon University, Japan)	
	Feng-Chiang Miao	Chairman, MiTAC Holdings Corporation (M.B.A., Santa Clara University, USA, B.A. in Electrical Engineering, UC Berkeley, USA)	
	Name	Education & Experience	
Supervisors	Chih-Ing Tsai	President, An-teh Development Co.Ltd (M.B.A., Pepperdine University, USA)	
	Tzo-Shing Hsu	Supervisor, Cathay Hospitality Management (LL.M., Law School, Southern Methodist University, USA)	
	Chih-Ming Lin	Former Superintendent, Cathay General Hospital (National Taiwan University)	
	Position	Name	Education
Executive Officer	Chairman	Tiao-Kuei Huang	M.S., Mathematics, National Tsing Hua University
	Title	Name	Education
Key Managers	President	Shan-Chi Liu	E.M.B.A., National Taiwan University
	Managing Senior Executive Vice President	Chao-Ting Lin	M.S., Mathematics, National Taiwan University
	Senior Executive Vice President	Yi-Tsung Wang	M.B.A., Massachusetts Institute of Technology, USA
	Senior Executive Vice President	Ta-Kun Liu	M.B.A., Massachusetts Institute of Technology, USA
	Senior Executive Vice President	Li-Chiu Wang	M.B.A., Institute of Insurance, Feng Chia University
	Senior Executive Vice President	Chun-Hung Wu	M.S., Institute of Statistics, National Tsing Hua University
	Chief Compliance Officer	Mao-Jih Chuang	E.M.B.A., Fudan University
	Chief Risk Officer	Ching-Lu Huang	M.S., Institute of Statistics, National Tsing Hua University
	Chief Auditor	Shu-Chuan Chen	LL.M., Washington College of Law, American University, USA
	Corporate Governance Officer	Tu-Chih Kung	College of Law, National Taiwan University

Data Record Date: May 28, 2019





## Business Scope

Life insurance and related businesses.

## 2018 Revenue Breakdown

Unit: Million USD

2018 Revenue	Amount	% of Total
Retained earned premium income	17,921.54	68.5%
Other income	324.39	1.2%
Net investment gain (loss)	7,003.53	26.8%
Insurance gain from unit-linked products	919.67	3.5%
Total income	26,169.13	100.0%

(NTD/USD: 30.55/1)



Cathay Life was awarded first place in the life insurance category of The Best Service in Taiwan 2018!



Cathay Life's 2018 Summit.

# Cathay Life Insurance Co., Ltd.

## 2019 Business Plan

### Compliance

Strengthen compliance, implement internal auditing and internal control, manage risks effectively, focus on information security, and further enhance S&P corporate governance and ERM rating to create a law-abiding organizational culture that serves as the foundation for corporate governance and corporate sustainability.

### Business Development

1. Activate markets, expand customer reach, and forge ties with customers.
2. Integrate physical channels with digital customers through development of digital tools to assist employees in market expansion.
3. Expand the diversity of sales channels, strengthen external cooperation, and continue to seek growth.
4. Ensure the coexistence of salespeople in the organization and value the importance of fostering new talent and transferring knowledge from senior employees.
5. Continue to seek growth in existing overseas markets and capture business opportunities in emerging markets to advance and become a leading financial institution in the Asia-Pacific region.

### Product Development

1. Continue to strengthen the promotion of protection-

oriented products and optimize product structures without compromising the sales of wealth management products to achieve the company's financial and business goals.

2. Address issues on aging society and health promotion, and identify customer segments to design exclusive products.

### Customer Service

1. Forecast customer needs through data analytics, improve service efficiency, and create differentiated services.
2. Broaden the scope of intelligent customer service, improve user experience and interactive experience, and increase referral rates.
3. Implement customer segmentation and use data to provide precise marketing lists and product recommendations.

### Back Office Support

1. Corporate Culture:

Comprehensively promote the value of accountability, strengthen a culture of innovation, and solidify corporate foundation and organization.

2. Corporate Image:

- (1) Deliver the message that "happiness is bringing happiness to others" as a brand strategy for increasing



Cathay Life received the 2018 16<sup>th</sup> Five-Star Service Award.



Cathay Life's Taoyuan Airport counter inauguration and press conference.



customer mindshare, and make our brand appealing for young people and digital users.

- (2) Build links between corporate sustainability and our core competency in insurance coverage, enhance brand value and influence, and become an international benchmark company in sustainability.

### 3. Talent Cultivation:

- (1) Internal: Develop a diverse, cross-industry talent pool, accelerate diversified digital development, establish a digital business model, and optimize organizational performance.
- (2) External: Foster brand and sales talent, increase the value of sales, marketing and wealth management professionalism, expand the positive culture of our organization, and value the importance of talent cultivation and experience sharing.

### 4. Customer Management:

- (1) Compile and analyze data to understand the behavior of internal and external customers and accurately implement customer segmentation, interpret the specific behaviors and preferences of various customer segments, and conduct precision marketing to create a

positive user experience.

- (2) Monitor customer experience in real time, summarize positive and negative feedback while addressing each accordingly, and strengthen interaction with customers, thereby enhancing customer loyalty toward the brand and products and services.

### 5. Sales Control:

Treat customers fairly, integrate risk monitoring mechanisms with service quality evaluation and control measures, and detect unusual situations and handle complaints while upholding customer rights and refining service quality.

## 2019 Operational Targets

Unit: Million USD

Primary Item	Targets
Total premium income	22,234
First-year premium equivalent	2,386

(NTD/USD: 30.55/1)



Cathay Life's 2018 Employee Singing and Cheerleading Contest Finals.



Cathay Life won Next Magazine's Top Service Award.



## Overview of Subsidiaries

# Cathay United Bank Co., Ltd.

## Message from the Chairman

Looking back on 2018, the U.S. Federal Reserve's nine interest hikes resulted in the continuous increase in U.S. interest rates, which not only caused a decline in corporate investment but also increased investor concerns with respect to liquidity and raised awareness of risk. Coupled with the U.S.-China trade war, the global economy is gradually declining, causing drastic fluctuations in financial markets. Challenged by the turmoil in this global economic environment, Cathay United Bank continue to uphold the core values of "Integrity, Accountability and Innovation". In addition to maintaining the robust growth of our core businesses and actively developing innovative digital services, through the concerted efforts of our employees, we reported a consolidated after-tax profit of US\$700 million for the year, the highest level since the beginning of our business operations.

Cathay United Bank received "Stable" ratings from Taiwan Ratings, Standard & Poor's, and Moody's in 2018. We currently operate 164 branches across Taiwan, making Cathay United Bank the private-owned bank with the highest number of business locations across Taiwan. We led the market by delivering the best securities, credit card, and wealth management services. Given the Group's vision to penetrate into the Greater China and ASEAN regions, we upgraded our branch in China to a subsidiary in September 2018 and further implemented business localization. We currently operate 2 wholly-owned overseas subsidiaries, 1 overseas joint venture bank, 6 branches, and 5 overseas representative offices, making Cathay United Bank the private-owned Taiwanese bank with the highest number of business locations across the Greater China and ASEAN free trade areas. In total, we have over 10,000 employees both domestically and abroad, and our growth is steady.

Cathay United Bank has received many accolades, including the No. 1 rank in the Bank Category from Next Magazine's Top Service Award. and four awards—"Best Wealth Management," "Best Service," "Best Digital Wealth Management," and "Best Print Media Marketing" at the Wealth Management Awards 2018. We are the sole bank recognized with "Best Wealth Management" for three consecutive years. Regarding professional services, Cathay United Bank received 4 international awards including "Best Rates Derivatives House," "Best Private Bank - Highly Commended," "Triple A Country Awards 2018 Best Syndicated Loan," and "Triple A Country Awards 2018 Best Acquisition Financing" from The Asset. We were the only Taiwanese winner of The Banker's "Best Transaction Bank in Asia-Pacific" award. With regard to corporate sustainability, Cathay United Bank also won Global Views Monthly's "Excellent Project Award - Environmental Considerations Division: Cathay Green Finance Power Plan" and "Excellent Project Award - Happy Enterprise Division: Cathay Baby Care Plan", and received the "Growth through Innovation Award" and "People Development Award" at the Taiwan Corporate Sustainability Awards. Regarding international awards, Cathay United Bank was recognized as the "Best Bank for CSR" by Asiamoney. Furthermore, we are committed to talent development and cultivation, and this has enabled us to win multiple recognitions from international talent development agencies. In 2018, we received the National Talent Development Award. Cathay United Bank was the only financial institution to win the award this year, and the first bank to ever obtain this recognition.

Looking forward to 2019, with the goal of maximizing the influence of the financial industry, we have adopted on our own initiative the UNEP F's Principles for Responsible Banking (PRB), and continue to increase the depth of our corporate sustainability efforts and take actions to fulfill our corporate social responsibility. We will continue to work with integrity and take accountability and innovation into consideration. We will also continue to foster the ONE TEAM spirit to establish a comprehensive network of digital channels and develop a diverse range of innovative digital products, all in order to offer the best financial services and products, build a happy workplace for employees, and strive toward our vision of becoming a "leading financial institution in the Asia-Pacific region".

Chairman *Ming-Jian Kuo*





## Company Profile

Cathay United Bank was established on May 20, 1975 and has been providing banking services for more than 40 years. Through years of experience and the support of our outstanding management team, we have continued to exhibit excellent performance in terms of earnings growth. Cathay United Bank, a financial institution that values its relationship with the local community, is a private-owned bank with the highest number of business locations across Taiwan. We currently operate 164 branches. We also continue to expand our overseas offices. With respect to the China market, Cathay United Bank upgraded its branch in China into a subsidiary on September 3, 2018. Thereafter, we have worked closely with our branch in Hong Kong to provide not only diversified cross-border services, but also more RMB-related innovative products. In terms of ASEAN markets, we have overseas offices in nine out of ten ASEAN countries: Singapore, Malaysia, Thailand, the Philippines, Indonesia, Vietnam, Laos, Myanmar, and Cambodia, making us the Taiwanese bank with the most extensive reach across Southeast Asia. Currently, we have 2 wholly-owned overseas subsidiaries, 1 overseas joint venture bank, 6 overseas branches, and 5 overseas representative offices. Through Cathay United Bank's transnational banking platform in Taiwan, Greater China, and ASEAN, our customers have access to a diverse range of high-quality financial services, including wealth management, consumer finance, digital finance, corporate finance, international finance, private banking, and trust investments.

Cathay United Bank received multiple awards from domestic and international rating agencies in 2018, including the Best Banks in Taiwan from Global Finance (Global Finance); Regional Best Service in Asia Pacific (Euromoney); Best Bank for CSR from Asiamoney (Asiamoney); Best Risk Management Award, Best Human Resources Development Award, and Best Wealth Management Award of the Best Practice Awards Certificate Taiwan Academy of Banking and Finance (Taiwan Banking and Finance); and Omni-Experience Innovator of the IDC DX Awards (IDC).

No. of employees 10,745

Average age 37.34

Average years of service 8.60



CUB Elevated Tree Program Donation Ceremony

# Cathay United Bank Co., Ltd.

## Board of Directors, Independent Directors, Supervisors and Key Managers

	Name	Major Current/Past Position and Education	
Directors	Andrew Ming-Jian Kuo	Chairman, Cathay United Bank (M.B.A., Baruch College, City University of New York, USA)	
	Tzung-Han Tsai	Vice Chairman, Cathay United Bank (J.D., Georgetown University, USA)	
	Alan Lee	President, Cathay United Bank (M.B.A., National Taiwan University)	
	Chun-Wei Yang	Senior Executive VP, Cathay United Bank (B.A., National Chengchi University)	
	Chang-Ken Lee	President, Cathay Financial Holdings/Former President, Cathay United Bank (M.B.A., University of Pennsylvania, USA)	
	Han-Kuo Chen	Vice President and Deputy General Manager, Department of Planning and Division Manager, Legal Affairs Center, Bank of Taiwan, (LL.M., Soochow University)	
	Chi-Wei Joong	Chairman, CEO, Legal Representative, Modern Times Co., Ltd., Former President, CMB Credit Card Center (B.A., Kean College of New Jersey, USA)	
	Chung-Yi Teng	Senior Executive VP, Cathay United Bank (M.B.A., Massachusetts Institute of Technology, USA)	
	Po-Tsang Hsieh	Former Senior Executive VP, Cathay United Bank (B.A., Chinese Culture University)	
	Tsung-Hsien Tsai	Senior Executive VP, Cathay Financial Holdings (M.S., Harvard University, USA)	
	Jian-Hsing Wu	Senior Executive VP, Cathay United Bank (M.S., Tamkang University)	
	Wei-Hua Chou	Senior Executive VP, Cathay United Bank (M.A., National Chengchi University)	
	Name	Major Current/Past Position and Education	
Independent Directors	Tsing-Yuan Hwang	Director, Hon Hai Precision Industry Co., Ltd./Former Executive Officer & Head of Asia & Oceania, Daiwa Securities SMBC Co., Ltd., Former Director, First Financial Holdings (Ph.D. Candidate, Business Graduate School, Nihon University, Japan)	
	Feng-Chiang Miao	Chairman, MiTAC Holdings Corporation (M.B.A., Santa Clara University, USA, B.A. in Electrical Engineering, UC Berkeley, USA)	
	Edward Yung Do Way	Chairman, YCSY Co., Ltd./Former CEO, Deloitte Taiwan (M.B.A., University of Georgia, USA)	
	Name	Major Current/Past Position and Education	
Supervisors	Yiao-Chiun Lai	Former Chief Auditor, Cathay United Bank (M.B.A., Tamkang University)	
	Liang-Lin Chien	Chief Secretary, Chunghwa Post Co., Ltd. (M.B.A., Tamkang University)	
	Position	Name	Education
Executive Officer	Chairman	Ming-Jian Kuo	M.B.A., City University of New York, Baruch College
	Position	Name	Education
Key Managers	President	Alan Lee	M.B.A., National Taiwan University
	Senior Executive Vice President	Chun-Wei Yang	LL.B., National Chengchi University
	Senior Executive Vice President	Daniel C.Y. Teng	M.B.A., Massachusetts Institute of Technology, USA
	Senior Executive Vice President	Jian-Hsing Wu	M.S., Tamkang University
	Senior Executive Vice President	Wei-Hua Chou	M.A., National Chengchi University
	Chief Auditor	Hung-Chang Yang	LL.B., Chinese Culture University
	Company Secretary	Chien-Hui Hung	LL.M., London School of Economics and Political Science

Data Record Date: May 28, 2019



## Business Scope

- 1.All types of deposits
- 2.Loans and credits
- 3.Check discounting
- 4.Securities investment
- 5.Domestic remittances
- 6.Commercial draft acceptance
- 7.Issuance of domestic letters of credit
- 8.Corporate guarantee bonds
- 9.Domestic guarantee services
- 10.Payment settlement
- 11.Sales of government bonds/bills and corporate bonds/stocks
- 12.Securities underwriting
- 13.Securities dealing
- 14.Custody and warehousing services
- 15.Rental of safe deposit boxes
- 16.Agency services covered by the business scope specified on business license or approved by competent authorities
- 17.Credit card services
- 18.Brokered sales of gold bars/coins and silver coins
- 19.Purchases and sales of gold bars/coins and silver coins
- 20.Import and export foreign exchange transactions, inbound/outbound wire transfer, and foreign currency deposits, loans, and payment guarantee
- 21.General foreign exchange transactions, inbound/outbound wire transfer; foreign currency deposits
- 22.Dealing with foreign currency cash and travelers checks
- 23.Financial derivative commodities approved by competent authorities
- 24.Trust business authorized by the Trust Enterprise Act
- 25.Trust business authorized by the Authority to be handled by head office trust department
- 26.Non-discretionary money trust investing on foreign securities
- 27.Brokerage, dealing, certification, and underwriting of short-term notes and bills
- 28.Dealing of government bonds
- 29.Financial consulting for financing related businesses
- 30.Financial consulting for non-financing related businesses
- 31.Dealing of corporate bonds and financial bonds
- 32.Money trust
- 33.Trust of encumbrance and related security interests



Cathay United Bank won the 9<sup>th</sup> Taiwan Banking and Finance Best Practice Award.

- 34.Securities trust
- 35.Movable property trust
- 36.Real estate trust
- 37.Land right trust
- 38.Discretionary investment trust services
- 39 Acting as agent for issuance, transfer, registration and payment of interests or dividends of securities
- 40 Providing consulting services for securities issuance or offering
- 41 Acting as attester for issuance of stock or bond
- 42 Acting as attester for issuance of securities
- 43 Acting as executor of wills and managing legacies
- 44 Acting as trustee for issuance of bond and providing related agent securities
- 45 Custody services
- 46 Acting as custodian of securities investment trust funds
- 47.Providing advisory services for investment, financial management, and real estate development
- 48.Issuance of cash cards
- 49.Concurrent business as a securities investment consulting enterprise
- 50.Issuance of bank debentures
- 51.Payment and collection services for actual transactions
- 52.Acceptance of deposit payments
- 53.Electronic fund transfer services
- 54 Acting as personal insurance agent
- 55 Acting as property insurance agent



# Cathay United Bank Co., Ltd.

## 2018 Income Statement

Unit: Million USD

Item	Amount	% of Total
Net interest income	1,009	53%
Net fee income	541	28%
Gains on financial assets and liabilities at fair value through profit or loss	180	9%
Realized gains from financial assets at fair value through other comprehensive income	87	5%
Gains on foreign currency exchange	52	3%
Losses on impairment of assets	(1)	0%
Share of profit of associates and joint ventures accounted for using the equity method	21	1%
Net other non-interest income	25	1%
Net operating income	1,914	100%

(NTD/USD 30.55/1)

## 2019 Business Plan

Looking forward to 2019, Cathay United Bank will continue to promote the New Heights 2020 initiative, steer toward a more forward-looking development focus, keep pace with the wave of digital banking, develop comprehensive digital services and strengthen our data analysis capabilities, continue to vie for cooperation with different industries, assist chain operators to extend their scope of business operation through diverse innovation of technological platforms, integrate mobile payment services into people's daily lives, and introduce financial services into everyday scenarios, all in order to create a smooth service experience for our customers and increase the loyalty of our target customers. We will also focus on continuing to improve our customer service and strengthen our risk management practices for robust business management and growth. With respect to overseas expansion, we will actively expand in the Greater China and ASEAN regions, seek to localize our operations, leverage regional resources, develop a full range of financial products, provide excellent one-stop financial services for corporate clients, refine the structure and models of our overseas businesses, and strengthen the management system and tools of Cathay United Bank's head office to increase our business revenue.

### Use digital technology and data to enhance operating and consulting efficiency and introduce financial services in everyday scenarios

1. With regards to deposits and transfers, we organize our marketing activities based on customer needs to enhance customers' understanding of account opening/investment/loans/protection/wealth management procedures; engage with customers by using digital and physical channels; and simultaneously optimize the process of service delivery, thereby providing customers with convenient and consistent service experiences that facilitate increasing our revenues and service efficiency.
2. In terms of retail credit, we endeavor to strengthen customer management practices, provide a diversity of integrated financial products for customers, and enhance cross-selling of products to raise the value of customer management. In addition, we integrate

big data internally and externally, enhance customer identification, and provide personal loans and standardized loan approval processes that meet the needs of digital customers. We continue to strengthen our digital communication methods, penetrate into the daily lives of customers, integrate into ecosystems, and develop a platform for loan services.

3. Regarding trust services, we provide a full range of asset planning services on a trust-based platform in order to meet the wealth inheritance needs of high-value customers. We combine asset plans with various financial products to provide family business inheritance trust services.
4. We are committed to the development of wealth management and uphold the core value of financial expertise. By building a team of technicians and experts, we continue to provide total solutions, including asset allocation recommendations, digital and innovative financial plans, and family business inheritance consulting, based on customers' needs at different stages in life, thereby creating mutually beneficial value for both the wealth management business and our customers.
5. In terms of financial marketing, we construct end-to-end mechanisms of coordination for multichannel product sales, provide niche products based on customer needs to encourage customer transactions, steadily develop financial transaction services, and transform into a stable, sustainable, and professional service provider that is capable of offering more comprehensive services to customers.
6. With respect to private banking services, we strive to expand the overall scale of business operations, improve the productivity of our business team, continue to optimize private wealth management platforms in Taiwan and Hong Kong, strengthen intrabank cooperation, and integrate Group resources to provide comprehensive services for customers or family businesses.
7. Regarding credit cards, we foster young adults who demonstrate great potential in business management, strengthen customer segmentation, manage customer relations by using data driven analytics, and provide the best product portfolio for customers to ensure the sustainability of our competitiveness in business management. We continue to optimize existing products and services, place emphasis on Group synergy, develop key products and services, consolidate competitive advantages in banking, and create maximum benefits. We seek strategic partners to develop diverse payment services, promote financial services with daily customer experience at the core, increase customer mindshare and loyalty, simultaneously accumulate and leverage the value of data, gain insight into customer behavior and needs, and build a financial ecosystem that enables us, our retail customers and corporate customers to thrive together.
8. We continue to expand the market share of our product orders, vie for cooperation with industry leaders, aim to become one of the top three sought-after banks in the market with the hope of achieving economies of scale, and provide a complete range of financial services. We plan to increase orders by using a cross-departmental co-selling model and collectively develop a full range of financial services.



9. We continue to expand the installation of ATMs as the outpost of our financial services, join forces with our strategic partners to build a financial ecosystem in which we will continue to optimize customer-centric user experience, strengthen ATM strategic cooperation models, and improve the synergy of ATM operations.
10. Regarding our payment hub, we constantly vie to work with different industries, and assist chain operators to extend their scope of business operation through diverse innovation of technological platforms so that mobile payment services can be integrated into people's daily lives.
11. We will establish, manage, and transform complete lines of digital channels; develop a diversity of suitable digital innovative products; forge ties with open, external scenario-based partners; establish agile and data-oriented core competencies; and initiate bank-wide mechanisms of collaboration to implement end-to-end management of major customers.

### Place more emphasis on service upgrade through customer segmentation and process optimization

1. With respect to foreign exchange services, we will enhance the comprehensiveness of overseas foreign currency products, optimize foreign exchange transaction platforms, combine the strengths of digital and physical channels to provide a diverse range of foreign exchange services, refine service performance, assist customers with the efficient use of their funds, deepen customer adhesion towards our services, and enhance the competitiveness of our foreign currency services in the international market to generate increased profits for Cathay United Bank. We intend to promote the development of financing services, expedite use of channels for customer segmentation, use product and channel cross-selling models, offer products required by clients to operate their accounts, enhance cross-sale success rate, construct corporate banking automated services, elevate customer experience and satisfaction, develop various cooperation opportunities with our competitors, and strengthen foreign and domestic product specifications and product lines.
2. In terms of corporate loans, we continue to develop major local industries, implement industry accountability and customer segmentation, comprehensively elevate operational and service efficiency, cultivate corporate banking specialists, encourage employees to work as one team, and deliver excellent team performance.
3. Regarding SME loans, we plan to expand our SME customer base and resulting business opportunities. We will continue to implement SME transformation promotion plans, implement professional-oriented service models for local business management, manage target customers with complex needs, provide differentiated services through professional SME teams and branch cooperation, and simultaneously fulfill the various banking needs of SMEs, corporate employees, family members of business owners, and major shareholders. In addition, we will continue to strengthen the professionalism of credit investigation teams, concurrently enhance operating efficiency and risk identification outcomes, and optimize various business processes for better customer experience by using front-, mid-, and back-

office communication mechanisms.

4. We will emphasize the use of new technologies in corporate digital development so that banking services can be seamlessly integrated into corporate daily operations and gradually transform into digital advisors. We can then apply our successful experiences in Taiwan to expand our overseas presence.

### Make use of regional resources to develop sound and diverse financial products, continuously foster specific industries, and cultivate local customers

1. Cathay United Bank attaches high level of importance to the integration and expansion of the Greater China and ASEAN regions. With respect to Southeast Asian markets, we will continue to cultivate local customers and businesses, and strengthen cross-border platform integration. We plan to collaborate with local strategic partners to build service platforms that will allow us to provide excellent one-stop financial services for more corporate clients. In terms of the China market, we aim to actively expand our retail business and develop new RMB products.

### Our head office develops a consistent set of platform-based regulations for greater operating efficiency and flexibility

1. In terms of risk control, we will increase capital efficiency, detect risks in advance, and concurrently increase revenue and reduce loss to improve our business performance.
2. We will build IT platforms in response to market changes introduced by new competitors, build technological platforms, and establish scenario-based service platforms to quickly meet customer needs.
3. We will increase our operating efficiency and compliance, and introduce tools that will help frontline employees to execute tasks with greater efficiency when providing services to customers.

## 2019 Operational Targets

Unit: million USD

Primary Item	Targets
Deposits	73,284
Loans (including revolving credit)	53,374
Credit cards	6,530,000 cards

(NTD/USD: 30.55/1)



Cathay United Bank won Global Views Monthly's Corporate Social Responsibility & Social Enterprise Award.

## Overview of Subsidiaries

# Cathay Century Insurance Co., Ltd.

## Message from the Chairman

Looking back on 2018, fierce competition in the property insurance market has prompted major industry competitors to continuously leverage their cross-selling capabilities, while non-industry players also utilized their business and sales channel advantages to enter the market. In the face of diverse market challenges, Cathay Century continues to uphold its principle of “equal emphasis on quality and quantity”, continues to actively seize new market opportunities, and constantly strengthens the organization’s professional capabilities, as well as optimize customer service experience by applying digital technologies to comprehensively bolster our competitiveness. Thanks to the concerted efforts of all of our employees, we generated US\$21.5 billion in premium income, an increase by 5.2%. Our market share was 13.0%, placing us firmly in second place within the industry.

In addition to extending our presence in Taiwan, Cathay Century also continued to implement overseas expansion. After Cathay Insurance (China) engaged Ant Financial Services Group as a strategic partner, e-commerce related insurance developed rapidly. In 2018, Cathay Insurance (China) generated more than RMB 4 billion in premium income, making a significant breakthrough in our business performance. In support of the government’s New Southbound Policy, Cathay Insurance (Vietnam) acted as the strongest supporter of Taiwanese business and continued to steadily manage its business and expand business organizations, which contributed to significant growth in premium income and profit. In the future, we will still continue to extend our reach in China’s e-commerce insurance market, expand local management in Vietnam, and increase the scale of overseas markets and maintain stable business profitability.

Our business performance also received the praise and recognition of the global community, as evidenced by the wide range of awards we won last year: “Outstanding Non-life Insurance Company” at the 7th Insurance Talent Awards; “Non-life Insurance Company Gold” at the 20th Reader’s Digest Trusted Brand Awards; the “Best Professional Team Award” in the 2018 Insurance Excellence Evaluation; the “Innovation Design of the Year” in the 14th Golden Torch Awards; and the “Growth through Innovation Award” in the 11th Taiwan Corporate Sustainability Awards. We also maintained a sound financial structure and rigorous risk management, and again won the recognition of international credit rating agencies with an “A-” from S&P, “twAA+” from Taiwan Ratings, and “A2” rating from Moody’s, which was an upgrade from A3.

While in pursuit of business management and profits, we also continue to value the importance of sustainable development, in hopes of creating a more sustainable and risk-protected environment for society. We became the first non-life insurance company to voluntarily adopt the Principles for Sustainable Insurance (PSI), thereby using our two major competencies, insurance products and loss control measures, to address different CSR issues with due consideration to the environment, society and corporate governance dimensions.

In response to environmental protection issues, Cathay Century began to offer public bicycle insurance in New Taipei City, Taipei, Tainan, and Kaohsiung which provides insurance protection for shared bicycle users, encourages more people to ride bicycles, and facilitates the implementation of low-carbon traffic policies. To address issues concerning mutual prosperity in society, Cathay Century acts as an active provider of loss control services, and continues to expand the impact of the Accident-free Riders initiative and carry out Behavior Diagnosis Test with Virtual Reality System tours, even offshore of Taiwan for the first time, so that young adults who live in Orchid Island and have limited access to resources are also given an opportunity to learn about scooter safety concepts and prevent unnecessary traffic accidents. With respect to corporate governance issues, services should be in line with current trends to satisfy customers’ actual needs. Cathay Century is the first company to use block chain technology for flight delay claims. We have also cooperated with Eva Air and China Airlines to introduce an advanced automated claims service that will create a better customer service experience.

Looking forward to 2019, we will continue to focus on the promotion of diverse digital developments based on our business theme of “Cathay E-Action and Establishment of a New Century”, improve organizational efficiency, and seek innovation and transformation in our products and services so that customers can perceive the novelty, trustworthiness, and value of our contact points, and eventually rank as the most recommended non-life insurer. Lastly, on behalf of my colleagues, I would like to express our heartfelt gratitude for the longstanding support and assistance of the competent authorities and our customers.

Chairman *Cheng-Chiu Tsai*







## Company Profile

Cathay Century Insurance was established in 1993 and became a member of Cathay Financial Holdings in 2002. By leveraging Group resources and providing customers with a full range of financial services, we have secured our position as the second largest non-life insurer in Taiwan since 2007. We are also focused on expanding our business into foreign markets and established Cathay Insurance (China) and Cathay Insurance (Vietnam) in 2008 and 2010, respectively. In 2015, Cathay Insurance (China) increased its capital by cooperating with Ant Financial Services Group, an affiliate company of the Alibaba Group, in the development of e-commerce financial services. In keeping with the tenets of "equal emphasis on quality and quantity, steadfast and dependable" management, Cathay Century delivered outstanding business performance that was not only rated as "twAA+" by Taiwan Ratings, "A-" by S&P, and "A2" by Moody's, but furthermore enabled us to win numerous domestic awards, including the "Reader's Digest Trusted Brand Award", "Insurance Talent Award", and "Golden Torch Award", among others. We also received many internationally acclaimed honors, including the "International Business Premium Award" and the "Asia-Pacific Stevie Award". We were also named the "Best Non-life Insurance Company in Taiwan" by renowned British finance publication World Finance magazine.

These achievements are the best testament to our recognition by the people in Taiwan as the most recommended non-life insurer, and our success as a first-rate non-life insurer in Asia.

No. of employees	2,121
Average age	38.7
Average years of service	9.5



Cathay Century held the business unit executives meeting and excellence awards ceremony



# Cathay Century Insurance Co., Ltd.

## Board of Directors, Independent Directors, Supervisors and Key Managers

	Name	Major Current/Past Position and Education	
Directors	Cheng-Chiu Tsai	Chairman, Cathay Century Insurance (M.A., Keio University, Japan)	
	J.H. Hsu	Vice Chairman, Cathay Century Insurance (M.A., National Chengchi University)	
	K.C. Tsai	Chairman, Central Construction Co., Ltd. (College)	
	Chu-Yao Lu	President, Wen Yi Investment Co., Ltd. (Shih Hsin University)	
	Tsung-Hsien Tsai	Director, Cathay United Bank (M.S., Electrical Engineering, Harvard University, USA)	
	Chih-I Yu	Chairman, Tung Chi Capital Co., Ltd. (National Taiwan University)	
	Wan-Hsiang Chen	President, Cathay Century Insurance (M.A., National Tsing Hua University)	
	Name	Major Current/Past Position and Education	
Independent Directors	Tsing-Yuan Hwang	Director, Hon Hai Precision Industry Co., Ltd./Former Executive Officer & Head of Asia & Oceania, Daiwa Securities SMBC Co., Ltd., Former Director, First Financial Holdings (Ph.D. Candidate, Business Graduate School, Nihon University, Japan)	
	Feng-Chiang Miao	Chairman, MiTAC Holdings Corporation (M.B.A., Santa Clara University, USA, B.A. in Electrical Engineering, UC Berkeley, USA)	
	Name	Major Current/Past Position and Education	
Supervisors	Jinn-Shing Leou	Director, Cathay Securities (M.S., University of Iowa, USA)	
	Tzo-Shing Hsu	Supervisor, Cathay Life Insurance (M.A., Southern Methodist University, USA)	
	Position	Name	Education
Executive Officer	Chairman	Cheng-Chiu Tsai	M.A., Keio University, Japan
	Position	Name	Education
Key Managers	President	Wan-Hsiang Chen	M.A., National Tsing Hua University
	Division Head	Yi-Ming Hu	M.B.A., Peking University
	Senior Executive Vice President	Pin-Yao Lin	E.M.B.A., National Chengchi University
	Chief Auditor	Jin-Chou Chen	M.B.A., Peking University
	Senior Executive Vice President	Chia-Yuan Hsu	E.M.B.A., National Chengchi University

Data Record Date: May 28, 2019

## Business Scope

All types of non-life insurance (including motor, fire, marine, engineering, health, accident, and other liability and property) and related business.



Cathay Century received awards in the 2018 Excellence Insurance Rating hosted by Excellence magazine.



## 2018 Revenue Breakdown

Unit: Million USD

Item	Amount	% of Total
Retained earned premium income	562.96	93.62
Reinsurance commission income	17.52	2.91
Fee income	1.41	0.24
Net investment gain (loss)	19.45	3.23
Total income	601.34	100.00

(NTD/USD: 30.55/1)



Cathay Century received the Reader's Digest Trusted Brand Award.

## 2019 Business Plan

### Business

1. Continue to promote digital transformation of individual insurance, and accelerate the introduction of new business.
2. Continue to enhance competency in business-specific commercial insurance, reinforce efforts to increase the sales of commercial insurance, and promote balanced development of insurance policies.
3. Expand the diversity of insurance brokerage channels and increase their production capacity, and continue to adjust the organizational quality and business structure of insurance agents.
4. Focus on the development of online insurance platforms, actively develop third-party online insurance services, and quickly respond to market demands by developing innovative online products and services.
5. Continue to strengthen the introduction and management of high-quality insurance businesses, improve the combined ratio of all types of insurance, and increase the profits of our main business activities.

### Insurance Services

1. Focus on the diagnosis and planning of service quality for various contact points, increase customer satisfaction with claims services, and pay attention to claims service evaluation results.
2. Refine operating processes, integrate electronic and mobile data application, and improve management and human resource efficiency.

3. Refine digital platform marketing and service functions of various tools, and strengthen the development of digital customers.
4. Continue to organize damage control service activities (e.g., fire prevention safety and risk control), which maximize product value added, thereby deepening customers' identification with the brand.
5. Continue to develop business plans with due consideration to Environmental, Social and Governance (ESG) issues, and promote corporate sustainability development.

### Risk Management and Financial Investment

1. Improve business infrastructure and optimize internal control and legal systems to meet increasingly stringent regulatory requirements and recommendations in the pursuit of corporate sustainability.
2. Maintain risk-based capital at the most suitable level, strengthen financial risk structure, ensure favorable solvency, and properly arrange reinsurance agreements to increase reinsurance capacity and mitigate risks associated with new business activities.
3. Continue to refine risk quantification technologies and improve risk management mechanisms to strengthen risk monitoring functions for each operating process.
4. Calculate reasonable product pricing, avoid price competition and ensure stronger business structure as well as stable underwriting profits.
5. Monitor international political and economic trends, flexibly adjust investment strategies, ensure optimal resource allocation, properly utilize capital funds, and improve investment performance.

### International Business Management

1. Integrate the overseas resources of the financial holdings Group, continue to assess opportunities for overseas strategic investment, engage in overseas expansion through equity participation/cooperation, and strive toward the goal of becoming the leading financial institution in the Asia Pacific region.
2. Constantly cultivate the Vietnamese market, expand local business teams and organizations, and ensure stable source of profits.
3. Partner with Ant Financial Services Group to develop the China market and collectively explore e-commerce finance.
4. Develop offshore insurance units (OIUs), exploit business opportunities in international risk management, and expand property insurance and reinsurance business scale.
5. Actively foster and solicit international professional talent and implement internationalization and localization of talent.

## 2019 Operational Targets

Primary Item	Targets
Premium income	US\$753 million

(NTD/USD: 30.55/1)

## Overview of Subsidiaries

# Cathay Securities Corporation

## Message from the Chairman

In 2018, the global stock market performed poorly in general due to the impact of the U.S.-China trade war, slowing global economic growth, and political instability in the U.S. Although the U.S. government introduced tax reduction and employment generating policies, the Dow Jones and S&P 500 indexes both declined by 5.6% and 6.2%, respectively. Shenzhen and Shanghai's stock exchanges declines were the highest in the world, declining by 33.2% and 24.6%, respectively, whereas JPX and Korea Stock Exchange declined in the range of 10% to 20%, at 12.1% and 17.3%, respectively. Brazil, India, New Zealand, and Argentina were the only global markets to rise against the trend.

Taiwan's stock market hit a record-high in October 2018, marking the longest period in history in which the TAIEX remained at more than 10,000 points. Average daily trading volume rallied to NT\$165.3 billion but fell 8.6% throughout the year due to the crash of the U.S. stock market in October. The retail trading ratio dropped slightly to 63.4%. Compared with the secondary market, the primary Taiwan stock market slowly recovered, with the number and amount of IPOs increasing compared to the past two years.

Cathay Securities' profit reached almost US\$982 million in 2018, a decline of 25% from 2017. Our full-year pre-tax net profit was US\$18.43 million; after-tax profit amounted to US\$15.09 million, up 68% from 2017; EPS was NT\$0.81; and ROE was 6.16%, the second highest in our history. In terms of the brokerage business, Cathay Securities' market share grew by 1.90% and at a steady pace. Compared with previous years, 2018 saw a considerable increase in the number of customers who utilized our online account opening, stock selection, post-transaction services, and other digital business services. Concerning the sub-brokerage business in international finance, transactions amounted to US\$137.91 billion in 2018, up 9% from 2017, placing us firmly in the lead within the industry. Regarding the warrant issuing business, we were rated as a Class A warrant issuer. In addition to a strong performance in our business, Cathay Securities also received multiple awards for business management, transaction services, corporate social responsibility, and talent development, including 12 other awards in 2018 from internationally acclaimed agencies such as Asiamoney, BusinessNext, TTQS of the Ministry of Labor, and the Taiwan Stock Exchange.

Looking forward to 2019, despite slowing growth, the global economy will still show modest growth as a result of a transition to accommodative monetary policies by central banks throughout the globe. The profitability of U.S. companies is declining. It is estimated that U.S. economic growth will slow down in 2019, and that the U.S. stock market will fluctuate. The European Central Bank announced that it would halt the effort of quantitative easing and keep interest rates unchanged before the summer of 2019. However, an interest hike in the second half of the year is unlikely under a conservative economic outlook. China's economy has already slowed down, exerting a weaker influence on the global economy due to the double impact of the trade war and ebbing domestic demand. However, as mentioned above, a hard landing is unlikely because of numerous global policies (monetary/financial). Taiwan's economy is affected by the uncertainties of the U.S.-China trade war negotiations, China's economic slowdown, and weak consumer electronics demand, all of which are not conducive to Taiwan's exports. The economic growth for Taiwan is estimated to be 2.12%. Regarding capital market policy, the capital markets in Taiwan will be more active thanks to the granting of permission to securities firms for the issuance of exchange-traded notes (ETNs) and Taiwan exchange-traded funds (ETFs).

In 2019, Cathay Securities will focus its development strategies toward businesses in niche markets. With the aim to expand our customer base, provide a complete line of domestic and foreign investment products, and strengthen all of our business platforms, Cathay Securities will continue to uphold the core values of "Integrity, Accountability and Innovation", improve its business performance without undermining risk management, and effectively fulfill its roles and functions as the securities manager of Cathay FHC to maximize benefits for our shareholders.

Chairman *Shun-Yu Chuang*



## Company Profile

Cathay Securities Corporation is a member of Cathay Financial Holdings. We have paid-in-capital of US\$186 million, 656 employees and an operational network composed of a head office, 11 branches, two subsidiaries - Cathay Futures and Cathay Securities (Hong Kong) - and 27 cross-marketing securities offices in bank branches. Our businesses cover brokerage, underwriting, proprietary trading, issuance of financial derivatives, discretionary investment, and international financing.

In 2019, we will focus on the following business operations: In terms of our brokerage business, we will build a fully digital platform that is linked to other platforms to facilitate the strengthening of online service experience and expansion of our brokerage business. We will also integrate ordering and service requirements to build a one-stop service center that offers more services to customers; develop a diverse range of products, including sub-brokerage, OSU, wealth management trust, loans for any purpose, and regular contribution investment plans, to satisfy the diverse needs of our investors and increase the sources of our income; and continue to improve service quality for corporate customers, as well as provide customized and differentiated platforms for increased customer loyalty. Regarding the financial product business, we will choose warrant targets prudently and seek maximum benefits on the premise that risk is controlled. In terms of the proprietary trading business, Cathay Securities will extend our core arbitrage technologies in

developing multiple markets, products, and product modules to enhance operational efficiency. With regards to our underwriting business, we will complete our cross-selling platform within the Group, expand the networks of Cathay Securities, and cooperate with the Group's overseas expansion strategies to develop international underwriting business.

Looking to the future, we will continue to uphold the core values of the Group that embrace the corporate spirit of "Integrity, Accountability and Innovation", prudently promote various businesses, and create greater benefits for our investors, employees, and shareholders.

No. of employees	656
Average age	40.97
Average years of service	5.15



Cathay Securities cooperated with Taipei Exchange and Maybank Kim Eng in hosting the "Taiwan Enterprise Day" discussion forums in Singapore and Kuala Lumpur.



Cathay Securities 2018 Mother's Day Charity Sale



# Cathay Securities Corporation

## Board of Directors, Independent Directors, Supervisors and Key Managers

	Name	Major Current/Past Position and Education	
Directors	Shun-Yu Chuang	Chairman and former President, Cathay Securities Corporation (M.B.A., Massachusetts Institute of Technology, USA)	
	Chang-Ken Lee	President, Cathay Financial Holdings/Former President, Cathay United Bank (M.B.A., University of Pennsylvania, USA)	
	Jinn-Shing Leou	Former Chief Auditor, Cathay Financial Holdings (M.S., University of Iowa, USA)	
	Guan-Cheng Chou	President, Cathay Securities Corporation; former President, Cathay Securities Investment Consulting (E.M.B.A., Tsinghua University, China; M.B.A., University of Dallas, USA)	
	Name	Major Current/Past Position and Education	
Independent Directors	Feng-Chiang Miao	Chairman, MiTAC Holdings Corporation (M.B.A., Santa Clara University, USA; B.A. in Electrical Engineering, UC Berkeley, USA)	
	Tina Pan	Chairman, Modern Women’s Foundation (Ph.D. in Political Science, National Taiwan Normal University)	
	Name	Major Current/Past Position and Education	
Supervisors	Wan-Chie Ma	President, Cathay Century Insurance (M.A., Mathematics, Tamkang University)	
	Po-Sheng Fu	Executive VP, Cathay United Bank (M.A., Victoria University of Wellington, New Zealand)	
	Position	Name	Education
Executive Officer	Chairman	Shun-Yu Chuang	M.B.A., Massachusetts Institute of Technology, USA
	Position	Name	Education
Key Managers	President	Guan-Cheng Chou	E.M.B.A., Tsinghua University, China; M.B.A., University of Texas at Dallas, USA
	Senior Executive Vice President	Chung-Sheng Chen	M.A., Southern New Hampshire University
	Senior Executive Vice President	Xiu-Ling Hsu	National Taipei University of Business
	Senior Executive Vice President	Yu-Mei Li	B.S., National Chung Hsing University
	Senior Executive Vice President	Wan-Chin Chen	Ph.D., Xiamen University

Data Record Date: May 28, 2019

## Business Scope

- Securities underwriting
- Dealing of securities on central exchange
- Brokerage trading of securities on central exchange
- Dealing of over-the-counter securities
- Brokerage trading of over-the-counter securities
- Margin financing and stock lending
- Registrar and transfer services
- Securities lending (except for book-entry central government bonds)
- Wealth management - financial products advisory or sales services
- Wealth management - asset allocation by using trust approach
- Brokerage trading of foreign securities - sub-broker
- Introducing futures brokering
- Futures business
- Securities-based loans
- Loans for any business purpose
- Mandated discretionary investment
- International securities business
- Money trust, securities trust, non-discretionary individually managed trust, and individually managed trust in which the scope or method for the allocation of the trust fund is designated by the trustor.
- Other securities-related businesses approved by the regulator.



## 2019 Business Plan

1. Build a completely digital platform to attract customers, commit to the development of digital business models, and expand competitive advantages.
2. Provide integrated services encompassing high-quality products, platforms, and activities for domestic and foreign institutional clients.
3. Promote internal/external strategic cooperation and build a cross-border sub-brokerage team to sustain business growth.
4. Develop a diverse range of products and services based on customer needs to increase our source of income.
5. Properly use core technologies to develop a diverse range of products, markets, and product modules for improving operational performance.
6. Leverage Group resources, promote cross-selling in the underwriting business, solicit large representative cases, and develop international underwriting businesses.
7. Implement legal compliance as a means of stronger risk management.



Cathay Securities received the National Brand Yushan Award Recognized as "Most Popular Brand".

## 2019 Operational Targets

Primary Item	Goals
Primary Item	Targets
Market share of Taiwan stocks	2.09%
Sub-brokerage ranking	Number 1
Number of warrants issued	1,800



Cathay Securities held the 2019 Global Trends Visionary Forum.



Inauguration of the Cathay Securities Zhongxiao Branch.



Cathay Securities Corporation organized Christmas celebrations

## Overview of Subsidiaries

# Cathay Securities Investment Trust Co., Ltd.

## Message from the Chairman

U.S.-China trade friction, U.S. political instability, and the U.S. Federal Reserve's interest rate hikes caused the global stock market to fluctuate in 2018, particularly in the fourth quarter, which negated the hard work over the year of many people. In 2018, the Fed completed a fourth interest hike, taking the Fed funds rate to 2.25-2.50%. However, in 2019, the pace of interest hikes will slow down, while the three major risks—the escalation of the U.S.-China trade war, interest hikes and inflation, and excessively strong USD—will still continue to influence the global investment market. Market volatility is expected to increase, and investment strategies in 2019 will prioritize diversified asset allocation and risk dispersion. Cathay SITE will also continue to introduce products that are in line with market trends.

Cathay SITE still delivered an impressive performance in 2018 despite the headwinds in the market. Since 2015, we have been committed to developing ETF products and we issued 25 ETFs within three years. The total scale exceeded NT\$100 billion at the end of 2018, reaching NT\$111.3 billion, representing 237% growth throughout the year, and allowing us to achieve the second largest ETF scale in the industry. Our product lines include single country funds, leveraged and inverse funds, smart beta funds, and fixed income funds to continuously meet the diverse financial needs of our investors. In June 2018, we were the first among our industry peers to introduce the first themed fund in line with the global trends of AI and robotic technologies—the Cathay AI+Robo ETF (00737), which has achieved outstanding sales performance.

Cathay SITE established a subsidiary, Cathay Private Equity Corporation, which commenced operations in 2018 to engage in private equity fund transactions. The year has been a fruitful one. In the future, we will continue to promote the development of our new private equity fund (PE Fund) business.

Going forward, the government has permitted the establishment of ETF businesses, leading to a growth in both stock and bond ETFs, and providing investors with more investment options. Nevertheless, we will continue to work towards encouraging small investors to participate in systematic investment plans and ETF investments. Because Taiwanese citizens are increasingly aware of the need to plan and manage their finance for retirement, we will also continue to introduce retirement-related services and products with the hope of helping investors to save money as early as possible for their future retirement.

Embracing the Year of the Pig, Cathay SITE believes that growth of GDP in various countries will slow down in the first half of 2019 and that the global economy will have a soft landing in the second half of 2019. Furthermore, because the stock market will have an initial decline followed by a recovery, assets should be diversified and dynamically allocated across stocks, bonds, funds, ETFs, and other types of assets, and across a variety of regions and currencies. Cathay SITE will aim to achieve diverse asset allocation and provide investors with a wide range of investment instruments in line with their retirement plans and AI market trends.

Chairman *Jeff Chang*





## Company Profile

Cathay Securities Investment Trust ("Cathay SITE") was established in February 2000 and became a wholly-owned subsidiary of Cathay Financial Holdings in June 2011. We have paid-in capital of US\$46 million, 278 employees, and a business network composed of our Taipei Head Office and Hsinchu, Taichung and Kaohsiung Branches. We also entered into a joint venture in China, CDBS Cathay Asset Management, with China Development Bank Securities, a subsidiary of China Development Bank.

As of the end of 2018, total funds under the management of Cathay SITE amounted to US\$7.435 billion, and the scale of ETFs (which is rapidly growing) was US\$3.644 billion, representing almost half of the funds we manage. The total assets under the discretionary management of Cathay SITE amounted to US\$20.788 billion, placing us firmly as the largest in Taiwan's investment trust industry. The scale of our ETFs place us as the second largest.

In the past three years, Cathay SITE has committed to promoting ETF products, issuing 25 ETFs as of the end of 2018. Our ETF scale accounted for 49% of our total managed funds. The scale of our ETFs grew 237% from the beginning of 2018.

In 2018, Cathay SITE continued to win important industry recognitions, receiving a total of 11 awards both at home and abroad. These included Asia Asset Management's "Best Institutional House" and the "Best New ETF in Taiwan Award"; and BENCHMARK's "Mutual Fund Capability Awards - Outstanding Achiever in Risk Management" and "ETF Capability Awards - Outstanding Achiever in ETF Product Innovation".

Our PE Fund is a new business that was launched in 2018. Our business development in the next year will be focused on continuing to promote our PE Fund business so that it grows collectively with our mutual funds, ETFs, discretionary investments, and PE funds managed consigned to Cathay SITE, as well as improving our performance. Given the impact of big data, artificial intelligence, and blockchain technologies on the transformation of the financial industry, Cathay SITE will also endeavor to develop new FinTech applications that will satisfy the ever-changing investment needs of investors. We will take this opportunity to strengthen our competitiveness in the market and become a "leading financial institution in the Asia-Pacific region", in hopes of becoming a pioneer of FinTech applications that will create an ecosystem of smart financial services.

No. of employees 278

Average age 41.5

Average years of service 7.5



Cathay SITE's 2019 Global Economic Prospect and AI Trend Forum.



Cathay SITE's Cathay AI+Robo ETF, Cathay Korea/Taiwan IT Premier ETF, and Cathay FTSE Emerging Markets ETF were officially listed on the stock exchange on June 11.

# Cathay Securities Investment Trust Co., Ltd.

## Board of Directors, Supervisors, and Key Managers

	Name	Major Current/Past Position and Education	
Directors	Jeff Chang	Chairman, Cathay Securities Investment Trust (M.S., National Cheng Kung University)	
	Woody E. Bradford	Chairman and Chief Executive Officer, Conning (B.S., Worcester Polytechnic Institute and M.B.A. Harvard University, USA)	
	Bo Kratz	Chief Executive Officer, Asia Pacific, Conning (M.B.A., Warwick University, U.K.)	
	Andy Chang	President, Cathay Securities Investment Trust (M.B.A., National Central University)	
	Hui-Chung Wu	Senior Executive VP, Cathay Securities Investment Trust (M.B.A., National Chengchi University)	
	Solon Huang	Senior Executive VP, Cathay Securities Investment Trust (M.B.A., National Taiwan University)	
	Yi-Tsung Wang	Senior Executive VP, Cathay Life Insurance (M.B.A., Massachusetts Institute of Technology, USA)	
	Name	Education	
Supervisors	Rui-Hong Hong	Manager of Accounting Department, Financial Division, Cathay Financial Holdings (Soochow University)	
	Position	Name	Education
Executive Officer	Chairman	Jeff Chang	M.S., National Cheng Kung University
	Position	Name	Education
Key Managers	President	Andy Chang	M.B.A., National Central University
	Senior Executive Vice President	Solon Huang	M.B.A., National Taiwan University
	Senior Executive Vice President	Y. H. Chang	B.A., Tunghai University
	Senior Executive Vice President	Hui-Chung Wu	E.M.B.A., National Chengchi University
	Senior Executive Vice President	Jessica Yueh	M.B.A., University of South Australia, Australia

Data Record Date: May 28, 2019



Cathay SITE received the 3rd BENCHMARK Fund of the Year Award - Taiwan



Cathay SITE launched the CSIT China Umbrella Fund.



## Business Scope

1. Securities investment trust business.
2. Discretionary investment business.
3. Securities investment consultant business.
4. Futures trust business.
5. Other business approved by the Financial Supervisory Commission.

## 2019 Business Plan

1. Maintain leading status in asset management, remain the largest asset manager in the investment trust industry, and become the second largest mutual fund manager in the industry.
2. Collectively develop mutual funds, ETFs, discretionary investments, and PE Funds entrusted to Cathay SITE, and improve performance.
3. Become the best asset manager in the Asia-Pacific region.
4. Integrate the global asset management resources of Cathay Group and expand our international perspective.
5. Promote FinTech innovation and applications.

## 2019 Operational Targets

Primary Item	Targets
Assets	US\$22.34 billion

(NTD/USD: 30.55/1)



Cathay SITE launched the CSIT Trend ETF Umbrella Fund.



Cathay SITE won the 2018 Financial Information Award.



Cathay SITE launched the FTSE Chinese Government and Policy Bank Bond 0-1Year Select ETF.



## Overview of Subsidiaries

## Cathay Venture Inc.



## Company Profile

Cathay Venture's main business is investing in unlisted companies with growth potential, and assisting in the development of these companies for the purpose of maximizing return on investment.

## Business Scope

Venture capital business

## Directors and Supervisors

Position	Name	Major Current/Past Position and Education
Chairman	Jen-Ho Chang	Chairman, Ally Logistic Property (M.Sc., Warwick University, UK)
Directors	Sophia Cheng	Chief Investment Officer, Cathay Financial Holdings (M.S., Golden Gate University, USA)
Directors	Yi-Fang Tsai	Executive VP, Cathay Life Insurance (M.B.A., University of Illinois, USA)
Directors	Shih-Chiao Lin	Senior VP, Cathay Life Insurance (M.A., National Taiwan University)
Directors	Chuan-Yen Hu	President, Cathay Venture (M.A., University of Wisconsin, USA)
Supervisors	Shun-Yu Chuang	Chairman, Cathay Securities Corporation (M.B.A., Massachusetts Institute of Technology, USA)

## Chief Executive Officer and Key Managers

Position	Name	Education
Chairman	Jen-Ho Chang	M.Sc., Warwick University, UK
President	Chuan-Yen Hu	M.B.A., University of Wisconsin, USA

Data Record Date: May 28, 2019





## 2018 Revenue Breakdown

Item	Amount	% of Total
Income from sale of financial assets	0.51	7
Investment income	6.82	90
Other income	0.21	3
Total	7.55	100.00

(Unit: Million USD, NTD/USD: 30.55 /1)

## Investment themes in 2019

1. Develop FinTech business.
2. Increase investments in biotechnology and healthcare services.
3. Continue to develop excellent projects.

# Overseas Branches and Offices

## Cathay Life

### Cathay Lujiazui Life Insurance Co., Ltd. Shanghai Headquarters

Address: 19F, Building B, Room 1104, 11F, Buiding A, Oriental Financial Square, 1168 Century Boulevard, Pudong New Area, Shanghai, PRC  
ZIP: 200122  
Tel: 86-021-61006168 (main line)  
Fax: 86-021-61001682  
Website: www.cathaylife.cn

### Cathay Lujiazui Life Insurance Co., Ltd., Jiangsu Branch

Address: 5F, Yinlun International, 177 Guang Zhou Rd., Gulou Dist., Nanjing City, Jiangsu Province, PRC  
ZIP: 210024  
Tel: 86-025-83718688 (main line)  
Fax: 86-025-83197171

### Cathay Lujiazui Life Insurance Co., Ltd., Zhejiang Branch

Address: No. 260-266, Taipingmen Zhijie, Jiang Gan Dist., Hangzhou, Zhejiang Province, PRC  
ZIP: 310020  
Tel: 86-0571-28039899 (main line)  
Fax: 86-0571-28033189

### Cathay Lujiazui Life Insurance Co., Ltd., Fujian Branch

Address: Room 03.05-06, Floor 24, Fu Cheng Sheng Qian Long Square, No. 70, Zhenwu Road, Ninghua Street, Taijiang District, Fuzhou, Fujian Province, PRC  
ZIP: 350003  
Tel: 86-0591-87401668 (main line)  
Fax: 86-0591-87824373

### Cathay Lujiazui Life Insurance Co., Ltd., Beijing Branch

Address: 4F, Jiahe Guoxing Building, No. 15, Baiqiao Boulevard, Dongcheng District, Beijing, PRC  
ZIP: 100062  
Tel: 86-010-59620678 (main line)  
Fax: 86-010-59620988

### Cathay Lujiazui Life Insurance Co., Ltd. Shandong Branch

Address: 19F, West Tower, Golden Dragon Building, No. 229, Luoyuan Street, Jinan, Shandong Province, PRC  
ZIP: 250012  
Tel: 86-0531-86931688 (main line)  
Fax: 86-0531-81671168

### Cathay Lujiazui Life Insurance Co., Ltd. Guangdong Branch

Address: Rooms 901 and 904, Jiantao Plaza, No. 18, Huacheng Avenue, Pearl River New Town, Tianhe District, Guangzhou, Guangdong Province, PRC  
ZIP: 510627  
Tel: 86-020-83545288 (main line)  
Fax: 86-020-83553571

### Cathay Lujiazui Life Insurance Co., Ltd. Liaoning Branch

Address: Unit 1101-03, 11F, Tower 1, Xindi Center, No. 10, Youhao Street, Shenhe District, Shenyang, Liaoning, China  
ZIP: 110013  
Tel: 86-024-22566866 (main line)  
Fax: 86-024-22566766

### Cathay Lujiazui Life Insurance Co., Ltd. Tianjin Branch

Address: Nos. 201, 202, 203, & 204, Towers 1 & 2 and 11F, Building B1, Tower 2, Emperor Place, No. 85, Nanjing Road, Heping District, Tianjin, China  
ZIP: 300040  
Tel: 86-022-58366900  
Fax: 86-022-58366909

### Cathay Lujiazui Life Insurance Co., Ltd. Xiamen Branch

Address: Unit 1803B-09, Bank Center, No. 189, Xia He Road, Si Ming District, Xiamen, Fujian, PRC  
ZIP: 361001  
Tel: 86-0592-2276136  
Fax: 86-0592-2276135

### Cathay Lujiazui Life Insurance Co., Ltd. Sichuan Branch

Address: Room 1201-1203, Bai Yang Building, No.18 Dong Yu Street, Jinjiang District, Chengdu, Sichuan Province, PRC  
ZIP: 610020  
Tel: 86-028-84726251

### Cathay Lujiazui Life Insurance Co., Ltd. Henan Branch (opened on January 2019)

Address: Rooms 2601-2607, 26F, No. 13, CBD, Zhengzhou Area (Zhengdong), Pilot Free Trade Zone, Henan Province, PRC  
ZIP: 450000  
Tel: 0371-55998759  
Fax: 0371-55998896

### Beijing Representative Office

Address: Unit 02, 6F, Building B, Parkview Green Building, No. 9, Dongdaqiao Road, Chaoyang District, Beijing, PRC  
ZIP: 100020  
Tel: 86-010-83913425  
Fax: 86-010-83913427

### Hong Kong Representative Office

Address: 10F, Lee Garden Three, No. 1, Sunning Road, Causeway Bay, Hong Kong  
Tel: 852-2877-5488 ext123  
Fax: 852-2527-0966

### Tokyo Office

Address: 7F, Cosmo Shinjuku-Gyoen Bldg., 1-1-7, Shinjuku, Shinjuku-ku, Tokyo, Japan  
Tel: 81-3-5357-7711  
Fax: 81-3-6709-8898

### Cathay Life Insurance (Vietnam) Co., Ltd. (Ho Chi Minh City Head Office)

Address: The World Center Building 9<sup>th</sup> floor, 46-48-50 Pham Hong Thai Street, District 1, Ho Chi Minh City, Vietnam  
Tel: 84-28-6255 6699  
Fax: 84-28-6255 6399  
Website: www.cathaylife.com.vn

### Cathay Life Insurance (Vietnam) Co., Ltd., Ho Chi Minh City Branch

Address: Norch Building 7-8<sup>th</sup> floor, 170-170 Bis-172E Bui Thi Xuan Street, District 1, Ho Chi Minh City, Vietnam  
Tel: 84-28-6255 6389  
Fax: 84-28-6255 6398

### Cathay Life Insurance (Vietnam) Co., Ltd., Ha Noi Branch

Address: 167 Bui Thi Xuan Street, Hai Ba Trung District, Ha Noi City, Vietnam  
Tel: 84-24-6278 7888  
Fax: 84-24-6278 7887

### Cathay Life Insurance (Vietnam) Co., Ltd., Da Nang Branch

Address: 6<sup>th</sup> floor, Sacombank Building, 130-132 Bach Dang Street, Hai Chau District, Da Nang City, Vietnam  
Tel: 84-236-6252 888  
Fax: 84-236-6253 288

### Cathay Life Insurance (Vietnam) Co., Ltd., Can Tho Branch

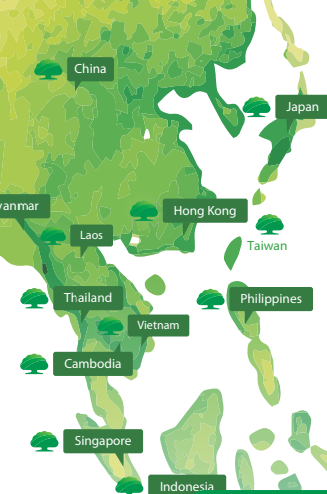
Address: 2-5-6<sup>th</sup>, STS Building, 11B Hoa Binh Street, Ninh Kieu District, Can Tho City, Vietnam  
Tel: 84-292-625 1999  
Fax: 84-292-620 0160

### Cathay Life Insurance (Vietnam) Co., Ltd., Dong Nai Branch

Address: 42C Nguyen Ai Quoc, Tan Tien Ward, Bien Hoa, Dong Nai Province, Vietnam  
Tel: 84-251-629 3558  
Fax: 84-251-629 2575

### Cathay Life Insurance (Vietnam) Co., Ltd., Hai Phong Branch

Address: 4-5<sup>th</sup> floor Sacombank Building, 62- 64 Ton Duc Thang Street, Le Chan District, Hai Phong City, Vietnam  
Tel: 84-225-625 5160  
Fax: 84-225-625 5150



## Cathay United Bank

### Hong Kong Branch

Address: 10F, Lee Garden Three, No. 1, Sunning Road, Causeway Bay, Hong Kong  
Tel: 852-2877-5488  
Fax: 852-2527-0966

### Singapore Branch

Address: 8 Marina Boulevard #13-03 Marina Bay Financial Centre Tower 1 Singapore 018981  
Tel: 65-6593-9280  
Fax: 65-6509-8172

### Chu Lai Branch

Address: 4F, No.121, Hung Vuong Street, Tam Ky City, Quang Nam Province, Vietnam  
Tel: 84-235-3813035~42  
Fax: 84-235-3813043~44

### Vientiane Capital Branch

Address: No. 40, Tut Mai Rd., Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR  
Tel: 856-21-255688  
Fax: 856-21-255686

### Manila Branch

Address: Unit 1, 15/F, Tower 6789, No.6789, Ayala Avenue, Makati City, Metro Manila, Philippines, 1226.  
Tel: 63-2-751-1161  
Fax: 63-2-751-1163

### Labuan Branch

Address: Level 3(C), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000, Labuan F. T., Malaysia  
Tel: 60-87-452168  
Fax: 60-87-453678

### Kuala Lumpur Marketing Office

Address: Lot 13A, 13<sup>th</sup> Floor, UBN Tower, 10, Jalan P. Ramlee, 50250, Kuala Lumpur, Malaysia  
Tel: 60-3-2070-6729  
Fax: 60-3-2078-9057

### Bangkok Representative Office

Address: 13 Fl. Sathorn City Tower 175, South Sathorn Rd. Tungmahamek, Sathorn Bangkok 10120, Thailand  
Tel: 66-2-679-5316~7  
Fax: 66-2-679-5318

### Hanoi Representative Office

Address: 7F, 88 Hai Ba Trung Street, Hoan Kiem District, Hanoi, Vietnam  
Tel: 84-24-3936-6566  
Fax: 84-24-3936-6568

### HCMC Representative Office

Address: 5F, 46-48 Pham Hong Thai Street, District 1, HCMC, Vietnam  
Tel: 84-28-3825-8761~63  
Fax: 84-28-3825-8700

### Myanmar Representative Office

Address: #503, Strand Square, Level 5, No. 53, Strand Road, Pabedan Township, Yangon, Republic of the Union of Myanmar  
Tel: 95-1-230-7397  
Fax: 95-1-230-7370

### Jakarta Representative Office

Address: Mayapada Tower 18-03 Jl. Jend. Sudirman Kav.28 Jakarta 12920  
Tel: 62-21-2951-8572  
Fax: 62-21-2951-8573

### Cathay United Bank (Cambodia) Corporation Limited

Address: No. 68 Samdech Pan Street (St. 214) Khan Daun Penh, Phnom Penh Kingdom of Cambodia  
Tel: 855-2321-1211  
Fax: 855-2321-2121

### Cathay United Bank (China) Co., Ltd.

Address: 25F, Azia Center, No. 1233, Lujiazui Ring Road, Pudong New Area, Shanghai, PRC  
Tel: 86-21-6886-3785  
Fax: 86-21-6886-3787



## Cathay Century

### Cathay Insurance Co., Ltd.-(Ho Chi Minh City Headquarters, Vietnam)

Address: 6F, 46-48-50 Pham Hong Thai Str., District 1, Ho Chi Minh City, Vietnam  
Tel:84-28-62888385  
Fax:84-28-62909890

### Cathay Insurance Co., Ltd. (Vietnam) Hanoi Branch

Address: 16F, Ngoc Khanh Plaza No.1, Pham Huy Thong Str., Ba Dinh Dist., Hanoi, Vietnam  
Tel:84-24-63252333  
Fax:84-24-62782922



# The Year in Review 2018

2018

## January

- Cathay Life held the 2018 Top Sales Summit.

## February

- Cathay SITE listed Cathay BBB Corporate 10Y+ETF (00725B), Cathay EM Investment Grade 5Y+ ETF (00726B), and Cathay High Yield 1-5Y ETF (00727B) on February 7. Dividends for all three ETFs are paid on a quarterly basis.
- Cathay United Bank upgraded its Ruihu Branch into a solar-powered branch in support of the government's green energy policy and officially commenced the operation of this solar-powered branch.

## March

- Cathay United Bank card supporting Garmin Pay was officially launched on 3/6/2018.
- Cathay Century launched the AI Claims Service, which will be applied to injury insurance policy first and then to health insurance and vehicle insurance policies.
- Cathay Century joined forces with Eva Air to offer flight delay claims service that transfers claims directly into customer's bank account.
- Cathay Century is the first to introduce a LINE service platform that allows policy holders to inquire about and make changes to their insurance policies.
- Cathay Century cooperated with the Tainan City Government Police Bureau to promote the Accident-Free Riders initiative on campus and penetrate Southern Taiwan with VR technologies.
- Cathay Century became the first life insurance company to adopt on its own initiative the Principles of Sustainable Insurance (PSI).
- Cathay Securities helped United Advertising (8497), a leading advertising company in Taiwan, to list its stock on the stock exchange at NT\$46 per share on March 23. The company became the first publicly listed advertising group in Taiwan.

## April

- Cathay SITE established the Cathay Senior Secured High Yield Bond Fund, which is a next-generation high yield bond fund that invests primarily in senior secured and collateralized debt.
- Cathay United Bank debit card supporting Apple Pay was officially launched on 4/26/2018.

## May

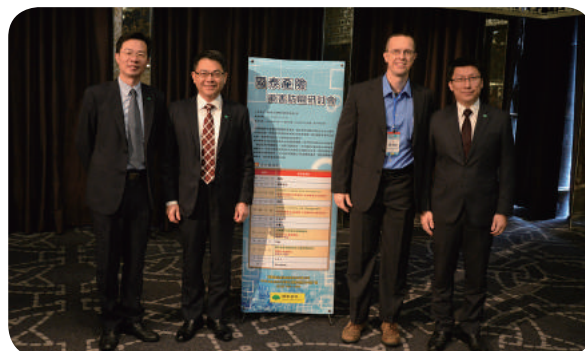
- Cathay Life established the Treating Clients Fairly Committee.
- Cathay Century Insurance hosted the "Cathay Century Insurance Loss Prevention Forum" to discuss corporate liabilities and legal risks.
- Cathay Century's Accident-free Riders seminar was held in Lanyu. In the seminar, VR technology was used to simulate road conditions and help the audience establish the correct road safety concepts.
- Cathay Life convened the 2018 Melbourne Summit.
- The 2018 Cathay Customers Children's Scholarship Program lot drawing ceremony was held.
- Cathay Securities officially launched the modified version of its Stock Lottery App, which helps investors to immediately acquire key information on IPO and SPO subscription.
- Cathay Securities organized the official listing of CAS Well(6416), a leading Taiwanese company that specializes in industrial network security equipment.
- Cathay United Bank card supporting Fitbit Pay was officially launched on 5/22/2018.
- Cathay Financial Holdings hosted the 2018 Cathay 3-on-3 High School Basketball Tournament and the Cathay 3-on-3 High School Basketball Final.

## June

- Cathay Financial Holdings held its 2018 general shareholders' meeting.
- Cathay Securities organized the official listing of Anli International Co., Ltd. (5223), a company that provides metal parts stamping and die-casting processing services.
- Cathay Century provided third party liability insurance in Taipei City, New Taipei City, and Taoyuan County, and also provided accident insurance in Kaohsiung City.
- Cathay Century introduced health examination insurance service on its LINE service platform.
- Cathay SITE listed Cathay Nasdaq A.I. & Robotics ETF (00737), Cathay Korea/Taiwan IT Premier ETF (00735), and Cathay FTSE Emerging Markets ETF (00736) on the stock exchange on June 11. Cathay AI+Robo ETF is the first ETF that focuses on the themes of AI and robot technologies and targets AI-related business opportunities. It is the most popular ETF this year. Cathay Korea/Taiwan IT Premier ETF is the first themed ETF combining technology giants in Taiwan and South Korea, and was listed simultaneously on the Taiwan and South Korea stock exchanges.



Cathay Life 2018 Summit.



Cathay Century Insurance hosted the Loss Control Seminar.



- Cathay FHC hosted the 2018 Cathay's Dream Camp – Jeremy Lin Basketball Training Camp.
- Cathay Life launched Uber-Style Agent Platform My Insurance Buddy - Find Your Advisor.

## July

- Cathay Securities cooperated with Taipei Exchange and Maybank Kim Eng in hosting the "Taiwan Corporate Day" discussion forums in Singapore and Kuala Lumpur.

## August

- Cathay Life implemented the Cathay Walker national health promotion program.
- Cathay Century's VR driving behavior risk assessment system obtained the invention patent from the Ministry of Economic Affairs Intellectual Property Office.
- Cathay SITE established "Cathay China New Era Balanced Fund". Cathay FTSE China A150 ETF and Cathay FTSE Chinese Policy Bank Bond 5+ Years ETF (00744B) were officially traded on August 3.
- Cathay SITE employees and spouses provided their assistance in the 36th anniversary celebration of Taipei City Yangming Home for The Disabled, the largest care institution in Taipei.
- Cathay Life introduced Student Group Insurance for local student once again.
- Cathay Life launched Customer Service Chatbot - Alpha.

## September

- Cathay SITE hosted YOU CAN lectures across Taiwan where different topics about financial management and sporting activities for women were presented to take action in caring for women and promoting corporate responsibility.
- Cathay Century's Cargo Warrior table game obtained utility model patent.
- An IPO signing ceremony was held between Cathay Securities, MobiX Corp., and PM Group.

## October

- Cathay United Bank card supporting Hami Pay was officially launched on 10/1/2018.
- Cathay Century cooperated with China Airline to introduce the flight delay claims services.

## November

- Cathay Life was recommended by the Financial Supervisory Commission, becoming one of only two Taiwanese life insurance companies to undergo evaluation by the Asia/Pacific Group on Money Laundering (APG).
- Cathay Century Insurance hosted the "Cathay Century Insurance Loss Prevention Forum" to discuss risks of corporate fire disasters.
- Cathay Century's Smart Go APP obtained the invention patent from the Ministry of Economic Affairs Intellectual Property Office.
- Cathay Securities held the "2018 Global Trends Visionary Forum"
- Cathay Securities is the first in the industry to introduce the a loan service that enables investors to apply for loans by using their stocks as collateral and meet investors' unexpected cash needs. This service can be applied on



Cathay Securities participated in the Cathay Baseball Festival.

the Cathay Securities e-Teller App, which completes the signing process in one minute and disburses loans three minutes after the application is submitted. This online loan service is available 24/7.

- Cathay SITE's Bloomberg Barclays US Corporate A- and Above 10+ Years Liquid ETF (00761B) was traded on November 30 and showed excellent performance in both revenue and protection, despite dramatic fluctuations in the market. This ETF has been rated as one of the best corporate bonds in the market.
- Cathay United Bank and Taipei City Government collaborated to promote Taiwan's first special loan offer for social enterprises, and hosted the Taipei City Social Enterprise Promotion Service Project Outcome Presentation and Sales Experience Activity at Taipei Main Station.

## December

- Cathay Life cooperated with Taipei Hospital, Ministry of Health and Welfare, to introduce the Claim Payments Automatically Deducted from Hospitalization Expenses service.
- Cathay Financial Holdings hosted the 2018 Wei-Yin Chen Baseball Camp.
- Cathay SITE hosted the Super AI Global Economic Outlook forum, which provides information on investment trends in 2019 and strengthens the value of investing in AI ETFs.
- The 43<sup>th</sup> Cathay Children's Drawing Competition Award Ceremony.
- The 2018 Cathay Youth Excellence Scholarship award ceremony.

## Credit Ratings

Company	Moody's	S & P	Taiwan
Cathay FHC	Baa1	BBB+	TwAA
Cathay Life	A3	A-	TwAA+
Cathay United Bank	A2	A-	TwAA+
Cathay Century	A2	A-	TwAA+
Cathay Securities	--	--	TwAA-

Credit rating information is as of March 2019.

# 2018 Honors and Accolades

## January

- Cathay Life won four excellence awards in the categories of "Best Recognized", "Best Salespeople", "Best Claim Service", and "Best Recommended" at the 6th Best Quality Awards of Insurance ceremony hosted by RMIM Inc. Cathay Century won a special award in the category of "Best Image" and three outstanding awards in the categories of "Best After-Sales Service", "Best Professionalism" and "Best Recommended".
- Cathay United Bank was named the "Regional Best Service in Asia Pacific", "Domestic Best Service in Taiwan," and "Domestic Best Trade Finance Providers in Taiwan" by Euromoney
- Cathay Securities obtained "First Place in Warrant Circulation" during the 2017 Warrant Issuer Awards organized by Taipei Exchange.
- Cathay Securities Dunnan Branch excelled among more than 800 service locations in Taiwan and obtained "First Place for Installation in a Single Securities Firm Service Location" in Taiwan Depository & Clearing Corporation's competition on the installation of the TDCC e-Passbook service by securities users.
- Cathay SITE was rated the "Best Institutional House" and "Best New ETF in Taiwan" in Asia Asset Management's Best of the Best Awards.
- Cathay SITE won BENCHMARK's Mutual Fund Capability Awards - "Outstanding Achiever in Risk Management" and ETF Capability Awards - "Outstanding Achiever in ETF Product Innovation". Cathay Nikkei 225 Currency-hedged ETF won BENCHMARK's Best Performing ETF Awards - "Japan Equity - Best-In-Class" award. Cathay SITE's Cathay China Domestic Demand Growth Fund received BENCHMARK's Best Performing Fund Awards - "China Equity - Best-In-Class".

## February

- Cathay United Bank received an "Award for Excellence" in the Mutual Prosperity in Society category during Taiwan Institute for Sustainable Energy's Taipei Golden Eagle Micro-Movie Festival. Its use of vivid animation depicting the Sustainable Journey of Cathay Life in Principles for Sustainable Insurance also received the "Best Management Governance Award".
- Cathay Life was the only recipient of the Stevie Awards For Sales & Customer Service - "Contact Center of the Year" in Taiwan.

## March

- At the 7<sup>th</sup> Most Admired Insurance Company Awards held by the Risk Management, Insurance and Finance Foundation, Cathay Financial Holdings obtained the "Outstanding Award" in the Financial Holding Company category; Cathay Life won the "Outstanding Award" in the Life Insurance Company Field Work category; and Cathay Century won the "Outstanding Award" in the Non-life Insurance Company category.
- Cathay Life has been included in Brand Finance's "Global 500" and "Insurance 100" for four consecutive years, and rated as the 25<sup>th</sup> most valuable insurance brand in the world.
- Cathay United Bank won Retail Banker International's Highly Commended: Best App for Customer Experience From Retail Banker International Asia Trailblazer 2018
- Cathay United Bank won IDC's Revolutionizing Customer Value through a Data-Driven Strategy From Financial Insights Innovation Awards (FIIA) 2018.
- At the 2018 Wealth Management Awards hosted by Wealth Magazine, Cathay United Bank received four special awards—"Best Wealth Management", "Best Service", "Best Digital Wealth Management", and "Best Print Marketing". We are the sole three-consecutive-year winner of "Best Wealth Management".
- The Cathay SITE Cathay Mandarin Fund won the Thomson Reuters Lipper Taiwan Fund Award - "Greater China Equity Fund (5 Years)". Cathay SITE's Cathay Emerging Markets Fund also won the "Global-Emerging Markets Equity Fund (5 Years)".
- Cathay SITE's Cathay Global Aggressive Fund received the Smart Taiwan Fund Award - "Global Multi-Asset Fund Award". Cathay's FTSE China A50 ETF won in the "Overseas ETF" category. Cathay TIP TAIEX + Low Volatility Select 30 ETF won in the "Innovative ETF" category.

## May

- Cathay FHC ranked No. 1 among financial institutions in Taiwan in CommonWealth Magazine's "China, Hong Kong, Taiwan 1,000", and Business Today's "Top 1,000 Companies in China, Hong Kong, and Taiwan".
- In the 2018 Corporate Social Responsibility & Social Enterprise Awards organized by Global Views Monthly, Cathay FHC was named "Exemplary" in the financial category of the Annual CSR Survey. Cathay United Bank won first prize for both the Cathay Green Finance Power Plan and the Cathay Baby Care Plan in the Environmental Considerations Division and the Happy Enterprise Division, becoming the main spotlight of the year.
- Asia Insurance Review hosted the 3<sup>rd</sup> Asia Trusted Life Agents & Advisers Awards ceremony, during which Cathay Life was the only insurance company to win the title "Insurance Company of the Year for Agents" in Taiwan.
- Cathay United Bank was named the "Best Trade Finance Bank in Taiwan" by The Asian Banker.
- Cathay Securities was the only securities firm to receive a Corporate Institution gold medal for the Taiwan Train Quality System (TTQS) from the Workforce Development Agency of Ministry of Labor.

## June

- Cathay FHC received the 2018 Best Corporate Employer in Asia Award, a rating survey which was organized by HR Asia Magazine, a publication of Business Media International (BMI), for enterprises in Asia.
- Announced award winners in Reader's Digest Trusted Brand, a collaboration between an internationally acclaimed Catalyst Research and Reader's Digest. Cathay Life won the Gold Award in the Life Insurance Category for the 15<sup>th</sup> consecutive year. Cathay United Bank also received Gold Awards in the Credit Card Issuing Category, which is most closely related to consumers, and in the Online Financial Services Category. At the same time, Cathay Century was honored with a Gold Award in the Non-life Insurance Company Category. The Group's Cathay Real Estate Development also received a Gold Award in the Real Estate Developer Category.
- In the 14<sup>th</sup> Golden Torch Awards organized by the Outstanding Enterprise Manager Association, Cathay Life was among the "Top Ten Outstanding Enterprises of the Year" and won the "Innovation Design of the Year" award, while Cathay Century and Cathay Securities also received the "Innovation Design of the Year" in the categories Auto Insurance Loss Control and Online Account Opening App..
- In the 2<sup>nd</sup> Creative Connections Awards organized by the Life Insurance Marketing and Research Association (LIMRA), Cathay Life was named the Silver Award Winner for its Perfect Golden Triangle Plan, becoming the first Asian enterprise to win since this award was established.
- Cathay United Bank was named the "Regional Energy/Renewable Energy Deal of the Year" and the "Indonesian Renewable Energy Deal of the Year" by The Asset.

## July

- Cathay Life was the winner of CSR Initiative of the Year from the Insurance Asia Awards, hosted by Asian Banking & Finance.
- Cathay Life won first place (Gold Medal) in The 2018 Service Survey in Taiwan hosted by China Times.
- Cathay United Bank was named the "Domestic Cash Management Bank Of The Year – Taiwan, Domestic Trade Finance Bank Of The Year – Taiwan", and the "Best syndicated loan of the year-Taiwan" by Asian Banking & Finance.
- Cathay United Bank received an excellent rating in the Financial Supervisory Commission's 2017 Reward of Trust Companies for engaging in Elders and Disabled People's Property Trust.
- Cathay United Bank won Business Today's "Wealth Management Bank Special Award" and first place in the "Best Digital Innovation Award".
- Cathay United Bank received the "Financial Holding Company - Best Brand Image Award" for the fourth consecutive year in the 2018 Excellence and Best Rating Survey hosted by the Excellence magazine.
- Cathay United Bank received the "Financing Growth Award" of Outstanding Financial Institutions and Loan Manager Awards from Small & Medium Enterprise Credit Guarantee Fund, Ministry of Economic Affairs.



Cathay received the 2018 Most Admired Insurance Company Awards.



Cathay received the 2018 Trusted Brand Award.

- Cathay United Bank received a certificate of appreciation from the 0206 Hualien Earthquake Disaster Relief and Reconstruction Task Force of the Executive Yuan.

## August

- Cathay Life received first place in the insurance finance category of the Healthy Brand Awards co-organized by Yahoo! Health and Everyday Health Co., Ltd. for the fourth consecutive year.
- Cathay Life received the "Best Brand Image Award" - Financial Holdings category for the fifth consecutive year in the Excellence and Best Rating Survey hosted by Excellence magazine. Cathay Century won the "Best Professional Team Award" for the first time.
- Cathay Financial Holdings received the 2018 Excellence in Corporate and Social Responsibility Award from CommonWealth Magazine for six consecutive years.

## September

- For ten years in a row, Cathay Life received three honors at The Sports Contribution Award hosted by the Sports Administration, including gold medals in the sponsorship and promotional efforts categories as well as the sixth consecutive long term sponsorship award.
- Cathay Life won the "Best Digital and Omnichannel Technologies Award" at the Asia Insurance Technology Awards, co-organized by Asia Insurance Review and Celent.
- Cathay United Bank was named the "Best Bank for CSR from Asiamoney" by Asiamoney
- Cathay United Bank was named the "House of the Year, Taiwan" by Asia Risk.
- Cathay United Bank was named The Asset's "Best Rates Derivatives House", "Best Structured Investment Product Award – Equity", "Best Structured Investment Product Award – Rates", and "Best Private Bank - Highly Commended".
- Cathay United Bank received IDC's IDC DX Awards – "Omni-Experience Innovator" and "Digital Transformer".
- Cathay United Bank won the 5th Top Solar system Award – "Best Financier" from the Ministry of Economic Affairs.
- Cathay Century received the "Insurance Excellence Award for Contribution to the Agricultural Industry", which represents the affirmation of the Council of Agriculture, Executive Yuan for the Company's performance and efforts in agricultural insurance.

## October

- Cathay Life received the BEST Award presented by the U.S. Association for Talent Development (ATD).
- Cathay Life received the "Insurance Transaction Diamond Award" in the 4<sup>th</sup> Futures Diamond Awards hosted by Taiwan Futures Exchange. Cathay United Bank won the "Banking Industry Transaction Diamond Award". Cathay Securities won first place in the "Futures Introducing Broker Transaction Growth Diamond Award" and first place in the "Securities Transaction Diamond Award".
- According to a list of winners of the Taiwan Financial Awards organized by Wealth Magazine Biweekly, Cathay FHC received the "Best Financial Holdings for CSR Award". Cathay Life received three gold awards, including "Best Life Insurance Image", "Best Life Insurance Product", and "Best Life Insurance Services". Cathay United Bank received the "Best Bank Product", the "Best Domestic Bank Image", and the "Best Bank Service" awards in the bank category.
- Cathay Life received first place in the life insurance category for 14 consecutive years at Next Media Magazine's 15<sup>th</sup> Top Service Awards. Cathay United Bank was ranked first place in the banking industry seven years consecutively.
- Cathay Life again won first place and "Performance Excellence Award" in micro insurance category, and won "Financial Investment Award" in the investment in innovative industry category of Financial Supervisory Commission's Insurance Competition. The company is also the second-time winner of the "Elderly Friendly Award" in whole life micro insurance category.

- The 15<sup>th</sup> National Brand Yushan Awards announced that Cathay Life won the "Yushan Award for Outstanding Enterprise and Best Product". Cathay Securities is the only securities firm to have won the award in the "Most Popular Brand" category.

- Cathay Life won the "Award of Distinction" in the 2<sup>nd</sup> CSR Impact Awards co-organized by PwC Taiwan Sustainability Service Co., Ltd and the Cannes Lions Official Festival Representative in Taiwan. Cathay Century's Accident-free Riders' animation received an award of excellence.
- Cathay United Bank was recognized as the "Best Transaction Bank in Asia-Pacific 2018" by The Banker.
- Cathay United Bank was recognized as the "Best Banks In Taiwan From Global Finance" by Global Finance.
- Cathay United Bank was named the "Best Frictionless Omni Channel Integration in Taiwan" by the Asian Banker.

## November

- The 11<sup>th</sup> Taiwan Corporate Sustainability Awards announced that Cathay FHC won the "Top 50 Comprehensive Performance Award", "Corporate Sustainability Report Awards - Banking and Insurance Award", "Climate Leadership Award", and "Gender Equality Award". Cathay Life received the "Social Inclusion Award". Cathay United Bank received the "Growth through Innovation Award" and "People Development Award". Cathay Century also won the "Growth through Innovation Award". Cathay SITE received the "People Development Award".
- Cathay Life won first place in the Best Consumer Brand of 2018 by the Management Magazine for the 20th year in a row.
- Cathay Life won the Water Resources Agency, MOEA's 2018 "Water-Saving Society Award" and was the only award-winning insurance company.
- Cathay United Bank was a winner of the Red Hat Innovation Awards APAC 2018 by RED HAT.
- Cathay United Bank was the winner of the Ministry of Labor's 2018 "National Talent Development Award".

## December

- In the 2<sup>nd</sup> Buying Power - Social Innovative Products and Services Procurement Incentives award ceremony organized by the Small and Medium Enterprise Administration, Ministry of Economic Affairs, Cathay FHC won the first prize in the "Procurement Award"; Cathay Life and Cathay United Bank received "Special Awards" for their Career Diary program and preferential loans for social enterprise, respectively.
- Cathay Life won the first prize in the life insurance category in Global Views Monthly's 16<sup>th</sup> Five-Star Service Awards.
- Cathay Life won first place in the life insurance category for the 7<sup>th</sup> time in the Best Brand Awards of Business Today Weekly.
- Cathay United Bank was rated as The Asset's "Top Investment House" in the Asian G3 Bond Benchmark Review 2018 (RANK: Bank1), "Top Investment House" Asian Local Currency Bond Benchmark Review 2018 (RANK: Bank2), Triple A Country Awards 2018 – "Best syndicated loan", Triple A Country Awards 2018 – "Best acquisition financing".
- Cathay United Bank received the "Asia-Pacific Renewable Deal of the Year" in the Project Finance International Awards.
- Cathay United Bank received the "Best Risk Management Award", "Best Human Resources Development", "The Best Green Finance Award", "Best wealth Management Award", and "Best Trust Finance Award" in the 9<sup>th</sup> Taiwan Banking And Finance Best Practice Awards certificate Taiwan Academy of Banking and Finance.
- Cathay Securities was elected by Asiamoney as "First Place In The Best Salespeople".

# Independent Auditors' Report

English Translation of a Report Originally Issued in Chinese

To Cathay Financial Holding Co., Ltd.

## Opinion

We have audited the accompanying consolidated balance sheets of Cathay Financial Holding Co., Ltd. (the "Company") and its subsidiaries as of 31 December 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2018, and 2017, in conformity with the requirements of the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulation Governing the Preparation of Financial Reports by Securities Issuers" and "International Financial Reporting Standards", "International Accounting Standards", "Interpretations developed by the International Financial Reporting Interpretations Committee" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Cathay Financial Holding Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of 2018 consolidated financial statements. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Financial instruments valuation

The Company and its subsidiaries determine the fair value of some of the financial instruments by applying valuation techniques. The Company and its subsidiaries involve internal valuation model to determine the fair value for partial of the financial instruments. The underlying assumptions of the valuation model will significantly impact the fair value of the reported financial instruments. Therefore, we determined financial instruments valuation as a key audit matter.

Our audit procedures included (but not limited to) assessing and testing the effectiveness of internal controls related to financial instruments valuation, including management's decision and approval of the valuation model and related assumptions, the controls related to the valuation model and change of assumptions, and management's valuation review process. We used internal valuation specialists on a sampling basis to assist in reviewing the valuation techniques, understanding and assessing the rationality of key valuation assumptions, performing independent valuation calculation, and determining whether the valuation differences are acceptable.

Please refer to Notes 4, 5, (2) and 12, (2) for information about the Company and its subsidiaries' financial instruments valuation.

### Measurement of insurance liabilities

The measurement of the Company and its subsidiaries' insurance liabilities are dependent on the calculations based on different assumptions. Partial of the assumptions followed the regulations issued by the authorities while partial of the assumptions followed the professional judgements of internal specialists, and thus resulting in high complexity. Therefore, we determined measurement of insurance liabilities as a key audit matter.

Our audit procedures included (but not limited to) evaluating and testing the effectiveness of internal controls around insurance liabilities, including management's decision and approval of the methods and assumptions used in setting aside various reserves and controls for changing the methods and assumptions and examining the data of calculating insurance liabilities. Meanwhile, we involved internal specialists in our audit procedures, including assessing the reasonableness of the actuarial judgements and actuarial assumptions models made by management. In the liability adequacy test, the internal specialists evaluated the reasonableness of underlying assumptions and results.

Please refer to Notes 4, 5, (2) and 6, (19) for details of the Company and its subsidiaries' insurance liabilities.

### Investment properties measured at fair value

The Company and its subsidiaries' investment properties are measured at fair value. Due to inaccessible market prices, the management evaluates the fair value of investment properties based on external real estate appraisers' firm's valuation reports, which highly relied on the valuation approach chosen (including but not limited to income approach and market approach) and the assumptions. The approach chosen and the changes to the assumptions will impact the result of the investment properties valuation. Therefore, we determined investment properties measured at fair value as a key audit matter.

Our audit procedures included (but not limited to) evaluating the objectivity and qualification of external real estate appraisers, and enlisting the internal valuation specialists' assistance to evaluate the external real estate appraisers' firm's valuation reports to understand the valuation approach adopted; we also ensure the reasonableness in the valuation approach adopted and key valuation assumptions to verify whether the difference between the internal valuation specialists' work and external valuation reports is acceptable.

Please refer to Notes 4, 5, (2) and 6, (11) for information about the Company and its subsidiaries' investment properties measured at fair value.

### Loan loss provision

In accordance with International Financial Reporting Standard 9, the Company and its subsidiaries developed their own systems to perform both individual and collective assessments of bad debts on loans. The systems assess the bad debts based on external and internal historical experience and parameters from forecast data or estimated future recoverable cash flows. The assessment included determining whether credit risk increases significantly, and that credit has impaired, as well as expected credit loss model and the related expected credit loss parameters. Therefore, we determined the loan loss provision as a key audit matter.

Our audit procedures included (but not limited to) assessing and testing the internal controls relating to the underlying loan loss provision, including assessing the source of the bad debt and the bad debt assessment system, and reviewing whether the allowance for bad debt assessment approach has been approved by management. For loan loss provisions calculated on a collective basis, we reviewed whether the models of impairment were approved by management and relied on our experts to verify the accuracy of those models. We also tested the appropriateness and accuracy of the inputs used in those models on a sampling basis, such as expected duration, exposure at default, probability of default, recovery rates, loss given default and whether there is a collateral. For loan loss provisions calculated on an individual basis, we tested the assumptions which were used to identify and quantify the impairments, on a sampling basis, including estimates of future cash flows, valuation of collateral and estimates of recovery on default. We reviewed the classification of loans and the provision of allowance for loans comply to ensure that management complied with the related regulations issued by the authorities of the Republic of China.

Please refer to Notes 4, 5, (2) and 6, (7) for information about the Company and its subsidiaries' the provision of allowance for loans.





### Assessment of goodwill impairment

International Financial Reporting Standards requires entities to perform an impairment test for goodwill annually. However, the calculation made by the management is complex and involves major judgments and assumptions. Therefore, we determined assessment of goodwill impairment a key audit matter.

Our audit procedures included (but not limited to) assessing the rationality of financial forecasts and using internal experts to assist in the audit procedure of goodwill impairment assessment, including the rationality of the assumptions and approaches used by the management.

Please refer to Notes 4, 5, (2) and 6, (11) for information about the Company and its subsidiaries' assessment of goodwill impairment.

### Emphasis of Matter – Application of New Accounting Standards

As described in Note 3 of the consolidated financial statements, Cathay Financial Holding Co., Ltd. and its subsidiaries applied the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" on 1 January, 2018, and elected not to restate the consolidated financial statements for prior periods. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulation Governing the Preparation of Financial Reports by Securities Issuers" and "International Financial Reporting Standards", "International Accounting Standards", "Interpretations developed by the International Financial Reporting Interpretations Committee" as endorsed and became effective by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CHANG, CHENG-TAO

HUANG, CHIEN-CHE

Ernst & Young, Taiwan

21 March 2019

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

## Cathay Financial Holding Co., Ltd. and Subsidiaries

### Consolidated Balance Sheets

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

	2018.12.31		2017.12.31	
	NT \$	US \$	NT \$	US \$
<b>Assets</b>				
Cash and cash equivalents	\$206,576,054	\$6,761,900	\$245,354,768	\$8,277,826
Due from the Central Bank and call loans to banks	104,223,315	3,411,565	125,163,780	4,222,800
Financial assets at fair value through profit or loss	1,428,824,050	46,770,018	365,808,158	12,341,706
Available-for-sale financial assets - net	-	-	1,681,125,738	56,718,142
Financial assets at fair value through other comprehensive income	1,127,810,270	36,916,866	-	-
Financial assets measured at amortized cost	2,688,221,788	87,994,167	-	-
Financial assets for hedging/Derivative financial assets for hedging - net	216,610	7,090	246,444	8,315
Securities purchased under agreements to resell	59,212,899	1,938,229	99,703,578	3,363,818
Receivables - net	161,216,190	5,277,126	169,202,260	5,708,578
Current income tax assets	6,438,062	210,739	4,362,608	147,187
Loans - net	2,176,775,907	71,252,894	2,038,528,190	68,776,255
Reinsurance assets - net	7,623,707	249,549	7,237,144	244,168
Held-to-maturity financial assets - net	-	-	98,759,110	3,331,954
Investments accounted for using the equity method - net	44,932,006	1,470,769	37,355,653	1,260,312
Other financial assets - net	555,740,531	18,191,179	3,347,907,301	112,952,338
Investment properties - net	319,222,554	10,449,183	318,106,325	10,732,332
Property and equipment - net	166,458,327	5,448,718	165,095,690	5,570,030
Intangible assets - net	53,826,467	1,761,914	55,802,976	1,882,691
Deferred tax assets	40,806,934	1,335,743	31,243,778	1,054,109
Other assets - net	76,357,835	2,499,438	50,506,788	1,704,008
<b>Total assets</b>	<b>\$9,224,483,506</b>	<b>\$301,947,087</b>	<b>\$8,841,510,289</b>	<b>\$298,296,569</b>
<b>Liabilities &amp; equity</b>				
<b>Liabilities</b>				
Due to the Central Bank and call loans from banks	\$81,432,233	\$2,665,540	\$90,417,859	\$3,050,535
Financial liabilities at fair value through profit or loss	129,698,896	4,245,463	90,514,268	3,053,788
Securities sold under agreements to repurchase	59,307,037	1,941,311	112,643,582	3,800,391
Commercial paper payable-net	62,989,367	2,061,845	51,468,158	1,736,443
Payables	66,727,399	2,184,203	57,943,815	1,954,920
Current income tax liabilities	2,543,689	83,263	8,879,563	299,580
Deposits	2,187,203,086	71,594,209	2,062,953,012	69,600,304
Bonds payable	90,600,000	2,965,630	98,350,000	3,318,151
Other borrowings	336,381	11,011	441,199	14,885
Provisions	5,341,935,726	174,858,780	4,972,427,256	167,760,704
Other financial liabilities	627,815,178	20,550,415	623,527,312	21,036,684
Deferred tax liabilities	27,091,143	886,780	34,828,440	1,175,049
Other liabilities	17,514,376	573,302	28,645,282	966,440
<b>Total liabilities</b>	<b>8,695,194,511</b>	<b>284,621,752</b>	<b>8,233,039,746</b>	<b>277,767,874</b>
<b>Equity attributable to owners of parent</b>				
Capital stock				
Common stock	125,632,102	4,112,344	125,632,102	4,238,600
Preferred stock	15,333,000	501,898	8,333,000	281,140
Capital surplus	165,449,364	5,415,691	130,452,105	4,401,218
Retained earnings				
Legal reserve	40,976,121	1,341,281	35,339,841	1,192,302
Special reserve	149,346,119	4,888,580	149,106,971	5,030,600
Undistributed earnings	95,553,376	3,127,770	99,296,739	3,350,092
Other equity	(72,558,752)	(2,375,082)	50,906,313	1,717,487
Non-controlling interests	9,557,665	312,853	9,403,472	317,256
<b>Total equity</b>	<b>529,288,995</b>	<b>17,325,335</b>	<b>608,470,543</b>	<b>20,528,695</b>
<b>Total liabilities and equity</b>	<b>\$9,224,483,506</b>	<b>\$301,947,087</b>	<b>\$8,841,510,289</b>	<b>\$298,296,569</b>

(The exchange rates provided by the Federal Reserve Bank of New York on 31 December 2018 and 31 December 2017 were NT\$30.55 and NT\$29.64 to US\$1.00)



# Cathay Financial Holding Co., Ltd. and Subsidiaries

## Consolidated Statements of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT \$	US \$	NT \$	US \$
<b>Interest income</b>	\$202,714,029	\$6,635,484	\$186,087,791	\$6,278,265
<b>Less: Interest expenses</b>	(22,085,810)	(722,940)	(17,627,041)	(594,704)
<b>Net interest income</b>	180,628,219	5,912,544	168,460,750	5,683,561
<b>Net income other than interest</b>				
Net commission and handling fee	2,883,459	94,385	1,069,774	36,092
Net premiums from insurance business	208,155,213	6,813,591	329,113,923	11,103,709
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(120,944,083)	(3,958,890)	97,018,698	3,273,235
Gains from investment properties	9,763,523	319,592	9,393,781	316,929
Realized gains on available-for-sale financial assets	-	-	71,735,163	2,420,215
Realized gains on financial assets at fair value through other comprehensive income	14,687,183	480,759	-	-
Realized gains on held-to-maturity financial assets	-	-	203,906	6,879
Gains from derecognition of financial assets measured at amortized cost	4,751,007	155,516	-	-
Gains (losses) on foreign exchange	57,450,748	1,880,548	(116,155,990)	(3,918,893)
Impairment losses on assets	(1,150,946)	(37,674)	(130,099)	(4,389)
Share of profit of associates and joint ventures accounted for using the equity method	1,003,585	32,851	1,297,864	43,788
Gains from reclassification using overlay approach	118,076,539	3,865,026	-	-
Net other non-interest (losses) gains	(1,378,401)	(45,120)	22,445,504	757,271
<b>Total income</b>	473,926,046	15,513,128	584,453,274	19,718,397
<b>Bad debt expenses, commitments and provision for premiums reserve</b>	(4,599,086)	(150,543)	(3,459,544)	(116,719)
<b>Changes in insurance liabilities and provisions</b>	(334,121,938)	(10,936,888)	(445,832,540)	(15,041,584)
<b>Operating expenses</b>				
Employee benefits expenses	(49,829,957)	(1,631,095)	(46,118,276)	(1,555,947)
Depreciation and amortizations expenses	(5,674,622)	(185,749)	(5,424,248)	(183,004)
Other general and administration expenses	(24,101,669)	(788,925)	(23,983,049)	(809,145)
Subtotal	(79,606,248)	(2,605,769)	(75,525,573)	(2,548,096)
<b>Profit before income tax from continuing operations</b>	55,598,774	1,819,928	59,635,617	2,011,998
<b>Income tax expense</b>	(3,776,518)	(123,618)	(2,962,393)	(99,946)
<b>Net income</b>	51,822,256	1,696,310	56,673,224	1,912,052
<b>Other comprehensive income</b>				
<b>Not to be reclassified to profit or loss in subsequent periods:</b>				
Remeasurements of defined benefit plans	274,469	8,984	(798,222)	(26,931)
Revaluation gains on property	-	-	308,226	10,399
Valuation losses on equity instruments at fair value through other comprehensive income	(3,411,158)	(111,658)	-	-
Changes of designated financial liabilities at fair value through profit or loss resulting from credit risk	2,402,577	78,644	(1,579,937)	(53,304)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method - not to be reclassified to profit or loss in subsequent periods	(37,030)	(1,212)	183,172	6,180
Income tax relating to the components not to be reclassified to profit or loss in subsequent periods	132,936	4,351	339,698	11,461
<b>To be reclassified to profit or loss in subsequent periods:</b>				
Exchange differences resulting from translating the financial statements of a foreign operation	(1,214,591)	(39,757)	(2,957,083)	(99,767)
Unrealized gains from available-for-sale financial assets	-	-	53,167,715	1,793,783
Losses on hedging instruments/Effective portion of gains on hedging instruments in cash flow hedges	(28,747)	(941)	14,595	493
Valuation losses on debt instruments at fair value through other comprehensive income	(78,386,306)	(2,565,837)	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method - to be reclassified to profit or loss in subsequent periods	(392,263)	(12,840)	(1,201,786)	(40,546)
Other comprehensive losses reclassified using overlay approach	(118,076,539)	(3,865,026)	-	-
Income tax relating to the components to be reclassified to profit or loss in subsequent periods	23,553,489	770,982	(3,122,032)	(105,332)
<b>Other comprehensive (loss) income, net of tax</b>	(175,183,163)	(5,734,310)	47,476,378	1,601,768
<b>Total comprehensive (loss) income</b>	<u>\$ (123,360,907)</u>	<u>\$ (4,038,000)</u>	<u>\$104,149,602</u>	<u>\$3,513,820</u>
<b>Net income attributable to:</b>				
Owners of parent	\$51,467,243	\$1,684,689	\$56,306,735	\$1,899,687
Non-controlling interests	355,013	11,621	366,489	12,365
Subtotal	<u>\$51,822,256</u>	<u>\$1,696,310</u>	<u>\$56,673,224</u>	<u>\$1,912,052</u>
<b>Total comprehensive income attributable to:</b>				
Owners of parent	<u>\$ (123,867,466)</u>	<u>(\$4,054,582)</u>	<u>\$100,990,096</u>	<u>\$3,407,223</u>
Non-controlling interests	<u>506,559</u>	<u>16,582</u>	<u>37,474</u>	<u>1,265</u>
Subtotal	<u>\$ (123,360,907)</u>	<u>\$ (4,038,000)</u>	<u>\$101,027,570</u>	<u>\$3,408,488</u>
<b>Earnings per share (expressed in dollars) :</b>				
Basic earnings per share:	<u>\$3.95</u>	<u>\$0.13</u>	<u>\$4.47</u>	<u>\$0.15</u>

For the years ended 31 December 2018 and 2017

Note 1: For the year ended 2017, the remuneration to directors and supervisors in the amount of \$2,700 (US\$91) thousand and employees' compensation in the amount of \$5,812 (US\$196) thousand have been deducted from the Statement of Comprehensive Income.

Note 2: For the year ended 2018, the remuneration to directors and supervisors in the amount of \$5,307 (US\$174) thousand and employees' compensation in the amount of \$5,307 (US\$174) thousand have been deducted from the Statement of Comprehensive Income.



# Cathay Financial Holding Co., Ltd. and Subsidiaries

## Consolidated Statements of Cash Flows

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars

Items	2018.1.1–2018.12.31		2017.1.1–2017.12.31		Items	2018.1.1–2018.12.31		2017.1.1–2017.12.31	
	NT \$	US \$	NT \$	US \$		NT \$	US \$	NT \$	US \$
<b>Cash flows from operating activities</b>					<b>Cash generated from operations</b>				
Profit before income tax from continuing operations	\$55,598,774	\$1,819,927	\$59,635,617	\$2,011,998	Interest received	(277,775,511)	(9,092,488)	(60,343,267)	(2,035,872)
Adjustments:					Dividends received	197,642,031	6,469,461	181,281,421	6,116,107
Income and other adjustments with no cash flow effects					Interest paid	27,398,355	896,836	25,553,382	862,125
Depreciation expenses	2,613,588	85,551	2,455,658	82,849	Income taxes paid	(21,430,883)	(701,502)	(16,301,176)	(549,972)
Amortization expenses	3,061,034	100,198	3,459,544	116,719		(12,359,661)	(404,572)	(8,551,542)	(288,513)
Expected credit impairment losses/Bad debt expense	4,599,086	150,543	(89,225,729)	(3,010,315)	<b>Net cash (used in) flows from operating activities</b>	(86,525,669)	(2,832,265)	121,638,818	4,103,875
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	22,085,810	722,940	17,627,041	594,704	<b>Cash flows from investing activities</b>				
Net gains on financial assets measured at amortized cost	(4,751,007)	(155,516)	-	-	Acquisition of financial assets at fair value through other comprehensive income	(25,434,215)	(832,544)	-	-
Interest revenue	(202,714,029)	(6,635,484)	(186,087,791)	(6,278,265)	Disposal of financial assets at fair value through other comprehensive income	22,077,990	722,684	-	-
Dividend income	(26,655,496)	(872,520)	(24,966,314)	(842,318)	Disposal of financial assets at fair value through profit or loss	(891,465)	(29,181)	(55,986)	(1,889)
Net changes in insurance liabilities and provisions	364,185,579	11,920,968	373,941,773	12,616,119	Acquisition of financial assets at fair value through profit or loss	254,582	8,333	103,091	3,478
Net changes of other liabilities and provisions	5,486,151	179,579	1,717,660	57,951	Acquisition of financial assets available for sale	-	-	739,288	24,942
Share of gain of associates and joint ventures accounted for using the equity method	(1,003,585)	(32,850)	(1,297,864)	(43,788)	Acquisition of financial assets measured at cost	-	-	(8,241)	(278)
Other comprehensive income reclassified using overlay approach	(118,076,539)	(3,865,026)	(1,044,925)	(35,828)	Acquisition of investments accounted for using the equity method	(7,312,307)	(239,355)	(2,676,067)	(90,286)
Losses on disposal or scrapping of property and equipment	31,906	1,044	24,546	828	Disposal of investments accounted for using the equity method	119,873	3,924	49,503	1,670
Gains on disposal of investment properties	(28,263)	(925)	(71,271)	(2,405)	Cash returned by capital deduction from investments accounted for using equity method	123,600	4,046	258,202	8,711
Losses on disposal of intangible assets	-	-	42	1	Acquisition of property and equipment	(3,507,295)	(114,805)	(4,004,004)	(135,088)
Gains on disposal of investments	(10,421,220)	(341,120)	(64,750,343)	(2,184,559)	Disposal of property and equipment	35,992	1,178	22,643	764
Losses on disposal of investments accounted for using the equity method	-	-	-	-	Increase in guarantee deposits paid	(46,449)	(1,520)	(15,600)	(526)
Impairment losses on financial assets	1,150,946	37,674	130,099	4,390	Decrease in guarantee deposits paid	-	-	837	28
Unrealized foreign exchange losses (gains)	45,334	1,484	(104,460)	(3,524)	Acquisition of intangible assets	(386,589)	(12,654)	(409,008)	(13,799)
Revaluation losses on investment properties	998,435	32,682	830,441	28,018	Acquisition of investment properties	(4,681,144)	(153,229)	(7,078,139)	(238,904)
Others	2,325	76	6,471	218	Disposal of investment properties	616,032	20,165	362,453	12,229
Subtotal	191,461,614	6,267,156	36,658,093	1,236,778	Increase in other assets	(8,643,908)	(282,943)	(66,980)	(2,260)
Changes in operating assets and liabilities					Decrease in other assets	-	-	9,947,501	335,611
Changes in operating assets					Dividends received	94,642	3,098	73,518	2,480
Increase in due from the Central Bank and call loans to banks	(4,155,043)	(136,008)	(1,745,444)	(58,888)	<b>Net cash used in from investing activities</b>	(27,580,661)	(902,803)	(3,609,815)	(121,790)
Decrease (increase) in financial assets at fair value through profit or loss	83,799,548	2,745,029	(28,862,398)	(973,765)	<b>Cash flows from financing activities</b>				
Decrease in financial assets at fair value through other comprehensive income	10,538,572	344,961	-	-	(Decrease) increase in short-term borrowings	(116,829)	(3,824)	373,758	12,610
Increase in debt instruments investments measured at amortized cost	(439,727,572)	(14,393,701)	-	-	Increase in commercial paper payable	11,520,000	377,087	9,890,000	333,671
Decrease in available-for-sale financial assets	-	-	8,729,797	294,528	Issue of corporate bonds	-	-	35,000,000	1,180,837
Decrease in derivative financial assets for hedging	1,087	36	419	14	Decrease in bills and bonds sold under agreements to repurchase	-	-	(46,444)	(1,567)
Decrease (increase) in accounts receivable	20,689,901	677,247	(15,197,878)	(512,749)	Issue of financial debentures	-	-	11,450,000	386,402
(Increase) decrease in loans	(141,377,587)	(4,627,744)	1,076,679	36,325	Repayment of financial debentures	(7,750,000)	(253,682)	-	-
(Increase) decrease in reinsurance contract assets	(384,386)	(12,582)	1,509,584	50,931	(Decrease) increase in other liabilities	(1,855,319)	(60,731)	934,650	31,533
Increase in financial assets held to maturity	-	-	(17,319,381)	(584,325)	Cash dividends paid	(33,679,517)	(1,102,439)	(25,544,994)	(861,842)
Increase in other financial assets	(233,919)	(7,657)	(235,789,020)	(7,955,095)	Increase in cash capital	42,000,000	1,374,795	-	-
(Increase) decrease in other assets	(16,639,689)	(544,671)	5,838,196	196,970	<b>Net cash flows from financing activities</b>	10,118,335	331,206	32,056,970	1,081,544
Subtotal	(487,489,088)	(15,957,090)	(281,759,446)	(9,306,054)	<b>Effects of exchange rate changes on cash and cash equivalents</b>	(431,676)	(14,130)	542,862	18,315
Changes in operating liabilities					<b>(Decrease) increase in cash and cash equivalents</b>	(104,419,671)	(3,417,992)	150,628,835	5,081,944
(Decrease) increase in due to the Central Bank and call loans from banks	(9,178,733)	(300,450)	14,125,626	476,573	<b>Cash and cash equivalents at the beginning of periods</b>	415,218,017	13,591,424	264,597,958	8,927,057
Decrease in financial liabilities at fair value through profit or loss	(100,351,949)	(3,291,389)	53,550,968	1,806,713	<b>Cash and cash equivalents at the end of periods</b>	\$310,798,346	\$10,173,432	\$415,226,793	\$14,009,001
(Decrease) increase in securities purchased under agreements to repurchase	(53,336,545)	(1,745,877)	53,550,968	1,806,713	<b>The components of cash and cash equivalents</b>				
(Decrease) increase in payables	(559,747)	(18,322)	4,713,247	159,016	Cash and cash equivalents presented in balance sheet	\$206,576,054	6,761,900	\$245,354,768	8,277,826
Increase in deposits	123,020,644	4,026,862	65,913,984	2,223,805	Due from the Central Bank and call loans to banks satisfied the definition of cash and cash equivalents under IAS No.7	45,009,393	1,473,303	70,168,447	2,367,357
Increase (decrease) in provisions for the liabilities of employee benefits	238,063	7,793	(571,994)	(19,298)	Bills sold under agreements to resell satisfied the definition of cash and cash equivalents under IAS No.7	59,212,899	1,938,229	99,703,578	3,363,818
(Decrease) increase in reserves for the operations and liabilities	(246,726)	(8,076)	4,490,837	151,513	<b>Cash and cash equivalents at the end of periods</b>	\$310,798,346	\$10,173,432	\$415,226,793	\$14,009,001
Increase in other financial liabilities	10,558,949	345,628	11,174,414	377,005					
(Decrease) increase in other liabilities	(7,290,767)	(238,650)	11,174,414	377,005					
Subtotal	(37,346,811)	(1,222,481)	125,122,469	4,221,406					
Subtotal of Changes in operating assets and liabilities	(524,835,899)	(17,179,571)	(156,656,977)	(5,284,648)					
Subtotal of Adjustment	(333,374,285)	(10,912,415)	(119,978,884)	(4,047,870)					

# Cathay Financial Holding Co., Ltd.

## Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

	2018.12.31		2017.12.31	
	NT \$	US \$	NT \$	US \$
<b>Assets</b>				
Cash and cash equivalents	\$445,353	\$14,578	\$1,212,677	\$40,914
Financial assets at fair value through profit or loss	35,444,500	1,160,213	-	-
Financial assets at fair value through other comprehensive income	102,304	3,349	-	-
Receivables - net	266,902	8,736	527,534	17,798
Current income tax assets	6,428,841	210,437	4,341,510	146,474
Available-for-sale financial assets - net	-	-	91,136	3,075
Held-to-maturity financial assets - net	-	-	41,000,000	1,383,266
Investments accounted for using the equity method - net	548,662,186	17,959,482	605,207,073	20,418,592
Property and equipment - net	11,767	385	11,247	379
Intangible assets - net	1,330	43	6,649	224
Deferred tax assets - net	352,601	11,542	320,076	10,799
Other assets - net	59,474	1,947	31,797	1,073
<b>Total assets</b>	<b>\$591,775,258</b>	<b>\$19,370,712</b>	<b>\$652,749,699</b>	<b>\$22,022,594</b>
<b>Liabilities &amp; Equity</b>				
<b>Liabilities</b>				
Commercial paper payable - net	\$59,260,000	\$1,939,771	\$42,940,000	\$1,448,718
Payables	9,894,697	323,885	1,156,176	39,007
Current income tax liabilities	1,719,191	56,275	8,262,477	278,761
Provisions	739,257	24,198	933,466	31,494
Deferred tax liabilities	266,714	8,730	226,707	7,649
Other liabilities	164,069	5,371	163,802	5,526
<b>Total liabilities</b>	<b>72,043,928</b>	<b>2,358,230</b>	<b>53,682,628</b>	<b>1,811,155</b>
<b>Equity</b>				
Capital stock				
Common stock	125,632,102	4,112,344	125,632,102	4,238,600
Preferred stock	15,333,000	501,898	8,333,000	281,140
Capital surplus	165,449,364	5,415,691	130,452,105	4,401,218
Retained earnings				
Legal reserve	40,976,121	1,341,281	35,339,841	1,192,302
Special reserve	149,346,119	4,888,580	149,106,971	5,030,600
Undistributed earnings	95,553,376	3,127,770	99,296,739	3,350,092
Other equity	(72,558,752)	(2,375,082)	50,906,313	1,717,487
<b>Total equity</b>	<b>519,731,330</b>	<b>17,012,482</b>	<b>599,067,071</b>	<b>20,211,439</b>
<b>Total liabilities and equity</b>	<b>\$591,775,258</b>	<b>\$19,370,712</b>	<b>\$652,749,699</b>	<b>\$22,022,594</b>



## Cathay Financial Holding Co., Ltd.

### Statements of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars , except earning per share

	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Income</b>				
Gains on investment - equity method	\$52,652,017	\$1,723,470	\$57,734,234	\$1,947,848
Other operating income	1,826,183	59,777	1,416,301	47,783
	54,478,200	1,783,247	59,150,535	1,995,631
<b>Expenses and loss</b>				
Operating expenses	(1,106,414)	(36,216)	(822,604)	(27,753)
Other expenses and losses	(310,465)	(10,163)	(213,888)	(7,216)
	(1,416,879)	(46,379)	(1,036,492)	(34,969)
<b>Profit before income tax from continuing operations</b>	53,061,321	1,736,868	58,114,043	1,960,662
<b>Income tax expense</b>	(1,594,078)	(52,179)	(1,807,308)	(60,975)
<b>Profit after income tax from continuing operations</b>	51,467,243	1,684,689	56,306,735	1,899,687
<b>Net Income</b>	51,467,243	1,684,689	56,306,735	1,899,687
<b>Other comprehensive income</b>				
<b>Not to be reclassified to profit or loss in subsequent periods:</b>				
Remeasurements of defined benefit plans	(2,507)	(82)	(4,019)	(136)
Unrealized gains from equity instruments investments				
measured at fair value through other comprehensive income	11,167	366	-	-
Share of other comprehensive income of associates and joint ventures				
accounted for using the equity method - not to be reclassified				
to profit or loss in subsequent periods	(648,367)	(21,223)	(1,543,727)	(52,082)
Income tax relating to the components not to be reclassified				
to profit or loss in subsequent periods	1,502	49	683	23
<b>To be reclassified to profit or loss in subsequent periods:</b>				
Unrealized gains from available-for-sale financial assets	-	-	5,448	184
Share of other comprehensive income of associates and joint ventures				
accounted for using the equity method - to be reclassified				
to profit or loss in subsequent periods	(174,696,504)	(5,718,380)	46,224,976	1,559,547
<b>Other comprehensive (loss) income, net of tax</b>	(175,334,709)	(5,739,270)	44,683,361	1,507,536
<b>Total comprehensive (loss) income</b>	<u>\$ (123,867,466)</u>	<u>\$ (4,054,581)</u>	<u>\$100,990,096</u>	<u>\$3,407,223</u>
<b>Earnings per share (expressed in dollars)</b>				
Basic earnings per share:				
Net income	<u>\$3.95</u>	<u>\$0.13</u>	<u>\$4.47</u>	<u>\$0.15</u>

# Cathay Financial Holding Co., Ltd.

## Statements of Changes in Equity

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars

Items	Capital stock		Capital Surplus	Retained earnings		Other equity						Revaluation gains on property	Other comprehensive income reclassified using overlay approach	Total		
	Common stock	Preferred stock		Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of a foreign operation	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unrealized gains (losses) from available-for-sale financial assets	Gains (losses) on hedging instruments (Effective portion of gains (losses) on hedging instruments in cash flow hedges)	Changes of designated financial liabilities at fair value through profit or loss resulting from credit risk				Remeasurements of defined benefit plans	
	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$	NT\$	US\$		
Balance on 1 January 2017	\$125,632,102	\$4,238,600	\$8,333,000	\$281,140	\$30,577,724	\$1,031,637	\$149,108,338	\$5,030,646	\$73,001,761	\$2,462,947	\$7,274,912	\$245,442	\$-	\$-	\$523,324,572	\$17,650,024
Appropriations and distribution for 2016																
Legal reserve					4,762,117	160,665			(4,762,117)	(160,665)						
Common stock cash dividends									(251,266,420)	(847,720)					(251,266,420)	(847,720)
Preferred stock cash dividends									(124,585)	(4,203)					(124,585)	(4,203)
Reversal of special reserve							(1,365)	(46)	1,365	46						
Other additional paid-in capital																
Share of changes in net assets of associates and joint ventures accounted for using the equity method																
Net income for the year ended 31 December 2017 (Note 1)									56,306,735	1,899,687	(3,548,330)	(119,714)				
Other comprehensive income for the year ended 31 December 2017											(3,548,330)	(119,714)				
Comprehensive income for the year ended 31 December 2017									56,306,735	1,899,687						
Share-based payment transaction																
Balance on 31 December 2017	\$125,632,102	\$4,238,600	\$8,333,000	\$281,140	\$35,339,841	\$1,192,302	\$149,106,971	\$5,030,600	\$99,296,739	\$3,350,092	\$10,023,242	\$165,156	\$-	\$-	\$599,067,071	\$20,211,439
Balance on 1 January 2018	\$125,632,102	\$4,112,344	\$8,333,000	\$272,766	\$35,339,841	\$1,156,787	\$149,106,971	\$4,880,752	\$99,296,739	\$3,250,302	\$10,023,242	\$154,280	\$-	\$-	\$599,067,071	\$19,609,397
Effects on retrospective application and restatement									(3,653,038)	(119,576)					55,941,777	1,831,155
Balance on 1 January 2018 (Adjusted)	\$125,632,102	\$4,112,344	\$8,333,000	\$272,766	\$35,339,841	\$1,156,787	\$149,106,971	\$4,880,752	\$95,843,701	\$3,130,726	(10,023,242)	(354,280)	37,343,476	1,222,372	55,941,777	1,831,155
Appropriations and distribution for 2017																
Legal reserve																
Special reserve					5,656,280	184,694			(5,656,280)	(184,694)						
Common stock cash dividends							234,146	7,664	(234,146)	(7,664)						
Preferred stock cash dividends									(31,408,025)	(1,028,086)					(31,408,025)	(1,028,086)
Other additional paid-in capital									(1,899,924)	(62,191)					(1,899,924)	(62,191)
Share of changes in net assets of associates and joint ventures accounted for using the equity method																
Net income for the year ended 31 December 2018 (Note 2)									51,467,243	1,684,689	(1,326,629)	(43,425)	(67,359,757)	(2,204,902)		
Other comprehensive income for the year ended 31 December 2018													(67,359,757)	(2,204,902)		
Comprehensive income for the year ended 31 December 2018									51,467,243	1,684,689	(1,326,629)	(43,425)				
Issue of preferred stock																
Share-based payment transaction																
Disposal of equity instrument at fair value through other comprehensive (losses) income																
Others																
Balance on 31 December 2018	\$125,632,102	\$4,112,344	\$15,333,000	\$501,899	\$40,076,121	\$1,341,281	\$149,346,119	\$4,888,580	\$95,533,576	\$3,127,769	\$121,49,871	\$197,705	\$17,586,940	\$1575,678	\$523,324,572	\$17,650,024

Note1: For the year ended 2017, the remuneration to directors and supervisors in the amount of \$2,700 (US\$911) thousand and employees' compensation in the amount of \$5,812 (US\$196) thousand have been deducted from the Statement of Comprehensive Income.

Note2: For the year ended 2018, the remuneration to directors and supervisors in the amount of \$2,700 (US\$888) thousand and employees' compensation in the amount of \$5,307 (US\$174) thousand have been deducted from the Statement of Comprehensive Income.





## Cathay Financial Holding Co., Ltd.

### Statements of Cash Flows

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Cash flows from operating activities</b>				
Profit before income tax from continuing operations	\$53,061,321	\$1,736,868	\$58,114,043	\$1,960,662
Adjustments :				
Income and other adjustments with no cash flow effects				
Depreciation	2,621	86	2,094	71
Amortization	5,319	174	5,319	179
Net gains from financial assets and liabilities at fair value through profit or loss	(469,000)	(15,352)	-	-
Interest expenses	271,859	8,899	171,795	5,796
Interest income	(1,322,284)	(43,283)	(1,405,666)	(47,425)
Share of profit of associates and joint ventures accounted for using the equity method	(52,652,017)	(1,723,470)	(57,734,234)	(1,947,849)
Losses on disposal of property and equipment	88	3	191	6
Gains on disposal of investments	(2,888)	(95)	-	-
Unrealized foreign exchange (gains) losses	(3,084)	(101)	11,548	390
Others	2,325	76	4,212	143
Changes in operating assets and liabilities				
Decrease in other financial assets	-	-	430,111	14,511
Increase in other assets	(60)	(2)	(16,257)	(548)
Increase in payables	106,369	3,482	28,983	978
(Decrease) increase in provisions	(196,716)	(6,439)	10,683	360
Increase (decrease) in other liabilities	267	9	(22,063)	(744)
Interest received	1,433,990	46,939	1,410,223	47,578
Interest paid	(299,475)	(9,803)	(171,795)	(5,796)
Income taxes paid	(1,434,143)	(46,944)	(1,032,490)	(34,834)
<b>Net cash used in operating activities</b>	<b>(1,495,508)</b>	<b>(48,953)</b>	<b>(193,303)</b>	<b>(6,522)</b>
<b>Cash flows from investing activities</b>				
Disposal of financial assets at cost	6,000,000	196,399	-	-
Acquisition of investments accounted for using the equity method	(42,000,000)	(1,374,795)	(15,668,000)	(528,610)
Acquisition of property and equipment	(3,229)	(106)	(5,833)	-
Increase in other assets	-	-	(4,542)	-
Dividends received	11,716,278	383,512	20,483,981	691,092
<b>Net cash (used in) flows from investing activities</b>	<b>(24,286,951)</b>	<b>(794,990)</b>	<b>4,805,606</b>	<b>162,482</b>
<b>Cash flows from financing activities</b>				
Increase in commercial paper payable	16,320,000	534,206	6,960,000	234,818
Increase in cash capital	42,000,000	1,374,795	-	-
Dividends paid	(33,307,949)	(1,090,276)	(25,251,005)	(851,923)
<b>Net cash flows from (used in) financing activities</b>	<b>25,012,051</b>	<b>818,725</b>	<b>(18,291,005)</b>	<b>(617,105)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>3,084</b>	<b>101</b>	<b>(11,548)</b>	<b>(390)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(767,324)</b>	<b>(25,117)</b>	<b>(13,690,250)</b>	<b>(461,535)</b>
<b>Cash and cash equivalents at the beginning of periods</b>	<b>1,212,677</b>	<b>39,695</b>	<b>14,902,927</b>	<b>502,798</b>
<b>Cash and cash equivalents at the end of periods</b>	<b>\$445,353</b>	<b>\$14,578</b>	<b>\$1,212,677</b>	<b>\$41,263</b>
<b>The components of cash and cash equivalents</b>				
Cash and cash equivalents presented in balance sheet	\$445,353	\$14,578	\$1,212,677	\$40,914
<b>Cash and cash equivalents at the end of periods</b>	<b>\$445,353</b>	<b>\$14,578</b>	<b>\$1,212,677</b>	<b>\$40,914</b>

## Cathay Life Insurance Co., Ltd.

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$164,504,001	\$5,384,746	\$201,115,297	\$6,785,266
Receivables	70,860,435	2,319,491	77,861,873	2,626,919
Financial asset at fair value through profit or loss	1,128,633,727	36,943,821	42,735,409	1,441,815
Financial asset at fair value through other comprehensive income	921,964,604	30,178,874	-	-
Available-for-sale financial assets	-	-	1,502,895,656	50,704,982
Financial assets for hedging/Derivative financial assets for hedging	216,611	7,091	246,444	8,315
Investments accounted for using the equity method	97,135,294	3,179,551	88,768,088	2,994,875
Financial assets measured at amortized cost	2,258,061,756	73,913,642	-	-
Investment in debt securities with no active market	-	-	2,378,799,262	80,256,385
Held-to-maturity financial assets	-	-	50,808,599	1,714,190
Other financial assets	1,999,406	65,447	4,500,000	151,822
Investment property	427,098,786	13,980,320	422,287,644	14,247,221
Loans	594,129,442	19,447,772	617,373,227	20,829,056
Reinsurance contract assets	1,480,860	48,473	726,118	24,498
Property and equipment	29,848,752	977,046	29,532,953	996,388
Intangible assets	33,545,574	1,098,055	35,653,303	1,202,878
Deferred tax assets	38,165,870	1,249,292	28,356,809	956,707
Other assets	36,918,943	1,208,476	23,898,695	806,299
Separate account product assets	546,852,734	17,900,253	555,129,997	18,729,082
<b>Total assets</b>	<b>\$6,351,416,795</b>	<b>\$207,902,350</b>	<b>\$6,060,689,374</b>	<b>\$204,476,698</b>
<b>Liabilities</b>				
Payables	\$27,799,042	\$909,952	\$16,112,637	\$543,611
Financial liabilities at fair value through profit or loss	27,499,106	900,135	1,104,658	37,269
Bonds payable	70,000,000	2,291,326	70,000,000	2,361,673
Preferred stock liability	-	-	5,000,000	168,691
Insurance liabilities	5,267,978,184	172,437,911	4,911,915,146	165,719,134
Reserve for insurance contract with feature of financial instruments	930,654	30,463	472,573	15,944
Foreign exchange volatility reserve	17,075,289	558,929	11,589,138	390,997
Liability reserve	56,245	1,841	56,245	1,898
Deferred tax liabilities	28,476,919	932,142	36,348,432	1,226,330
Other liabilities	8,155,913	266,969	17,372,503	586,117
Separate account product liabilities	546,852,734	17,900,253	555,129,997	18,729,082
<b>Total liabilities</b>	<b>5,994,824,086</b>	<b>196,229,921</b>	<b>5,625,101,329</b>	<b>189,780,746</b>
<b>Stockholders' equity</b>				
Capital stock	57,265,274	1,874,477	53,065,274	1,790,326
Capital surplus	51,535,925	1,686,937	13,767,663	464,496
Retained earnings	331,036,962	10,835,907	326,660,113	11,020,921
Other equity	(83,245,452)	(2,724,892)	42,094,995	1,420,209
<b>Total stockholders' equity</b>	<b>356,592,709</b>	<b>11,672,429</b>	<b>435,588,045</b>	<b>14,695,952</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$6,351,416,795</b>	<b>\$207,902,350</b>	<b>\$6,060,689,374</b>	<b>\$204,476,698</b>

## Cathay Life Insurance Co., Ltd.

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$799,466,715	\$26,169,123	\$861,140,395	\$29,053,320
Operating costs	(751,709,190)	(24,605,865)	(807,086,790)	(27,229,649)
Operating expenses	(21,472,697)	(702,871)	(21,676,305)	(731,319)
Operating profit	26,284,828	860,387	32,377,300	1,092,352
Non-operating income and expenses	1,310,502	42,897	1,429,361	48,224
Profit from continuing operations before income tax	27,595,330	903,284	33,806,661	1,140,576
Income tax profit	2,593,990	84,910	2,483,477	83,788
Profit from continuing operations after income tax	30,189,320	988,194	36,290,138	1,224,364
Net income	30,189,320	988,194	36,290,138	1,224,364
Other comprehensive (loss) income	(173,807,449)	(5,689,278)	45,981,870	1,551,345
<b>Total comprehensive (loss) income</b>	<b>\$(143,618,129)</b>	<b>\$(4,701,084)</b>	<b>\$82,272,008</b>	<b>\$2,775,709</b>
<b>Primary earnings per share</b>	<b>\$5.47</b>	<b>\$0.18</b>	<b>\$6.84</b>	<b>\$0.23</b>



## Cathay Lujiazui Life Insurance Co., Ltd.

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$1,388,582	\$45,453	\$2,799,589	\$94,453
Receivables	832,546	27,252	1,163,541	39,256
Financial asset at fair value through profit or loss	29,502,960	965,727	62,584	2,112
Available-for-sale financial assets	-	-	8,128,348	274,236
Financial assets measured at amortized cost	134,286	4,396	-	-
Investment in debt securities with no active market	-	-	14,024,356	473,156
Held-to-maturity financial assets	-	-	823,696	27,790
Loans	460,032	15,058	185,535	6,260
Reinsurance contract assets	38,050	1,245	32,340	1,091
Property and equipment	143,339	4,692	116,674	3,936
Intangible assets	38,541	1,261	27,330	922
Other assets	3,187,274	104,330	2,948,413	99,474
Separate account product assets	111,527	3,651	139,182	4,696
<b>Total assets</b>	<b>\$35,837,137</b>	<b>\$1,173,065</b>	<b>\$30,451,588</b>	<b>\$1,027,382</b>
<b>Liabilities</b>				
Payables	\$1,478,177	\$48,385	\$1,950,310	\$65,800
Current income tax liabilities	444,535	14,551	-	-
Insurance liabilities	15,555,689	509,188	10,036,076	338,599
Reserve for insurance contract with feature of financial instruments	8,388,059	274,568	8,289,036	279,657
Other liabilities	76,453	2,503	49,886	1,683
Separate account product liabilities	111,527	3,651	139,182	4,696
<b>Total liabilities</b>	<b>26,054,440</b>	<b>852,846</b>	<b>20,464,490</b>	<b>690,435</b>
<b>Stockholders' equity</b>				
Capital stock	13,497,155	441,805	13,497,155	455,370
Retained earnings	(3,502,959)	(114,663)	(3,522,642)	(118,848)
Other equity	(211,499)	(6,923)	12,585	425
<b>Total stockholders' equity</b>	<b>9,782,697</b>	<b>320,219</b>	<b>9,987,098</b>	<b>336,947</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$35,837,137</b>	<b>\$1,173,065</b>	<b>\$30,451,588</b>	<b>\$1,027,382</b>

## Cathay Lujiazui Life Insurance Co., Ltd.

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$12,027,156	\$393,688	\$8,312,772	\$280,458
Operating costs	(9,773,603)	(319,922)	(6,674,558)	(225,188)
Operating expenses	(1,725,984)	(56,497)	(1,759,378)	(59,358)
Operating profit (loss)	527,569	17,269	(121,164)	(4,088)
Non-operating income and expenses	(1,976)	(65)	9,664	326
Profit (loss) from continuing operations before income tax	525,593	17,204	(111,500)	(3,762)
Income tax expense	(505,910)	(16,560)	(80,715)	(2,723)
Profit (loss) from continuing operations after income tax	19,683	644	(192,215)	(6,485)
Net income (loss)	19,683	644	(192,215)	(6,485)
Other comprehensive loss	(224,084)	(7,335)	(228,635)	(7,714)
<b>Total comprehensive loss</b>	<b>\$(204,401)</b>	<b>\$(6,691)</b>	<b>\$(420,850)</b>	<b>\$(14,199)</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Lujiazui Life is a limited company; there is no information about earning per share.

## Cathay Life Insurance Company (Vietnam)

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$2,903,659	\$95,046	\$934,009	\$31,512
Receivables	502,968	16,464	381,301	12,864
Financial asset at fair value through profit or loss	8,881,532	290,721	-	-
Available-for-sale financial assets	-	-	6,426,711	216,826
Financial assets measured at amortized cost	477,000	15,614	-	-
Investment in debt securities with no active market	-	-	183,960	6,206
Loans	45,374	1,485	29,789	1,005
Property and equipment	10,781	353	13,886	468
Intangible assets	388	13	112	4
Other assets	85,851	2,810	62,321	2,103
<b>Total assets</b>	<b>\$12,907,553</b>	<b>\$422,506</b>	<b>\$8,032,089</b>	<b>\$270,988</b>
<b>Liabilities</b>				
Payables	\$103,318	\$3,382	\$58,664	\$1,979
Current income tax liabilities	-	-	17,860	603
Insurance liabilities	3,238,790	106,016	1,989,642	67,127
Other liabilities	195	6	304	10
<b>Total liabilities</b>	<b>3,342,303</b>	<b>109,404</b>	<b>2,066,470</b>	<b>69,719</b>
<b>Stockholders' equity</b>				
Capital stock	9,090,730	297,569	5,410,990	182,557
Retained earnings	124,494	4,075	478,442	16,142
Other equity	350,026	11,458	76,187	2,570
<b>Total stockholders' equity</b>	<b>9,565,250</b>	<b>313,102</b>	<b>5,965,619</b>	<b>201,269</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$12,907,553</b>	<b>\$422,506</b>	<b>\$8,032,089</b>	<b>\$270,988</b>

## Cathay Life Insurance Company (Vietnam)

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$1,622,136	\$53,098	\$1,552,735	\$52,387
Operating costs	(1,445,934)	(47,330)	(1,065,596)	(35,951)
Operating expenses	(533,033)	(17,448)	(391,239)	(13,200)
Operating (loss) profit	(356,831)	(11,680)	95,900	3,236
Non-operating income and expenses	3,899	127	2,677	90
(Loss) profit from continuing operations before income tax	(352,932)	(11,553)	98,577	3,326
Income tax expense	(1,016)	(33)	(18,404)	(621)
(Loss) profit from continuing operations after income tax	(353,948)	(11,586)	80,173	2,705
Net (loss) income	(353,948)	(11,586)	80,173	2,705
Other comprehensive income	273,839	8,964	62,162	2,097
<b>Total comprehensive (loss) income</b>	<b>\$(80,109)</b>	<b>\$(2,622)</b>	<b>\$142,335</b>	<b>\$4,802</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Life Insurance Company (Vietnam) is a limited company; there is no information about earning per share.





## Lin Yuan (Shanghai) Real Estate Co., Ltd. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$1,065,285	\$34,870	\$843,290	\$28,451
Investment property	7,175,348	234,873	6,536,159	220,518
Property and equipment	4	-	549,458	18,538
<b>Total assets</b>	<b>\$8,240,637</b>	<b>\$269,743</b>	<b>\$7,928,907</b>	<b>\$267,507</b>
<b>Liabilities</b>				
Current liabilities	\$1,621	\$53	\$1,316	\$45
Deferred tax liabilities	410,120	13,425	307,251	10,366
Other liabilities	91,550	2,997	92,484	3,120
<b>Total liabilities</b>	<b>503,291</b>	<b>16,475</b>	<b>401,051</b>	<b>13,531</b>
<b>Stockholders' equity</b>				
Capital stock	7,223,435	236,446	7,223,435	243,706
Retained earnings	890,272	29,141	614,591	20,735
Other equity	(376,361)	(12,319)	(310,170)	(10,465)
<b>Total stockholders' equity</b>	<b>7,737,346</b>	<b>253,268</b>	<b>7,527,856</b>	<b>253,976</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$8,240,637</b>	<b>\$269,743</b>	<b>\$7,928,907</b>	<b>\$267,507</b>

## Lin Yuan (Shanghai) Real Estate Co., Ltd. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$393,131	\$12,869	\$241,081	\$8,134
Operating expenses	(44,346)	(1,452)	(66,113)	(2,231)
Operating profit	348,785	11,417	174,968	5,903
Non-operating income and expenses	(64)	(2)	(17)	-
Profit from continuing operations before income tax	348,721	11,415	174,951	5,903
Income tax expense	(73,040)	(2,391)	(42,108)	(1,421)
Profit from continuing operations after income tax	275,681	9,024	132,843	4,482
Net income	275,681	9,024	132,843	4,482
Other comprehensive loss	(66,191)	(2,167)	(96,535)	(3,257)
<b>Total comprehensive income</b>	<b>\$209,490</b>	<b>\$6,857</b>	<b>\$36,308</b>	<b>\$1,225</b>
Primary earnings per share	Note	Note	Note	Note

Note: Lin Yuan (Shanghai) Real Estate Co. Ltd. is a limited company; there is no information about earnings per share.

## Cathay Woolgate Exchange Holding 1 Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$2,431,476	\$79,590	\$2,178,540	\$73,500
Investment property	10,658,651	348,892	12,012,179	405,269
<b>Total assets</b>	<b>\$13,090,127</b>	<b>\$428,482</b>	<b>\$14,190,719</b>	<b>\$478,769</b>
<b>Liabilities</b>				
Current liabilities	\$104,856	\$3,432	\$99,103	\$3,344
<b>Total liabilities</b>	<b>104,856</b>	<b>3,432</b>	<b>99,103</b>	<b>3,344</b>
<b>Stockholders' equity</b>				
Capital stock	16,654,013	545,140	16,654,013	561,876
Retained earnings	495,404	16,216	1,166,022	39,339
Other equity	(4,164,146)	(136,306)	(3,728,419)	(125,790)
<b>Total stockholders' equity</b>	<b>12,985,271</b>	<b>425,050</b>	<b>14,091,616</b>	<b>475,425</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$13,090,127</b>	<b>\$428,482</b>	<b>\$14,190,719</b>	<b>\$478,769</b>

## Cathay Woolgate Exchange Holding 1 Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$(285,888)	\$(9,358)	\$(106,998)	\$(3,610)
Operating expenses	(728)	(24)	(702)	(24)
Operating loss	(286,616)	(9,382)	(107,700)	(3,634)
Loss from continuing operations before income tax	(286,616)	(9,382)	(107,700)	(3,634)
Income tax expense	(118,505)	(3,879)	(145,611)	(4,912)
Loss from continuing operations after income tax	(405,121)	(13,261)	(253,311)	(8,546)
Net loss	(405,121)	(13,261)	(253,311)	(8,546)
Other comprehensive (loss) income	(435,729)	(14,263)	201,324	6,792
<b>Total comprehensive loss</b>	<b>\$(840,850)</b>	<b>\$(27,524)</b>	<b>\$(51,987)</b>	<b>\$(1,754)</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Woolgate Exchange Holding 1 Limited is a limited company; there is no information about earnings per share.



## Cathay Woolgate Exchange Holding 2 Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
Assets				
Current assets	\$24,448	\$800	\$22,438	\$757
Investment property	107,663	3,524	121,335	4,094
Total assets	<u>\$132,111</u>	<u>\$4,324</u>	<u>\$143,773</u>	<u>\$4,851</u>
Liabilities				
Current liabilities	\$973	\$32	\$952	\$32
Total liabilities	<u>973</u>	<u>32</u>	<u>952</u>	<u>32</u>
Stockholders' equity				
Capital stock	168,222	5,506	168,222	5,676
Retained earnings	4,994	163	12,278	414
Other equity	(42,078)	(1,377)	(37,679)	(1,271)
Total stockholders' equity	<u>131,138</u>	<u>4,292</u>	<u>142,821</u>	<u>4,819</u>
Total liabilities and stockholders' equity	<u>\$132,111</u>	<u>\$4,324</u>	<u>\$143,773</u>	<u>\$4,851</u>

## Cathay Woolgate Exchange Holding 2 Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$(2,890)	\$(95)	\$(1,086)	\$(37)
Operating expenses	(729)	(24)	(693)	(23)
Operating loss	<u>(3,619)</u>	<u>(119)</u>	<u>(1,779)</u>	<u>(60)</u>
Loss from continuing operations before income tax	(3,619)	(119)	(1,779)	(60)
Income tax expense	<u>(1,010)</u>	<u>(33)</u>	<u>(1,340)</u>	<u>(45)</u>
Loss from continuing operations after income tax	<u>(4,629)</u>	<u>(152)</u>	<u>(3,119)</u>	<u>(105)</u>
Net loss	<u>(4,629)</u>	<u>(152)</u>	<u>(3,119)</u>	<u>(105)</u>
Other comprehensive (loss) income	<u>(4,399)</u>	<u>(144)</u>	<u>2,051</u>	<u>69</u>
Total comprehensive loss	<u><u>\$(9,028)</u></u>	<u><u>\$(296)</u></u>	<u><u>\$(1,068)</u></u>	<u><u>\$(36)</u></u>
Primary earnings per share	<u>Note</u>	<u>Note</u>	<u>Note</u>	<u>Note</u>

Note: Cathay Woolgate Exchange Holding 2 Limited is a limited company; there is no information about earnings per share.

## Cathay Walbrook Holding 1 Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$715,710	\$23,427	\$619,438	\$20,899
Investment property	20,859,540	682,800	22,019,380	742,894
<b>Total assets</b>	<b>\$21,575,250</b>	<b>\$706,227</b>	<b>\$22,638,818</b>	<b>\$763,793</b>
<b>Liabilities</b>				
Current liabilities	\$97,272	\$3,184	\$91,915	\$3,101
Other non-current liabilities	12,748,557	417,301	13,177,287	444,578
<b>Total liabilities</b>	<b>12,845,829</b>	<b>420,485</b>	<b>13,269,202</b>	<b>447,679</b>
<b>Stockholders' equity</b>				
Capital stock	10,189,090	333,522	10,189,090	343,761
Retained earnings	459,840	15,052	807,170	27,233
Other equity	(1,919,509)	(62,832)	(1,626,644)	(54,880)
<b>Total stockholders' equity</b>	<b>8,729,421</b>	<b>285,742</b>	<b>9,369,616</b>	<b>316,114</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$21,575,250</b>	<b>\$706,227</b>	<b>\$22,638,818</b>	<b>\$763,793</b>

## Cathay Walbrook Holding 1 Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$156,638	\$5,127	\$471,780	\$15,917
Operating costs	(474,491)	(15,532)	(419,367)	(14,149)
Operating expenses	(1,492)	(49)	(6,951)	(234)
Operating (loss) profit	(319,345)	(10,454)	45,462	1,534
(Loss) profit from continuing operations before income tax	(319,345)	(10,454)	45,462	1,534
Income tax expense	(27,985)	(916)	-	-
(Loss) profit from continuing operations after income tax	(347,330)	(11,370)	45,462	1,534
Net (loss) income	(347,330)	(11,370)	45,462	1,534
Other comprehensive (loss) income	(292,865)	(9,586)	139,286	4,699
<b>Total comprehensive (loss) income</b>	<b>\$(640,195)</b>	<b>\$(20,956)</b>	<b>\$184,748</b>	<b>\$6,233</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Walbrook Holding 1 Limited is a limited company; there is no information about earnings per share.





## Cathay Walbrook Holding 2 Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$34,867	\$1,141	\$30,556	\$1,031
Investment property	1,097,871	35,937	1,158,915	39,100
<b>Total assets</b>	<b>\$1,132,738</b>	<b>\$37,078</b>	<b>\$1,189,471</b>	<b>\$40,131</b>
<b>Liabilities</b>				
Current liabilities	\$4,953	\$162	\$4,838	\$163
Other non-current liabilities	670,977	21,963	693,541	23,399
<b>Total liabilities</b>	<b>675,930</b>	<b>22,125</b>	<b>698,379</b>	<b>23,562</b>
<b>Stockholders' equity</b>				
Capital stock	536,268	17,554	536,268	18,093
Retained earnings	21,286	697	40,247	1,358
Other equity	(100,746)	(3,298)	(85,423)	(2,882)
<b>Total stockholders' equity</b>	<b>456,808</b>	<b>14,953</b>	<b>491,092</b>	<b>16,569</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,132,738</b>	<b>\$37,078</b>	<b>\$1,189,471</b>	<b>\$40,131</b>

## Cathay Walbrook Holding 2 Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$8,244	\$270	\$24,827	\$838
Operating costs	(24,973)	(817)	(22,072)	(745)
Operating expenses	(929)	(30)	(849)	(29)
Operating (loss) profit	(17,658)	(577)	1,906	64
(Loss) profit from continuing operations before income tax	(17,658)	(577)	1,906	64
Income tax expense	(1,303)	(43)	-	-
(Loss) profit from continuing operations after income tax	(18,961)	(620)	1,906	64
Net (loss) income	(18,961)	(620)	1,906	64
Other comprehensive (loss) income	(15,323)	(502)	7,295	246
<b>Total comprehensive (loss) income</b>	<b>\$(34,284)</b>	<b>\$(1,122)</b>	<b>\$9,201</b>	<b>\$310</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Walbrook Holding 2 Limited is a limited company; there is no information about earnings per share.

## Conning Holdings Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$5,211,249	\$170,581	\$4,604,691	\$155,354
Financial asset at fair value through profit or loss	732,967	23,992	239,368	8,076
Financial asset at fair value through other comprehensive income	3,642	119	-	-
Investment in debt securities with no active market	-	-	3,006	101
Held-to-maturity financial assets	-	-	6,175,423	208,348
Investments accounted for using the equity method	2,711,174	88,746	-	-
Property and equipment	555,709	18,190	233,778	7,887
Intangible assets	10,460,456	342,405	10,592,201	357,362
Deferred tax assets	86,585	2,834	91,882	3,100
Other non-current assets	276,065	9,036	216,672	7,310
<b>Total assets</b>	<b>\$20,037,847</b>	<b>\$655,903</b>	<b>\$22,157,021</b>	<b>\$747,538</b>
<b>Liabilities</b>				
Current liabilities	\$3,589,885	\$117,508	\$7,222,207	\$243,664
Liability reserve	169,031	5,533	415,757	14,027
Deferred tax liabilities	382,176	12,510	388,369	13,103
Other non-current liabilities	424,208	13,886	379,310	12,797
<b>Total liabilities</b>	<b>4,565,300</b>	<b>149,437</b>	<b>8,405,643</b>	<b>283,591</b>
<b>Stockholders' equity</b>				
Capital stock	99,343	3,252	93,791	3,164
Capital surplus	15,624,196	511,430	14,413,268	486,278
Retained earnings	151,020	4,943	84,428	2,849
Other equity	(1,047,381)	(34,284)	(1,439,878)	(48,579)
Non-controlling interest	645,369	21,125	599,769	20,235
<b>Total stockholders' equity</b>	<b>15,472,547</b>	<b>506,466</b>	<b>13,751,378</b>	<b>463,947</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$20,037,847</b>	<b>\$655,903</b>	<b>\$22,157,021</b>	<b>\$747,538</b>

## Conning Holdings Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$6,314,239	\$206,685	\$5,804,132	\$195,821
Operating costs	(715,813)	(23,431)	(787,112)	(26,556)
Operating expenses	(5,368,382)	(175,724)	(4,898,966)	(165,282)
Operating profit	230,044	7,530	118,054	3,983
Profit from continuing operations before income tax	230,044	7,530	118,054	3,983
Income tax (expense) profit	(101,187)	(3,312)	98,597	3,326
Profit from continuing operations after income tax	128,857	4,218	216,651	7,309
Net income	128,857	4,218	216,651	7,309
Other comprehensive income (loss)	410,288	13,430	(1,091,949)	(36,840)
<b>Total comprehensive income (loss)</b>	<b>\$539,145</b>	<b>\$17,648</b>	<b>\$(875,298)</b>	<b>\$(29,531)</b>
Primary earnings per share	Note	Note	Note	Note

Note: Conning Holdings Limited is a limited company; there is no information about earnings per share.



## Cathay Century Insurance Co., Ltd. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$10,045,082	\$328,808	\$7,420,391	\$250,351
Receivables	2,256,600	73,866	2,095,541	70,700
Financial asset at fair value through profit or loss	5,887,384	192,713	90,521	3,054
Financial asset at fair value through other comprehensive income	1,451,444	47,510	-	-
Available-for-sale financial assets	-	-	11,050,902	372,837
Financial assets measured at amortized cost	8,017,014	262,423	-	-
Investments accounted for using the equity method	1,684,638	55,144	1,739,672	58,693
Investment in debt securities with no active market	-	-	1,998,068	67,411
Held-to-maturity financial assets	-	-	6,114,610	206,296
Loans	236,816	7,752	251,770	8,494
Reinsurance contract assets	5,859,867	191,812	6,186,264	208,713
Property and equipment	115,426	3,778	69,476	2,344
Intangible assets	65,246	2,136	46,492	1,569
Deferred tax assets	147,546	4,829	174,813	5,898
Other assets	1,760,175	57,616	679,965	22,941
<b>Total assets</b>	<b>\$37,527,238</b>	<b>\$1,228,387</b>	<b>\$37,918,485</b>	<b>\$1,279,301</b>
<b>Liabilities</b>				
Payables	\$2,556,850	\$83,694	\$2,512,322	\$84,761
Financial liabilities at fair value through profit or loss	50,041	1,638	3,238	109
Preferred stock liability	-	-	1,000,000	33,738
Insurance liabilities	23,433,602	767,057	22,594,714	762,305
Liability reserve	440,082	14,405	426,446	14,388
Deferred tax liabilities	298,914	9,785	254,789	8,596
Other liabilities	722,673	23,655	609,655	20,569
<b>Total liabilities</b>	<b>27,502,162</b>	<b>900,234</b>	<b>27,401,164</b>	<b>924,466</b>
<b>Stockholders' equity</b>				
Capital stock	3,057,052	100,067	3,057,052	103,139
Capital surplus	502,500	16,448	502,500	16,953
Retained earnings	7,278,171	238,238	7,256,757	244,830
Other equity	(812,647)	(26,600)	(298,988)	(10,087)
<b>Total stockholders' equity</b>	<b>10,025,076</b>	<b>328,153</b>	<b>10,517,321</b>	<b>354,835</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$37,527,238</b>	<b>\$1,228,387</b>	<b>\$37,918,485</b>	<b>\$1,279,301</b>

## Cathay Century Insurance Co., Ltd. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$18,370,972	\$601,341	\$17,581,119	\$593,155
Operating costs	(12,784,200)	(418,468)	(11,920,415)	(402,173)
Operating expenses	(3,702,149)	(121,183)	(3,488,954)	(117,711)
Operating profit	1,884,623	61,690	2,171,750	73,271
Non-operating income and expenses	(25,802)	(845)	(16,936)	(572)
Profit from continuing operations before income tax	1,858,821	60,845	2,154,814	72,699
Income tax expense	(348,985)	(11,423)	(296,677)	(10,009)
Profit from continuing operations after income tax	1,509,836	49,422	1,858,137	62,690
Net income	1,509,836	49,422	1,858,137	62,690
Other comprehensive (loss) income	(659,438)	(21,586)	224,239	7,566
<b>Total comprehensive income</b>	<b>\$850,398</b>	<b>\$27,836</b>	<b>\$2,082,376</b>	<b>\$70,256</b>
<b>Primary earnings per share</b>	<b>\$4.94</b>	<b>\$0.16</b>	<b>\$6.32</b>	<b>\$0.21</b>

## Cathay Insurance Co., Ltd (Vietnam)

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$140,839	\$4,610	\$127,944	\$4,317
Receivables	102,179	3,345	54,719	1,846
Financial assets measured at amortized cost	509,226	16,668	-	-
Investment in debt securities with no active market	-	-	10,512	355
Held-to-maturity financial assets	-	-	491,697	16,589
Reinsurance contract assets	249,311	8,161	294,563	9,938
Property and equipment	6,759	221	5,669	191
Intangible assets	149	5	2,355	79
Deferred tax assets	-	-	-	-
Other assets	38,543	1,262	36,446	1,230
<b>Total assets</b>	<b>\$1,047,006</b>	<b>\$34,272</b>	<b>\$1,023,905</b>	<b>\$34,545</b>
<b>Liabilities</b>				
Payables	\$70,307	\$2,301	\$32,226	\$1,087
Insurance liabilities	352,073	11,525	391,660	13,214
Deferred tax liabilities	134	5	106	4
Other liabilities	10,668	349	10,355	349
<b>Total liabilities</b>	<b>433,182</b>	<b>14,180</b>	<b>434,347</b>	<b>14,654</b>
<b>Stockholders' equity</b>				
Capital stock	845,585	27,679	845,585	28,529
Retained earnings	(97,383)	(3,188)	(116,597)	(3,934)
Other equity	(134,378)	(4,399)	(139,430)	(4,704)
<b>Total stockholders' equity</b>	<b>613,824</b>	<b>20,092</b>	<b>589,558</b>	<b>19,891</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,047,006</b>	<b>\$34,272</b>	<b>\$1,023,905</b>	<b>\$34,545</b>

## Cathay Insurance Co., Ltd (Vietnam)

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$236,756	\$7,750	\$208,066	\$7,020
Operating costs	(73,657)	(2,411)	(66,691)	(2,250)
Operating expenses	(145,881)	(4,775)	(120,232)	(4,057)
Operating profit	17,218	564	21,143	713
Non-operating income and expenses	2,022	66	1,440	49
Profit from continuing operations before income tax	19,240	630	22,583	762
Income tax (expense) profit	(26)	(1)	3	-
Profit from continuing operations after income tax	19,214	629	22,586	762
Net income	19,214	629	22,586	762
Other comprehensive income (loss)	5,052	165	(45,699)	(1,542)
<b>Total comprehensive income (loss)</b>	<b>\$24,266</b>	<b>\$794</b>	<b>\$(23,113)</b>	<b>\$(780)</b>
Primary earnings per share	Note	Note	Note	Note

Note: Cathay Century (Vietnam) is a limited company; there is no information about earnings per share.





## Cathay United Bank Co., Ltd. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$66,762,454	\$2,185,350	\$58,342,595	\$1,968,374
Due from the Central Bank and call loans to banks	102,596,003	3,358,298	121,859,843	4,111,331
Financial assets at fair value through profit or loss	246,407,565	8,065,714	309,972,777	10,457,921
Financial asset at fair value through other comprehensive income	180,253,805	5,900,288	-	-
Financial assets measured at amortized cost	419,828,413	13,742,338	-	-
Securities purchased under agreements to resell	40,462,461	1,324,467	85,388,175	2,880,843
Receivables	85,277,180	2,791,397	76,953,234	2,596,263
Discounts and loans	1,533,747,366	50,204,496	1,399,567,004	47,218,860
Available-for-sale financial assets	-	-	142,212,975	4,798,008
Held-to-maturity financial assets	-	-	31,853,543	1,074,681
Investments accounted for using the equity method	25,501,114	834,734	9,017,435	304,232
Other financial assets	1,271	42	1,276	43
Investment in debt securities with no active market	-	-	388,287,593	13,100,121
Property and equipment	24,755,100	810,314	24,262,267	818,565
Investment property	1,439,686	47,126	1,547,372	52,205
Intangible assets	7,509,044	245,795	7,398,865	249,624
Deferred tax assets	1,861,573	60,935	2,223,266	75,009
Other assets	34,418,482	1,126,628	23,704,316	799,741
<b>Total assets</b>	<b>\$2,770,821,517</b>	<b>\$90,697,922</b>	<b>\$2,682,592,536</b>	<b>\$90,505,821</b>
<b>Liabilities</b>				
Due to the Central Bank and call loans from banks	\$67,728,200	\$2,216,962	\$84,375,047	\$2,846,662
Financial liabilities at fair value through profit or loss	102,960,537	3,370,230	87,305,126	2,945,517
Securities sold under agreements to repurchase	55,974,509	1,832,226	109,941,425	3,709,225
Payables	23,816,109	779,578	22,794,360	769,041
Current income tax liabilities	87,061	2,850	408,947	13,797
Deposits and remittances	2,174,157,863	71,167,197	2,056,168,811	69,371,417
Financial debentures payable	55,600,000	1,819,967	63,350,000	2,137,314
Other financial liabilities	76,509,334	2,504,397	66,057,646	2,228,666
Liability reserve	3,389,976	110,965	3,187,664	107,546
Deferred tax liabilities	1,645,038	53,848	1,580,152	53,311
Other liabilities	7,187,344	235,265	8,959,880	302,290
<b>Total liabilities</b>	<b>2,569,055,971</b>	<b>84,093,485</b>	<b>2,504,129,058</b>	<b>84,484,786</b>
<b>Stockholders' equity</b>				
Capital stock	91,197,623	2,985,192	78,604,060	2,651,959
Capital surplus	33,610,983	1,100,196	33,610,983	1,133,974
Retained earnings	75,580,519	2,473,994	67,103,367	2,263,946
Other equity	1,376,421	45,055	(854,932)	(28,844)
<b>Total stockholders' equity</b>	<b>201,765,546</b>	<b>6,604,437</b>	<b>178,463,478</b>	<b>6,021,035</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,770,821,517</b>	<b>\$90,697,922</b>	<b>\$2,682,592,536</b>	<b>\$90,505,821</b>

## Cathay United Bank Co., Ltd. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Interest income	\$49,156,871	\$1,609,063	\$42,724,485	\$1,441,447
Interest expenses	(18,330,503)	(600,017)	(15,037,732)	(507,346)
Net interest income	30,826,368	1,009,046	27,686,753	934,101
Non-interest income	27,659,677	905,390	25,268,099	852,500
Total income	58,486,045	1,914,436	52,954,852	1,786,601
Bad debt expense and reserve for loss on guarantees	(4,341,281)	(142,104)	(2,729,328)	(92,083)
Operating expenses	(30,118,732)	(985,883)	(28,399,121)	(958,135)
Profit from continuing operations before income tax	24,026,032	786,449	21,826,403	736,383
Income tax expense	(3,005,700)	(98,386)	(2,524,000)	(85,155)
Profit from continuing operations after income tax	21,020,332	688,063	19,302,403	651,228
Net income	21,020,332	688,063	19,302,403	651,228
Other comprehensive loss	(917,206)	(30,023)	(1,112,732)	(37,541)
<b>Total comprehensive income</b>	<b>\$20,103,126</b>	<b>\$658,040</b>	<b>\$18,189,671</b>	<b>\$613,687</b>
<b>Primary earnings per share</b>	<b>\$2.30</b>	<b>\$0.08</b>	<b>\$2.17</b>	<b>\$0.07</b>

## Indovina Bank Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$7,227,395	\$236,576	\$6,211,898	\$209,578
Due from the Central Bank and call loans to banks	5,987,001	195,974	4,953,082	167,108
Financial assets at fair value through profit or loss	3,517,852	115,151	2,012,283	67,891
Financial asset at fair value through other comprehensive income	6,751,075	220,984	-	-
Financial assets measured at amortized cost	1,194,094	39,087	-	-
Securities purchased under agreements to resell	3,711,200	121,479	2,095,480	70,698
Available-for-sale financial assets	-	-	6,266,930	211,435
Receivables	236,705	7,748	124,196	4,190
Discounts and loans	35,458,419	1,160,668	29,183,283	984,591
Held-to-maturity financial assets	-	-	2,491,542	84,060
Property and equipment	358,040	11,720	370,421	12,497
Intangible assets	16,095	527	14,276	482
Deferred tax assets	10,969	359	-	-
Other assets	537,864	17,606	533,777	18,009
<b>Total assets</b>	<b>\$65,006,709</b>	<b>\$2,127,879</b>	<b>\$54,257,168</b>	<b>\$1,830,539</b>
<b>Liabilities</b>				
Due to the Central Bank and call loans from banks	\$17,064,034	\$558,561	\$10,099,989	\$340,756
Financial liabilities at fair value through profit or loss	-	-	102,525	3,459
Payables	803,520	26,302	765,044	25,811
Current income tax liabilities	15,349	502	1,755	59
Deposits and remittances	38,981,124	1,275,978	35,414,936	1,194,836
Liability reserve	15,349	502	-	-
Deferred tax liabilities	-	-	122,206	4,123
Other liabilities	44,371	1,452	62,536	2,110
<b>Total liabilities</b>	<b>\$6,923,747</b>	<b>\$1,863,297</b>	<b>\$46,568,991</b>	<b>\$1,571,154</b>
<b>Stockholders' equity</b>				
Capital stock	6,094,911	199,506	6,094,911	205,631
Retained earnings	1,671,965	54,729	1,769,012	59,683
Other equity	316,086	10,347	(175,746)	(5,929)
<b>Total stockholders' equity</b>	<b>\$8,082,962</b>	<b>\$264,582</b>	<b>\$7,688,177</b>	<b>\$259,385</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$65,006,709</b>	<b>\$2,127,879</b>	<b>\$54,257,168</b>	<b>\$1,830,539</b>

## Indovina Bank Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Interest income	\$3,659,132	\$119,775	\$3,065,431	\$103,422
Interest expenses	(1,923,480)	(62,962)	(1,420,766)	(47,934)
Net interest income	1,735,652	56,813	1,644,665	55,488
Non-interest income	129,098	4,226	641,449	21,641
<b>Total income</b>	<b>1,864,750</b>	<b>61,039</b>	<b>2,286,114</b>	<b>77,129</b>
Bad debt expense and reserve for loss on guarantees	(616,298)	(20,173)	(709,872)	(23,950)
Operating expenses	(683,495)	(22,373)	(650,912)	(21,960)
Profit from continuing operations before income tax	564,957	18,493	925,330	31,219
Income tax expense	(98,920)	(3,238)	(202,924)	(6,846)
Profit from continuing operations after income tax	466,037	15,255	722,406	24,373
Net income	466,037	15,255	722,406	24,373
Other comprehensive income (loss)	491,832	16,099	(340,943)	(11,503)
<b>Total comprehensive income</b>	<b>\$957,869</b>	<b>\$31,354</b>	<b>\$381,463</b>	<b>\$12,870</b>
<b>Primary earnings per share</b>	<b>Note</b>	<b>Note</b>	<b>Note</b>	<b>Note</b>

Note: Indovina Bank is a limited company; there is no information about earnings per share.



## Cathay United Bank (Cambodia) Corporation Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Cash and cash equivalents	\$1,915,910	\$62,714	\$2,237,632	\$75,494
Due from the Central Bank and call loans to banks	3,330,578	109,021	1,574,440	53,119
Financial asset at fair value through other comprehensive income	786	26	-	-
Available-for-sale financial assets	-	-	764	26
Receivables	134,914	4,416	127,783	4,311
Discounts and loans	6,787,997	222,193	5,807,880	195,947
Property and equipment	159,357	5,216	157,404	5,310
Intangible assets	63,118	2,066	57,336	1,934
Other assets	57,197	1,872	47,212	1,593
<b>Total assets</b>	<b>\$12,449,857</b>	<b>\$407,524</b>	<b>\$10,010,451</b>	<b>\$337,734</b>
<b>Liabilities</b>				
Payables	\$127,987	\$4,189	\$122,169	\$4,122
Current income tax liabilities	53,237	1,743	29,195	985
Deposits and remittances	8,952,862	293,056	6,784,217	228,887
Liability reserve	430	14	-	-
Deferred tax liabilities	9,902	324	10,473	353
Other liabilities	20,383	667	33,810	1,141
<b>Total liabilities</b>	<b>9,164,801</b>	<b>299,993</b>	<b>6,979,864</b>	<b>235,488</b>
<b>Stockholders' equity</b>				
Capital stock	3,020,769	98,880	3,020,769	101,915
Retained earnings	223,500	7,316	61,476	2,074
Other equity	40,787	1,335	(51,658)	(1,743)
<b>Total stockholders' equity</b>	<b>3,285,056</b>	<b>107,531</b>	<b>3,030,587</b>	<b>102,246</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$12,449,857</b>	<b>\$407,524</b>	<b>\$10,010,451</b>	<b>\$337,734</b>

## Cathay United Bank (Cambodia) Corporation Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Interest income	\$579,306	\$18,963	\$500,275	\$16,878
Interest expenses	(105,072)	(3,439)	(130,896)	(4,416)
Net interest income	474,234	15,524	369,379	12,462
Non-interest income	105,073	3,439	90,274	3,046
<b>Total income</b>	<b>579,307</b>	<b>18,963</b>	<b>459,653</b>	<b>15,508</b>
Bad debt expense and reserve for loss on guarantees	(63,543)	(2,080)	(54,945)	(1,854)
Operating expenses	(303,176)	(9,924)	(251,414)	(8,482)
Profit from continuing operations before income tax	212,588	6,959	153,294	5,172
Income tax expense	(50,564)	(1,655)	(35,649)	(1,203)
Profit from continuing operations after income tax	162,024	5,304	117,645	3,969
Net profit	162,024	5,304	117,645	3,969
Other comprehensive income (loss)	92,444	3,026	(182,924)	(6,171)
<b>Total comprehensive income (loss)</b>	<b>\$254,468</b>	<b>\$8,330</b>	<b>\$(65,279)</b>	<b>\$(2,202)</b>
<b>Primary earnings per share</b>	<b>\$1.61</b>	<b>\$0.05</b>	<b>\$1.34</b>	<b>\$0.05</b>

## Cathay United Bank (China) Co., Ltd.

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31	
	NT\$	US\$
<b>Assets</b>		
Cash and cash equivalents	\$2,510,637	\$82,181
Due from the Central Bank and call loans to banks	5,483,627	179,497
Financial assets at fair value through profit or loss	759,799	24,871
Financial asset at fair value through other comprehensive income	13,567,235	444,099
Securities purchased under agreements to resell	438,471	14,353
Receivables	465,933	15,251
Discounts and loans	19,329,468	632,716
Property and equipment	82,396	2,697
Intangible assets	107,821	3,529
Other assets	47,706	1,562
<b>Total assets</b>	<b>\$42,793,093</b>	<b>\$1,400,756</b>
<b>Liabilities</b>		
Due to the Central Bank and call loans from banks	\$20,372,825	\$666,868
Financial liabilities at fair value through profit or loss	447,241	14,640
Payables	301,361	9,864
Current income tax liabilities	29,171	955
Deposits and remittances	5,569,841	182,319
Liability reserve	15,672	513
Deferred tax liabilities	2,828	93
Other liabilities	58,985	1,931
<b>Total liabilities</b>	<b>26,797,924</b>	<b>877,183</b>
<b>Stockholders' equity</b>		
Capital stock	14,377,562	470,624
Capital surplus	2,522,670	82,575
Retained earnings	135,424	4,433
Other equity	(1,040,487)	(34,059)
<b>Total stockholders' equity</b>	<b>15,995,169</b>	<b>523,573</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$42,793,093</b>	<b>\$1,400,756</b>

## Cathay United Bank (China) Co., Ltd.

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.9.3~2018.12.31	
	NT\$	US\$
Interest income	\$635,948	\$20,817
Interest expenses	(274,946)	(9,000)
Net interest income	361,002	11,817
Non-interest income	119,529	3,912
<b>Total income</b>	<b>480,531</b>	<b>15,729</b>
Bad debt expense and reserve for loss on guarantees	(10,419)	(341)
Operating expenses	(234,745)	(7,684)
Profit from continuing operations before income tax	235,367	7,704
Income tax expense	(74,821)	(2,449)
Profit from continuing operations after income tax	160,546	5,255
Net profit	160,546	5,255
Other comprehensive income	284,165	9,302
<b>Total comprehensive income</b>	<b>\$444,711</b>	<b>\$14,557</b>
<b>Primary earnings per share</b>	<b>Note 1</b>	<b>Note 1</b>

Note 1: Cathay United Bank (China) is a limited company; there is no information about earnings per share.

Note 2: Cathay United Bank (China) Co., Ltd. was incorporated to the consolidated financial statements on 3 September 2018.





## Cathay Securities Corporation

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$20,551,688	\$672,723	\$25,614,023	\$864,171
Financial assets at fair value through				
other comprehensive income - non current	106	4	-	-
Available-for-sale financial assets - non current	-	-	18	1
Investments accounted for using the equity method	1,923,564	62,964	1,559,266	52,607
Property and equipment	126,491	4,140	156,523	5,281
Intangible assets	52,757	1,727	47,520	1,603
Deferred tax assets	37,894	1,240	5,410	182
Other non-current assets	602,950	19,737	549,778	18,548
<b>Total assets</b>	<b>\$23,295,450</b>	<b>\$762,535</b>	<b>\$27,932,538</b>	<b>\$942,393</b>
<b>Liabilities</b>				
Current liabilities	\$15,537,861	\$508,604	\$20,652,294	\$696,771
Deferred tax liabilities	1,129	37	10,463	353
Other non-current liabilities	30,471	997	24,485	826
<b>Total liabilities</b>	<b>15,569,461</b>	<b>509,638</b>	<b>20,687,242</b>	<b>697,950</b>
<b>Stockholders' equity</b>				
Capital stock	5,700,086	186,582	5,510,000	185,898
Capital surplus	491,766	16,097	491,766	16,591
Retained earnings	1,258,708	41,202	1,008,860	34,037
Other equity	275,429	9,016	234,670	7,917
<b>Total stockholders' equity</b>	<b>7,725,989</b>	<b>252,897</b>	<b>7,245,296</b>	<b>244,443</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$23,295,450</b>	<b>\$762,535</b>	<b>\$27,932,538</b>	<b>\$942,393</b>

## Cathay Securities Corporation

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Revenues	\$3,170,391	\$103,777	\$2,901,034	\$97,876
Service fee expenses	(116,540)	(3,815)	(99,310)	(3,351)
Employee benefit expenses	(1,070,928)	(35,055)	(994,707)	(33,560)
Share of the profit of associates and joint ventures				
accounted for using the equity method	(9,649)	(316)	(2,410)	(81)
Operating expenses	(1,434,388)	(46,952)	(1,472,514)	(49,680)
Non-operating income and expenses	23,677	775	20,807	702
Profit from continuing operations before income tax	562,563	18,414	352,900	11,906
Income tax expense	(101,212)	(3,313)	(79,029)	(2,666)
Profit from continuing operations after income tax	461,351	15,101	273,871	9,240
Net income	461,351	15,101	273,871	9,240
Other comprehensive income (loss)	19,606	642	(7,261)	(245)
<b>Total comprehensive income</b>	<b>\$480,957</b>	<b>\$15,743</b>	<b>\$266,610</b>	<b>\$8,995</b>
<b>Primary earnings per share</b>	<b>\$0.81</b>	<b>\$0.03</b>	<b>\$0.48</b>	<b>\$0.02</b>

## Cathay Futures Co., Ltd. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$7,515,226	\$245,998	\$5,454,433	\$184,023
Financial assets at fair value through other comprehensive income - non current	326,429	10,685	-	-
Available-for-sale financial assets	-	-	328,236	11,074
Property and equipment	68,306	2,236	69,862	2,357
Investment property	290,341	9,504	290,341	9,795
Intangible assets	26,461	866	31,657	1,068
Other non-current assets	148,795	4,870	154,443	5,211
<b>Total assets</b>	<b>\$8,375,558</b>	<b>\$274,159</b>	<b>\$6,328,972</b>	<b>\$213,528</b>
<b>Liabilities</b>				
Current liabilities	\$7,159,143	\$234,342	\$5,148,201	\$173,691
Deferred tax liabilities	6,821	223	6,554	221
Other non-current liabilities	1,675	55	1,675	57
<b>Total liabilities</b>	<b>7,167,639</b>	<b>234,620</b>	<b>5,156,430</b>	<b>173,969</b>
<b>Stockholders' equity</b>				
Capital stock	667,000	21,833	667,000	22,503
Retained earnings	245,263	8,028	207,975	7,017
Other equity	295,656	9,678	297,567	10,039
<b>Total stockholders' equity</b>	<b>1,207,919</b>	<b>39,539</b>	<b>1,172,542</b>	<b>39,559</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$8,375,558</b>	<b>\$274,159</b>	<b>\$6,328,972</b>	<b>\$213,528</b>

## Cathay Futures Co., Ltd. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$317,407	\$10,390	\$239,019	\$8,064
Operating expenses	(331,931)	(10,865)	(259,367)	(8,751)
Operating loss	(14,524)	(475)	(20,348)	(687)
Non-operating income and expenses	82,637	2,705	54,375	1,835
Profit from continuing operations before income tax	68,113	2,230	34,027	1,148
Income tax expense	(7,494)	(245)	(93)	(3)
Profit from continuing operations after income tax	60,619	1,985	33,934	1,145
Net income	60,619	1,985	33,934	1,145
Other comprehensive (loss) income	(1,911)	(63)	22,421	756
<b>Total comprehensive income</b>	<b>\$58,708</b>	<b>\$1,922</b>	<b>\$56,355</b>	<b>\$1,901</b>
<b>Primary earnings per share</b>	<b>\$0.91</b>	<b>\$0.03</b>	<b>\$0.51</b>	<b>\$0.02</b>



## Cathay Securities (Hong Kong) Limited

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$1,334,030	\$43,667	\$1,173,810	\$39,602
Property and equipment	17,811	583	16,005	540
Intangible assets	1,937	63	1,880	64
Other non-current assets	35,216	1,153	80,360	2,711
<b>Total assets</b>	<b>\$1,388,994</b>	<b>\$45,466</b>	<b>\$1,272,055</b>	<b>\$42,917</b>
<b>Liabilities</b>				
Current liabilities	\$691,159	\$22,624	\$904,870	\$30,529
<b>Total liabilities</b>	<b>691,159</b>	<b>22,624</b>	<b>904,870</b>	<b>30,529</b>
<b>Stockholders' equity</b>				
Capital stock	1,108,244	36,276	728,544	24,580
Retained earnings	(373,892)	(12,239)	(305,128)	(10,295)
Other equity	(36,517)	(1,195)	(56,231)	(1,897)
<b>Total stockholders' equity</b>	<b>697,835</b>	<b>22,842</b>	<b>367,185</b>	<b>12,388</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,388,994</b>	<b>\$45,466</b>	<b>\$1,272,055</b>	<b>\$42,917</b>

## Cathay Securities (Hong Kong) Limited

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Revenues	\$71,274	\$2,333	\$102,482	\$3,458
Service fee expenses	(4,028)	(132)	(5,263)	(178)
Employee benefit expenses	(42,377)	(1,387)	(39,166)	(1,321)
Operating expenses	(97,238)	(3,183)	(90,954)	(3,069)
Non-operating income and expenses	3,605	118	1,273	43
Loss from continuing operations before income tax	(68,764)	(2,251)	(31,628)	(1,067)
Income tax expense	-	-	-	-
Loss from continuing operations after income tax	(68,764)	(2,251)	(31,628)	(1,067)
Net loss	(68,764)	(2,251)	(31,628)	(1,067)
Other comprehensive loss	19,714	645	(35,918)	(1,212)
<b>Total comprehensive loss</b>	<b>\$(49,050)</b>	<b>\$(1,606)</b>	<b>\$(67,546)</b>	<b>\$(2,279)</b>
<b>Primary earnings per share</b>	<b>Note</b>	<b>Note</b>	<b>Note</b>	<b>Note</b>

Note: Cathay Securities (Hong Kong) Limited is a limited company; there is no information about earnings per share.

## Cathay Securities Investment Trust Co., Ltd.

### Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$2,265,450	\$74,155	\$1,927,099	\$65,017
Financial assets at fair value through other comprehensive income - non current	9,318	305	-	-
Available-for-sale financial assets - non current	-	-	8,362	282
Financial assets carried at cost - non current	-	-	13,986	472
Investments accounted for using the equity method	506,230	16,570	563,400	19,008
Property and equipment	45,880	1,502	54,691	1,845
Intangible assets	13,735	450	8,677	293
Deferred tax assets	23,303	763	16,367	552
Other non-current assets	304,793	9,977	259,320	8,749
<b>Total assets</b>	<b>\$3,168,709</b>	<b>\$103,722</b>	<b>\$2,851,902</b>	<b>\$96,218</b>
<b>Liabilities</b>				
Current liabilities	\$471,774	\$15,443	\$384,855	\$12,984
Other non-current liabilities	137,156	4,489	138,093	4,659
<b>Total liabilities</b>	<b>608,930</b>	<b>19,932</b>	<b>522,948</b>	<b>17,643</b>
<b>Stockholders' equity</b>				
Capital stock	1,500,000	49,100	1,500,000	50,608
Capital surplus	13,908	455	13,908	469
Retained earnings	1,116,659	36,552	855,115	28,850
Other equity	(70,788)	(2,317)	(40,069)	(1,352)
<b>Total stockholders' equity</b>	<b>2,559,779</b>	<b>83,790</b>	<b>2,328,954</b>	<b>78,575</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$3,168,709</b>	<b>\$103,722</b>	<b>\$2,851,902</b>	<b>\$96,218</b>

## Cathay Securities Investment Trust Co., Ltd.

### Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$2,411,578	\$78,939	\$1,755,727	\$59,235
Operating expenses	(1,549,993)	(50,737)	(1,256,839)	(42,404)
Operating gross profit	861,585	28,202	498,888	16,831
Non-operating income and expenses	(48,656)	(1,593)	26,369	890
Profit from continuing operations before income tax	812,929	26,609	525,257	17,721
Income tax expense	(171,152)	(5,602)	(85,842)	(2,896)
Profit from continuing operations after income tax	641,777	21,007	439,415	14,825
Net income	641,777	21,007	439,415	14,825
Other comprehensive loss	(26,522)	(868)	(12,734)	(430)
<b>Total comprehensive income</b>	<b>\$615,255</b>	<b>\$20,139</b>	<b>\$426,681</b>	<b>\$14,395</b>
<b>Primary earnings per share</b>	<b>\$4.28</b>	<b>\$0.14</b>	<b>\$2.93</b>	<b>\$0.10</b>





## Cathay Private Equity Co., Ltd. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
Assets				
Current assets	\$48,145	\$1,576	\$49,963	\$1,686
Other non-current assets	626	20	21	1
Total assets	<u>\$48,771</u>	<u>\$1,596</u>	<u>\$49,984</u>	<u>\$1,687</u>
Liabilities				
Current liabilities	\$611	\$20	\$86	\$3
Total liabilities	<u>611</u>	<u>20</u>	<u>86</u>	<u>3</u>
Stockholders' equity				
Capital stock	50,000	1,637	50,000	1,687
Retained earnings	(1,840)	(61)	(102)	(3)
Total stockholders' equity	<u>48,160</u>	<u>1,576</u>	<u>49,898</u>	<u>1,684</u>
Total liabilities and stockholders' equity	<u>\$48,771</u>	<u>\$1,596</u>	<u>\$49,984</u>	<u>\$1,687</u>

## Cathay Private Equity Co., Ltd. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and for the period 15 November to 31 December 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.11.15~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$-	\$-	\$-	\$-
Operating expenses	(2,212)	(72)	(126)	(4)
Operating loss	(2,212)	(72)	(126)	(4)
Non-operating income and expenses	39	1	3	-
Loss from continuing operations before income tax	(2,173)	(71)	(123)	(4)
Income tax profit	435	14	21	1
Loss from continuing operations after income tax	(1,738)	(57)	(102)	(3)
Net loss	(1,738)	(57)	(102)	(3)
Total comprehensive loss	<u>\$(1,738)</u>	<u>\$(57)</u>	<u>\$(102)</u>	<u>\$(3)</u>
Primary earnings per share	<u>\$(0.35)</u>	<u>\$-</u>	<u>\$(0.02)</u>	<u>\$-</u>

Note : Cathay Private Equity Co., Ltd. was incorporated to the consolidated financial statements on 15 November 2018.

## Cathay Venture Inc. Condensed Balance Sheet

As of 31 December 2018 and 31 December 2017

Expressed in thousands of Dollars

Items	2018.12.31		2017.12.31	
	NT\$	US\$	NT\$	US\$
<b>Assets</b>				
Current assets	\$753,153	\$24,653	\$753,153	\$25,410
Available-for-sale financial assets-non-current	2,549,427	83,451	2,549,427	86,013
Investments accounted for using the equity method	275,945	9,032	275,945	9,310
Property and equipment	3,064	100	3,064	103
Deferred tax assets	6,373	209	6,373	215
Other non-current assets	1,126	37	1,126	38
<b>Total assets</b>	<b>\$3,589,088</b>	<b>\$117,482</b>	<b>\$3,589,088</b>	<b>\$121,089</b>
<b>Liabilities</b>				
Current liabilities	\$35,670	\$1,168	\$35,670	\$1,204
Other non-current liabilities	5,408	177	5,408	182
<b>Total liabilities</b>	<b>41,078</b>	<b>1,345</b>	<b>41,078</b>	<b>1,386</b>
<b>Stockholders' equity</b>				
Capital stock	3,173,235	103,870	3,173,235	107,059
Capital surplus	128,625	4,210	128,625	4,339
Retained earnings	337,806	11,057	337,806	11,397
Other equity	(91,656)	(3,000)	(91,656)	(3,092)
<b>Total stockholders' equity</b>	<b>3,548,010</b>	<b>116,137</b>	<b>3,548,010</b>	<b>119,703</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$3,589,088</b>	<b>\$117,482</b>	<b>\$3,589,088</b>	<b>\$121,089</b>

## Cathay Venture Inc. Condensed Statement of Comprehensive Income

For the years ended 31 December 2018 and 2017

Expressed in thousands of Dollars, except earnings per share

Items	2018.1.1~2018.12.31		2017.1.1~2017.12.31	
	NT\$	US\$	NT\$	US\$
Operating income	\$283,108	\$9,267	\$283,108	\$9,552
Operating costs	(31,798)	(1,041)	(31,798)	(1,073)
Operating expenses	(21,032)	(688)	(21,032)	(710)
Non-operating income and expenses	(1,116)	(37)	(1,116)	(38)
Profit from continuing operations before income tax	229,162	7,501	229,162	7,731
Income tax profit (expense)	(22,659)	(741)	(22,659)	(764)
Profit from continuing operations after income tax	206,503	6,760	206,503	6,967
Net income	206,503	6,760	206,503	6,967
Other comprehensive income (loss)	(387,299)	(12,678)	(387,299)	(13,067)
<b>Total comprehensive income (loss)</b>	<b>\$(180,796)</b>	<b>\$(5,918)</b>	<b>\$(180,796)</b>	<b>\$(6,100)</b>
<b>Primary earnings per share</b>	<b>\$0.65</b>	<b>\$0.02</b>	<b>\$0.65</b>	<b>\$0.02</b>





**國泰金控**

Cathay Financial Holdings

NO.296, Ren Ai Road, Sec. 4, Taipei 10633, Taiwan, R.O.C.

TEL: 02-2708-7698 FAX: 02-2325-2488

<http://www.cathayholdings.com>