



國泰人壽

Cathay Life Insurance

2025 First Quarter Briefing

May 2025



Disclaimer

THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA.

This presentation is highly confidential and has been prepared by Cathay Life Insurance Co., Ltd. (the "Company" and, together with its subsidiaries, the "Group") solely for your information and for your use during the presentation. By attending this presentation, you are agreeing (i) that you have read and agree to comply with the contents of this disclaimer and (ii) to maintain absolute confidentiality regarding this presentation and the information disclosed in this presentation. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This presentation may not be copied, distributed, reproduced or passed on, directly or indirectly, in whole or in part, or disclosed by any recipient, to any other person (whether within or outside such person's organisation or firm) or published in whole or in part, for any purpose or under any circumstances. In particular, the distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.

The presentation has not been independently verified and no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, as to, and no reliance should be placed on, the accuracy, completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is assumed by any such persons for any such information or opinions or for any errors or omissions. All information presented or contained in this presentation is subject to verification, correction, completion and change without notice. In giving this presentation, neither the Company nor any of its parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, undertakes any obligation to amend, correct or update this presentation or to provide the recipient with access to any additional information that may arise in connection with it. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Group's financial or trading position or prospects. The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation.

This presentation does not constitute or form part of, and should not be construed as an offer to sell or issue, or the solicitation of an offer to buy or acquire, or an invitation to purchase or subscribe, for any securities of the Company or any of its subsidiaries or affiliates in any jurisdiction, or an inducement to enter into investment activity. No part of this presentation should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with the presentation.

To the extent available, the industry, market and competitive position data contained in this presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Group operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation includes forward-looking statements. The words "expect", "anticipate", "intends", "plan", "estimate", "aim", "forecast", "project" and similar expressions (or their negative) identify certain of these forward-looking statements. These forward-looking statements are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates. The forward-looking statements in this presentation are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Group to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as the Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. The Company expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this presentation or to update or to keep current any other information contained in this presentation. Accordingly, undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this presentation.

This presentation includes measures of financial performance which are not a measure of financial performance under International Financial Reporting Standards ("IFRS"). These measures are presented because the Company believes they are useful measures to determine the Group's financial condition and historical ability to provide investment returns. Such measures of financial performance in this presentation should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Group's operating performance on any other measure of performance derived in accordance with IFRS. As such measures are not IFRS measures, they may not be comparable to similarly titled measures presented by other companies.

This presentation speaks as of the date hereof. Neither the delivery of this presentation nor any further discussions of the Group with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since that date.

By attending the meeting where this presentation is made or by accepting a copy of this presentation, you agree to be bound by the foregoing limitations.

Agenda

- ❑ **Company overview**
- ❑ **Business performance summary**
- ❑ **Appendix**



Cathay Life – Largest life insurer in Taiwan



國泰人壽

Cathay Life Insurance

60+

Years of history

#1

Life insurer in Taiwan

~24k

Tied agents

20%

Market share in
total premium

8.0mn+

Customers

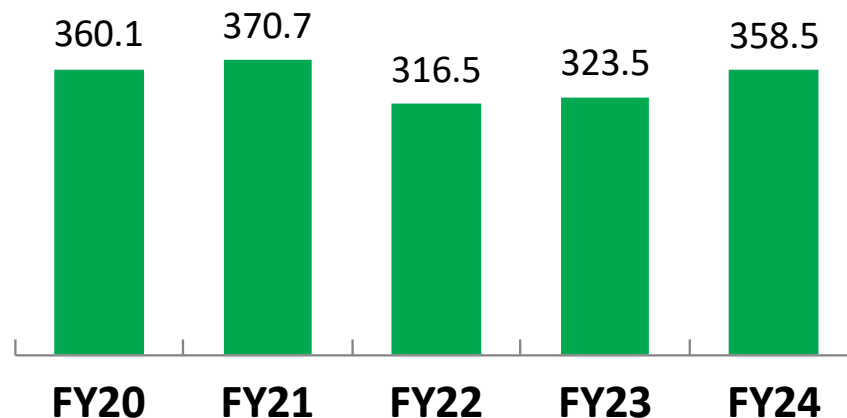
58%

New business
margin (% APE)

Robust capital position

Regulatory minimum requirement 200%

RBC ratio (%)



Strong credit rating⁽²⁾

A3

Stable

MOODY'S

A-

Stable

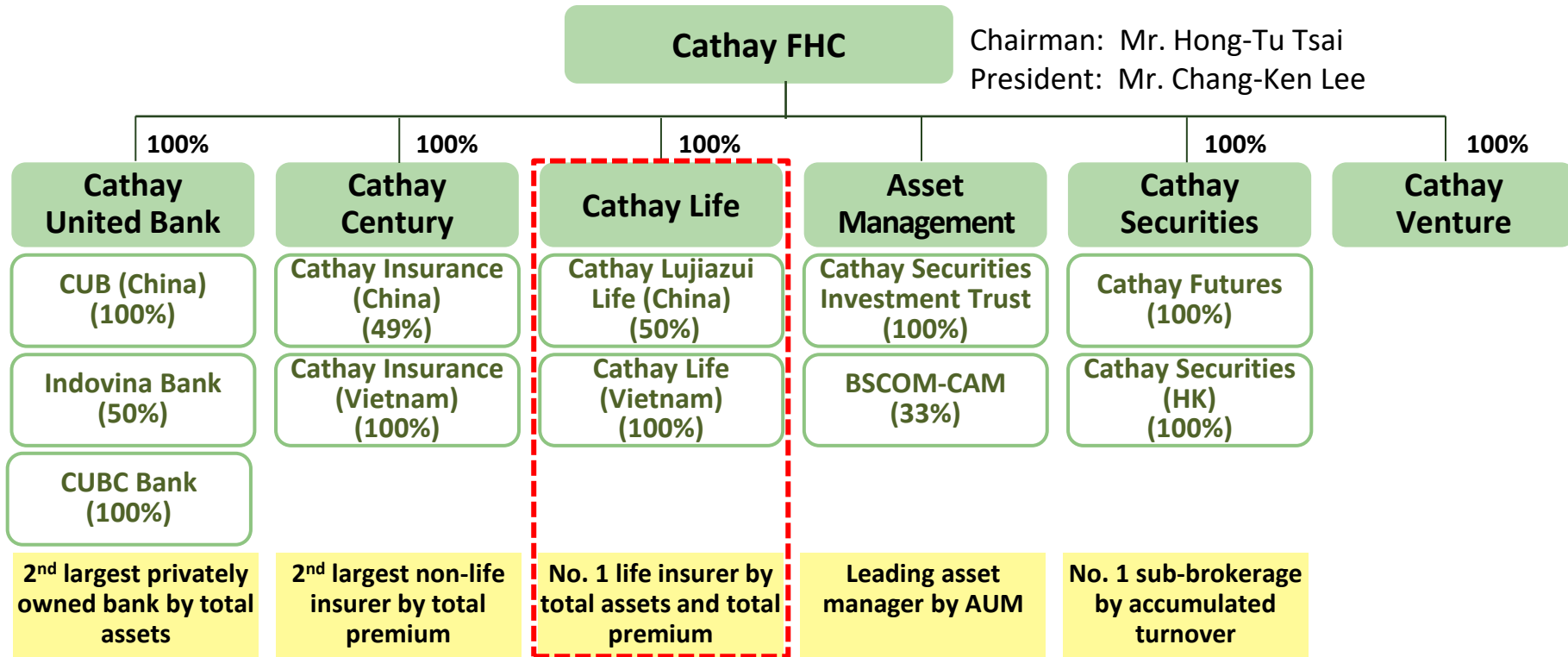
S&P Global
Ratings

A-

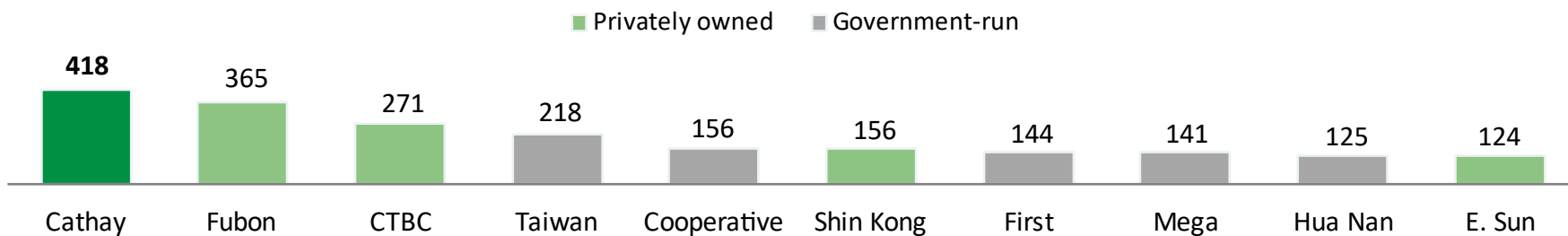
Rating Watch
Negative

Fitch Ratings

Cathay Life – Wholly-owned by largest FHC in Taiwan



Ranking of total asset (US\$bn)



Agenda

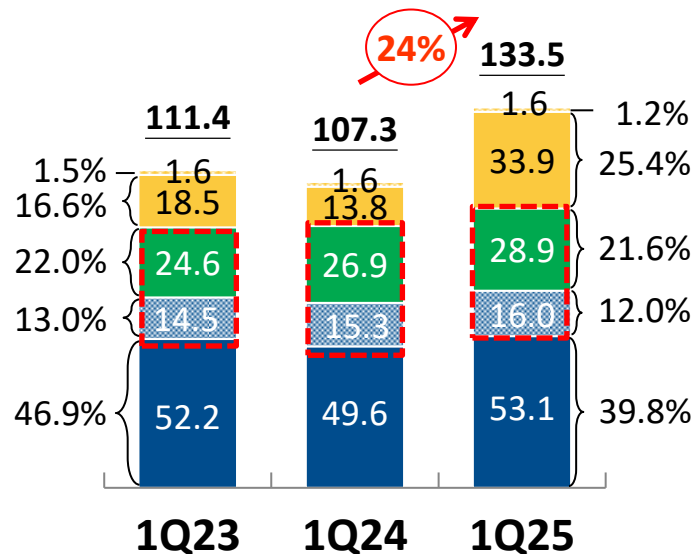
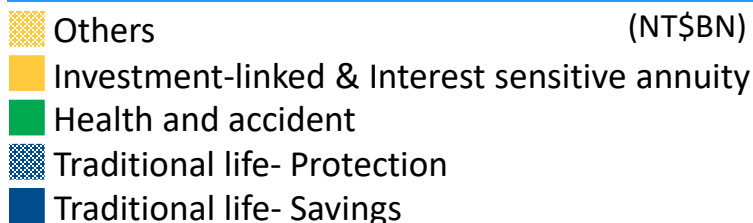
- ❑ Company overview
- ❑ Business performance summary
- ❑ Appendix



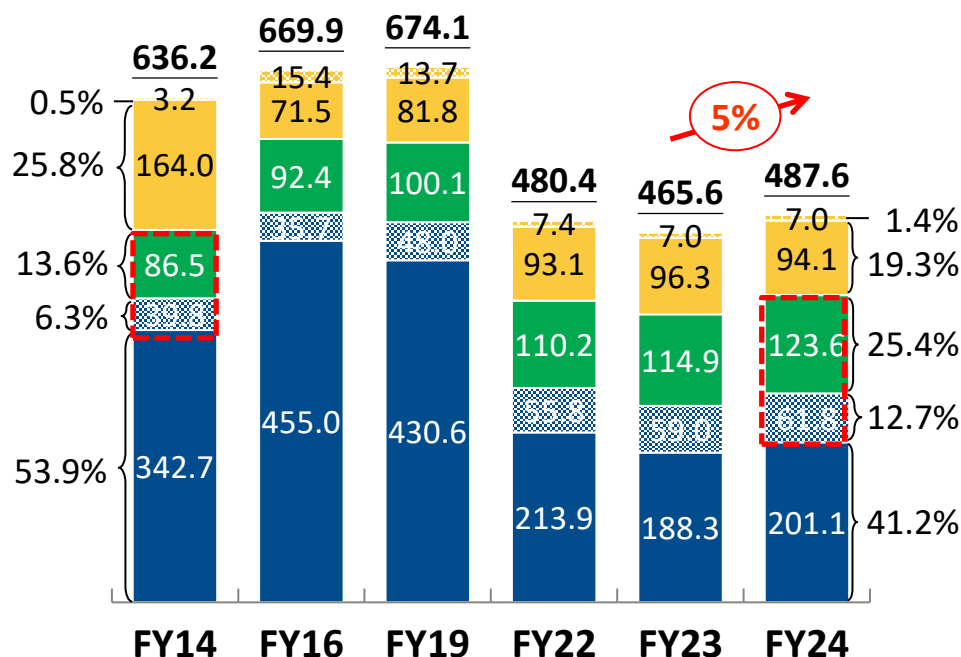
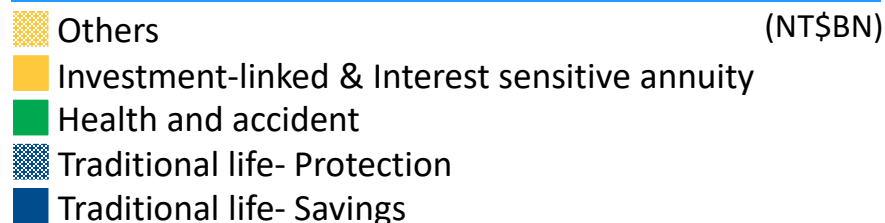
Cathay Life – Total premium

- Total premium increased by 24% YoY, driven by strong sales growth in investment-linked products, while premium income from high-CSM protection products continued to grow.

Quarterly total premium



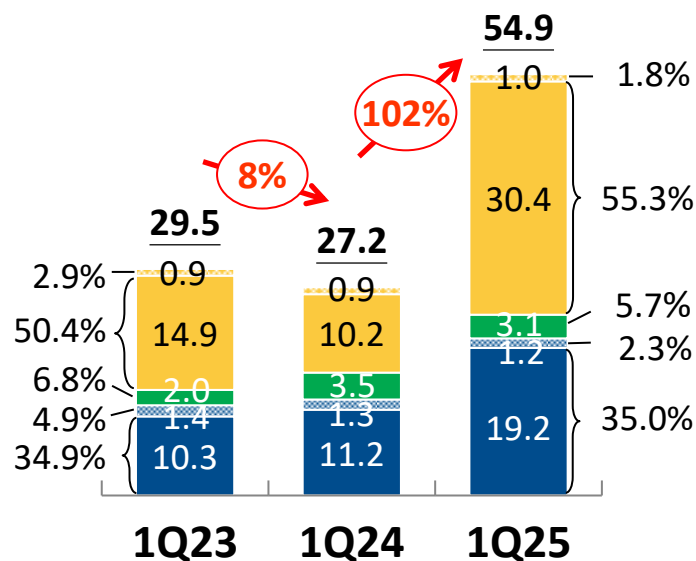
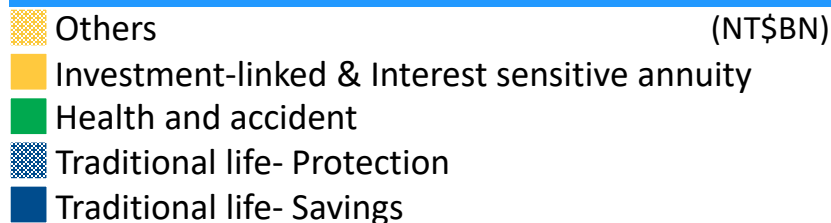
Annual total premium



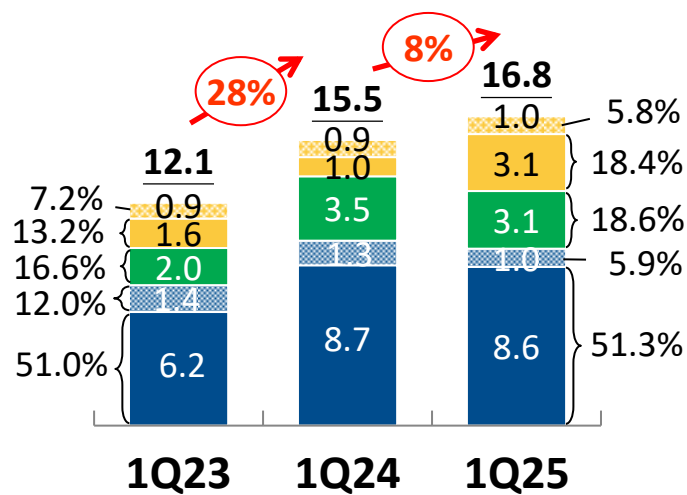
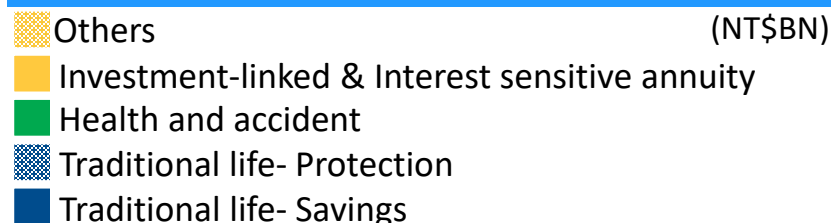
Cathay Life – FYP & APE

- FYP and APE rose by 102% and 8%, respectively, supported by strong sales growth in investment-linked products and USD-denominated traditional products.
- Health and accident premiums were affected by a high base in FY24, resulting from stop-selling effect due to regulatory changes.

First Year Premium (FYP)



Annualized FYP (APE)



FX polices %
(excl. Investment-linked)

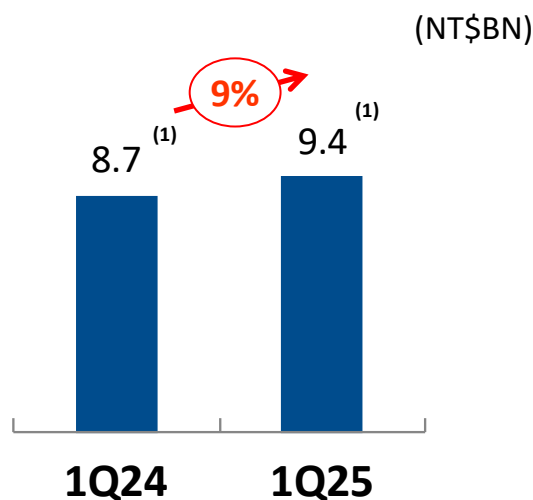
59% 59% 74%

Cathay Life – Value of new business

- VNB increased 9% YoY, driven by a surge in sales of USD-denominated traditional products and investment-linked products.

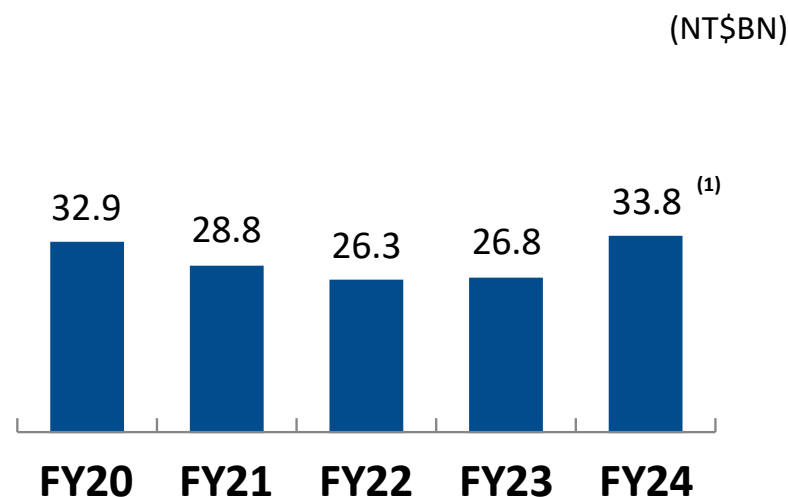
Value of new business

Profit Margin	1Q24 ⁽¹⁾	1Q25 ⁽¹⁾
VNB/FYP	32%	17%
VNB/APE	56%	56%



Value of new business (annual)

Profit Margin	FY20	FY21	FY22	FY23	FY24 ⁽¹⁾
VNB/FYP	20%	14%	20%	20%	22%
VNB/APE	53%	56%	62%	56%	58%



Note: (1) 1Q24 、FY24 and 1Q25 VNB were based on 2024 Embedded Value assumptions.

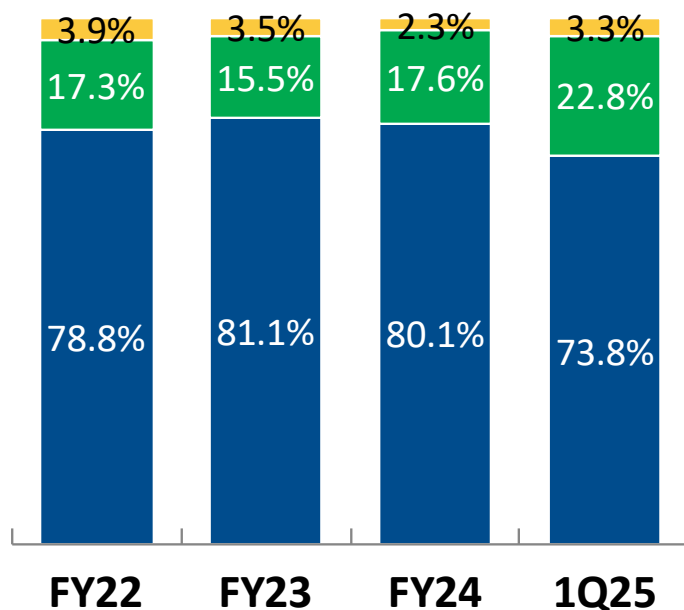
(2) Based on 2023 Embedded Value assumptions, 1Q24 & FY24 VNB were NT\$8.9bn and NT\$34.8bn ; VNB/FYP were 33% and 23% , VNB/APE were 58% and 60%, respectively.

Cathay Life – Distribution channels & persistency ratio

- ❑ Premium income was mainly generated by Cathay Life sales agents and Cathay United Bank. The group's strong sales capabilities provided solid contributions to premium income and VNB.
- ❑ Persistency ratio remained high, exceeding 95%.

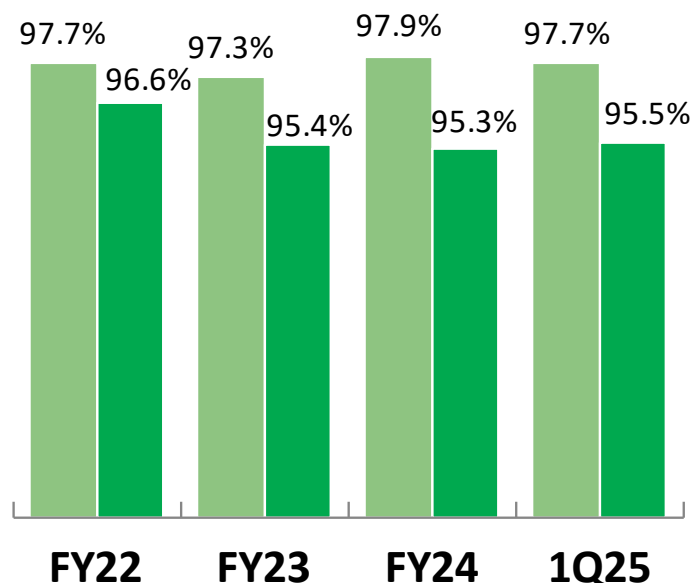
APE breakdown by distribution

- Others
- Bancassurance-CUB
- Tied agents



Persistency ratio

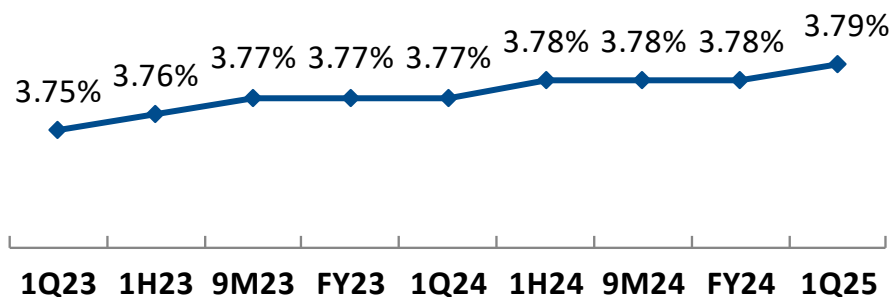
- 13months
- 25 months



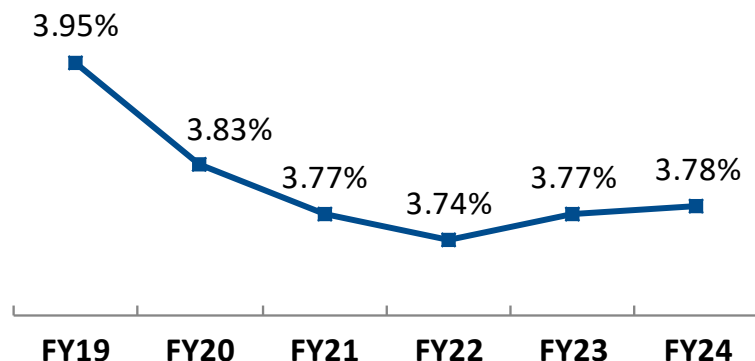
Cathay Life – Cost of liability and break-even asset yield

- COL rose slightly due to the declared rate increase for interest-sensitive policies.
- Break-even asset yield was around 3%. The break-even asset yield was relatively low in FY24, as favorable capital markets led to a strong increase in the mark-to-market value of total investment assets.

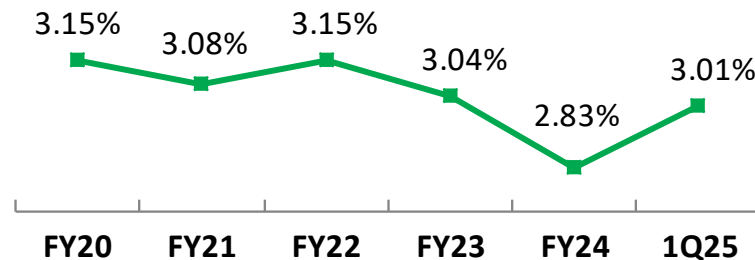
Cost of liability (quarterly)



Cost of liability (annual)



Break-even asset yield



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

Cathay Life – Investment portfolio

(NT\$BN)	FY22	FY23	FY24			1Q25		
Total investments⁽¹⁾	7,330.6	7,638.1	7,990.6			8,014.3		
	Weight	Weight	Weight	Amount	Return	Weight	Amount	Return
Cash & Cash equivalents	4.1%	2.6%	1.9%	156	2.6%	2.3%	181	2.2%
Equity- Domestic	5.1%	6.6%	7.2%	575	15.4%	6.8%	542	11.7%
Equity- International ⁽²⁾	5.6%	5.6%	5.5%	437	11.6%	4.8%	385	7.8%
Bond- Domestic	7.1%	8.1%	8.3%	666	5.6%	8.4%	672	5.2%
Bond- International ⁽²⁾	61.9%	61.8%	62.0%	4,952	3.8%	62.7%	5,023	4.0%
Mortgage & Secured loans	3.8%	3.0%	2.9%	230	2.4%	2.9%	234	2.3%
Policy loans	2.3%	2.2%	2.1%	167	5.2%	2.1%	165	5.1%
Real estate	7.7%	7.5%	7.5%	597	2.5%	7.5%	601	2.4%
Others	2.5%	2.5%	2.6%	209	1.0%	2.6%	212	1.6%

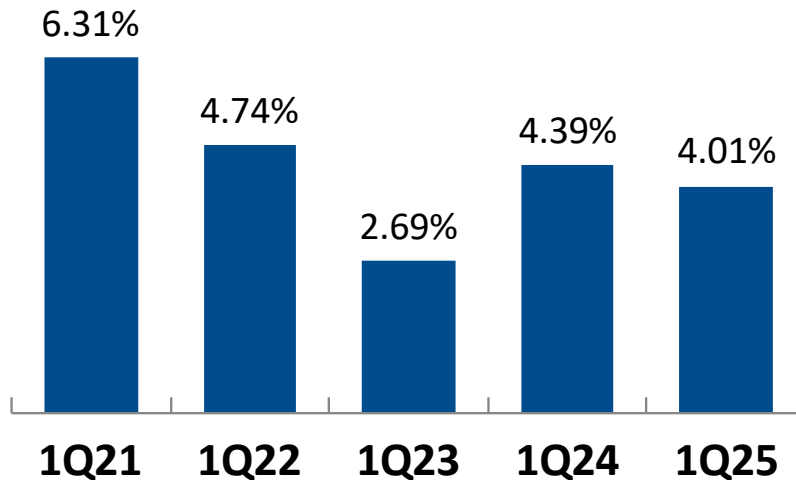
Note: (1) Total assets excluded separate account assets.

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

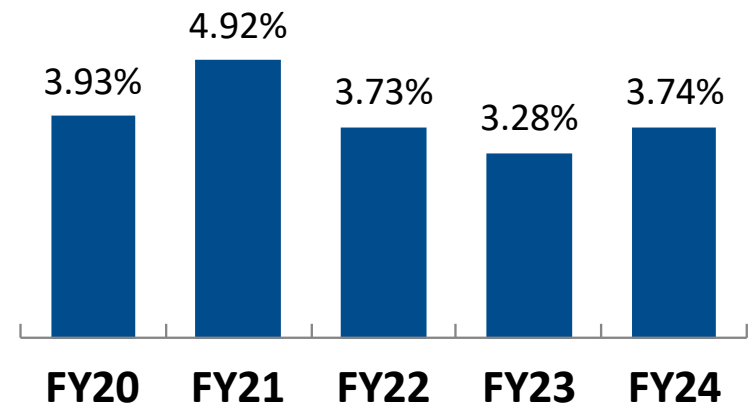
Cathay Life – Investment performance highlights

- After-hedging investment yield remained benign, supported by capital gains from equity portfolio adjustment during the market rally, while hedging costs were well contained.

After-hedging investment yield



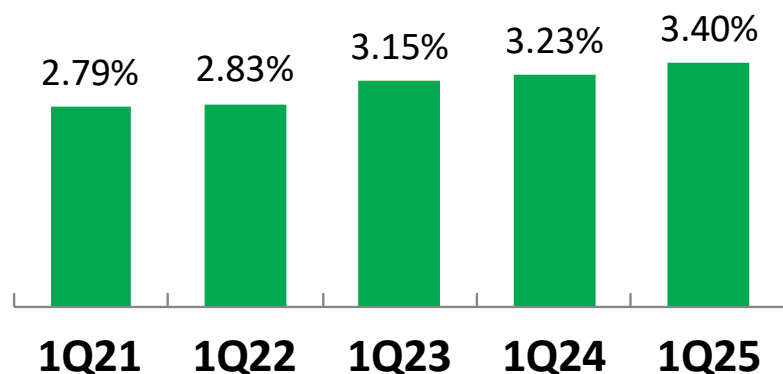
After-hedging investment yield



Cathay Life – Investment performance highlights

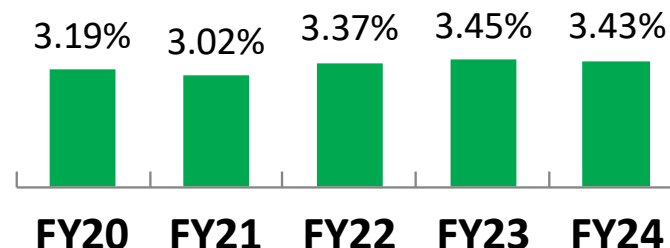
- Pre-hedging recurring yield grew by 17bps YoY, driven by higher interest income from continued expansion of fixed income positions at elevated yields, along with increased cash dividend income.
- Hedging costs were well contained, supported by 1.2% NTD depreciation and effective proxy hedging. FX volatility reserves totaled NT\$38.6bn as of 1Q25.

Pre-hedging recurring yield

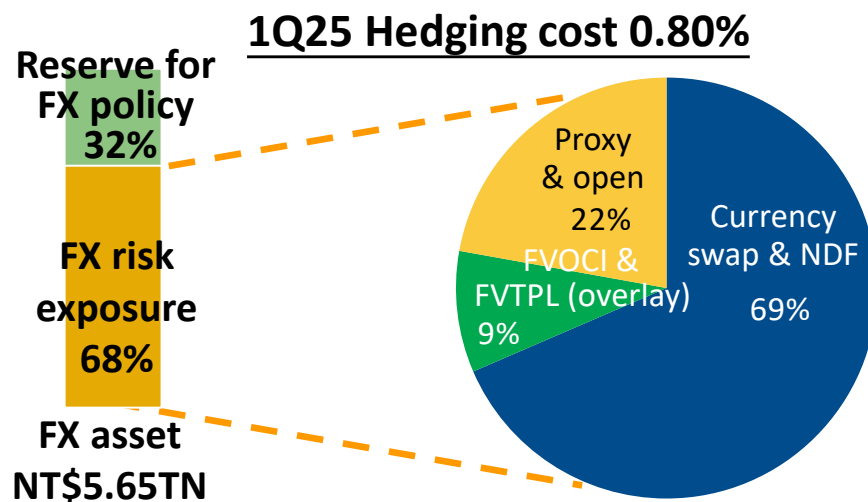


Note: Pre-hedging recurring income doesn't include capital gains but interest revenue, cash dividend and rental income. Yields for the aforementioned were 3.03%, 0.20% and 0.16% in 1Q25 ; and 2.94%, 0.13% and 0.16% in 1Q24, respectively.

Pre-hedging recurring yield



FX asset hedging structure



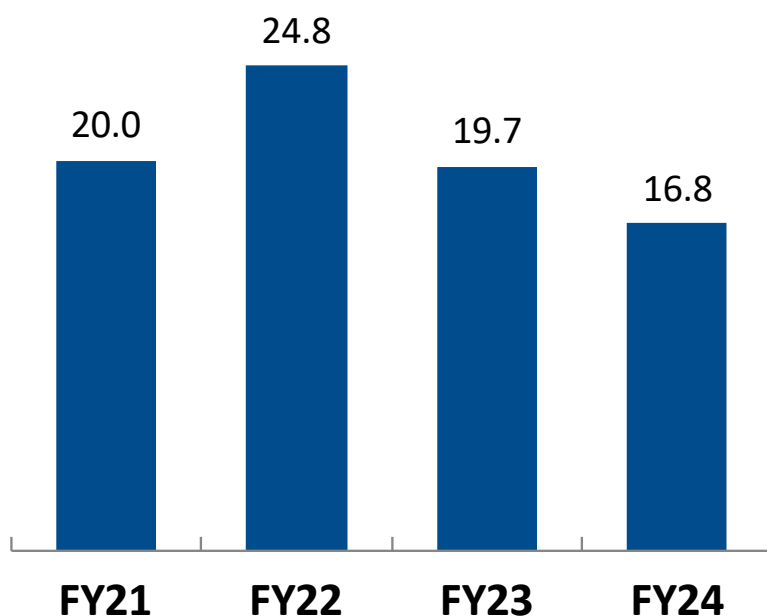
Hedging cost is based on FX asset

Cathay Life – Cash dividend income & overseas fixed income by region

□ Diversified overseas fixed-income investments across regions to balance risk and return.

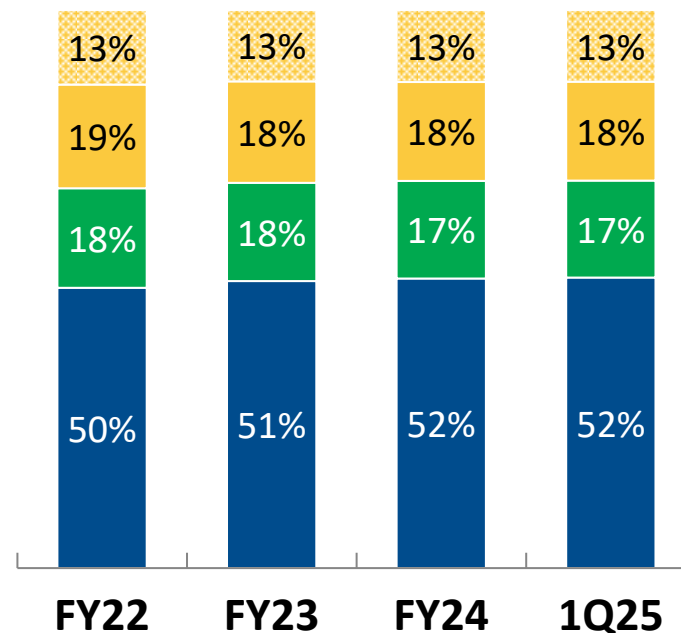
Cash dividend income

(NT\$BN)



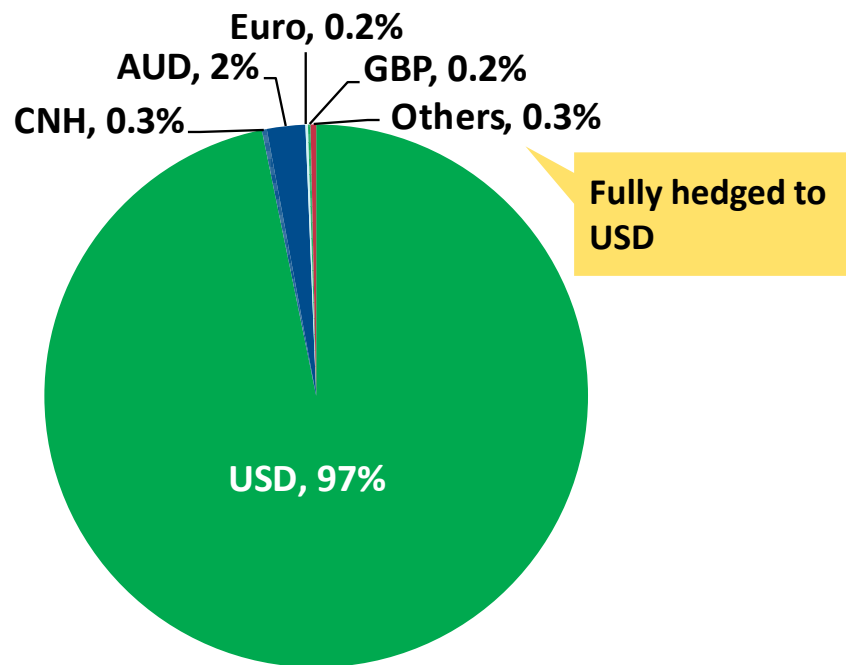
Overseas fixed income by region

Others
Asia Pacific
Europe
North America

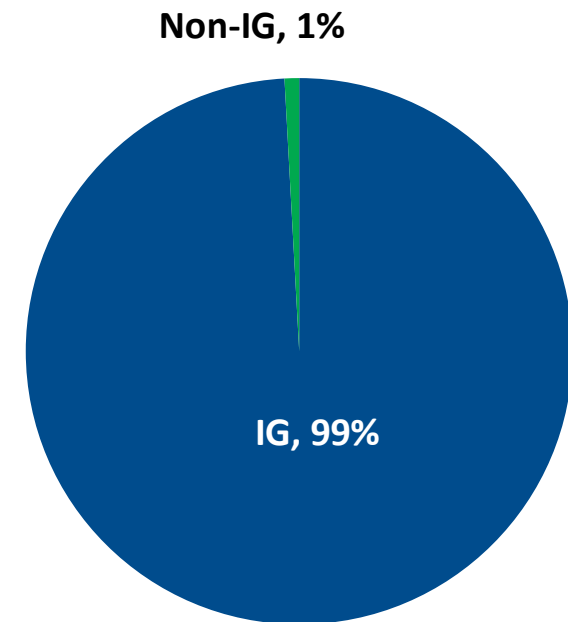


Cathay Life – Overseas bond breakdown by currency and rating

Overseas bond by currency (1Q25)



Overseas bond by rating (1Q25)



Agenda

- **Company overview**
- **Business performance summary**
- **Appendix**



Response to IFRS 17 & TW-ICS implementation

- ❑ Proactively participating in the international field testing of IFRS 17 and ICS since 2015
- ❑ Refining business strategies since 2020 in response to the implementation of IFRS 17 and TW-ICS, focusing on new business profitability, investments and capital planning



Product Strategy

Profitability under new framework is confirmed

- ✓ Focus on not only returns but risks, namely risk-adjusted return on capital (RAROC)
- ✓ Shift to protection-type, USD interest sensitive life and ILPs



Investments

Liability-driven investments

- ✓ Risk-adjusted return on capital (RAROC) consideration under TW-ICS
- ✓ More fixed income assets to enhance recurring yield and manage interest rate risks



Capital

Capital raising plan to create buffer for market fluctuation

- ✓ NT\$35bn common equity injection in 2022; NT\$35bn and NT\$80bn subordinated debt issuance in 2023 and 2024, respectively.



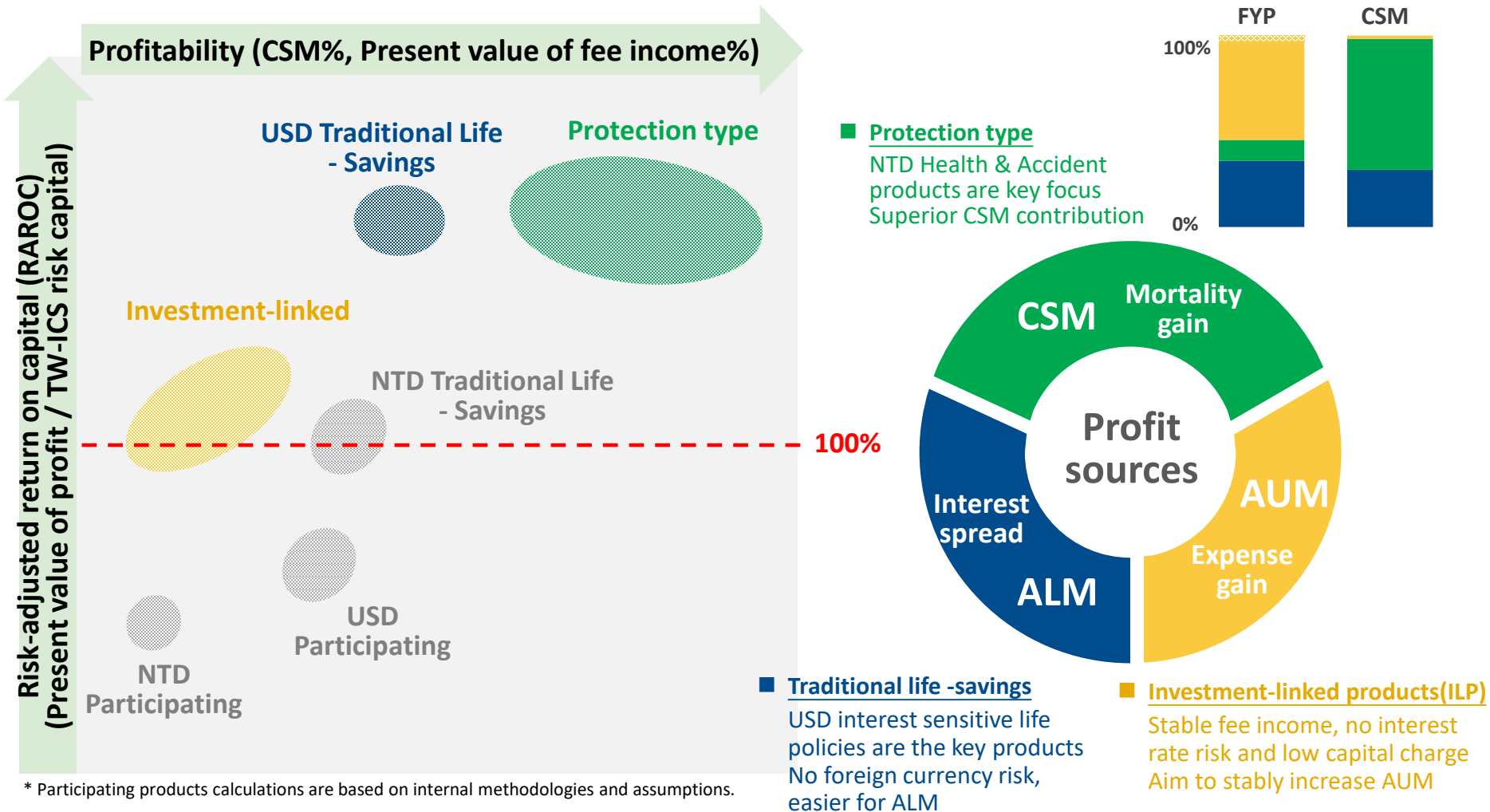
Asset Liability Management

Strengthen interest rate risk management

- ✓ Advance duration management, including effective and dollar duration
- ✓ Employ interest rate hedge for USD policies as needed

Focus on high CSM and RAROC products

- CSM accumulation is top priority
- Taking profitability, volume(FYP) and capital charge into consideration



* Participating products calculations are based on internal methodologies and assumptions.

Enhancing transparency and comparability under IFRS 17

- ❑ Mark-to-market valuation for insurance liabilities
- ❑ Profit of insurance policies recognized as CSM (as a liability item) and released through revenue over the contract term

IFRS 9 (Overlay) & IFRS 4		IFRS 9 & IFRS 17		
Revenues	<ul style="list-style-type: none">• Premium income• Investment income (incl. realized gains of equity investment w/overlay)	Insurance service results	<ul style="list-style-type: none">• CSM & risk adjustment (RA) release• Expected claims and expenses paid• Actual claims and expenses paid	1 CSM released through revenue over the contract term
Expenses	<ul style="list-style-type: none">• Incurred claims• Changes in insurance policy reserves• Expenses	Financial results	<ul style="list-style-type: none">• Investment income• Insurance finance expenses	2 Net interest earned
Net income		Others	<ul style="list-style-type: none">• Other income• Other expenses	3 Fee income from investment-linked products (out of IFRS 17 scope)
OCI		Net income		
OCI		OCI	<ul style="list-style-type: none">• Changes in insurance liabilities due to discount rates ⁽¹⁾• Changes in FVOCI assets	4 Changes in asset and liabilities due to interest rate changes
		Retained earnings		5 Reflect net income and FVOCI equity investment realized gains ⁽²⁾

New solvency regime TW-ICS: Higher capital requirements

- ❑ TW-ICS requires higher capital, with stricter risk-based assessments, market-consistent liability valuation, and higher capital charges for various risks.

		RBC	TW-ICS
Adopted framework		RBC (NAIC)	ICS (IAIS)
Valuation	Fixed income	Amortized cost	Mark-to-market (market adjusted value)
	Stock	Average market value over half-year period	
	Insurance liability	Locked-in basis	
Capital resources		Tiering	Tiering CSM 100% recognized as capital
Risk measurement		VaR 95%	VaR 99.5%
Risk calculation		Factor-based	<ul style="list-style-type: none"> • Stress approach (primarily), factor-based • Broader risks (longevity/lapse/expense/catastrophe/non-default spread risks)

TW-ICS: Transitional measures ease capital pressure

Transitional measures on Capital Resource

- **Linear increase of the net fair value impact from assets and liabilities for legacy portfolios ⁽¹⁾ over a 15-year phase-in period**
 - A phase-in mechanism for the valuation of assets and liabilities to alleviate day-one impact

Transitional measures on Required Capital

- **Linear increase of the capital requirement over a 15-year phase-in period**
 - Interest rate risk: from initial 50% to 100%
 - Longevity/lapse/expense/catastrophe/non-default spread risks: from initial 0% to 100%
 - Domestic stocks and real estate risk factors linearly converge to TW-ICS from RBC

Localization

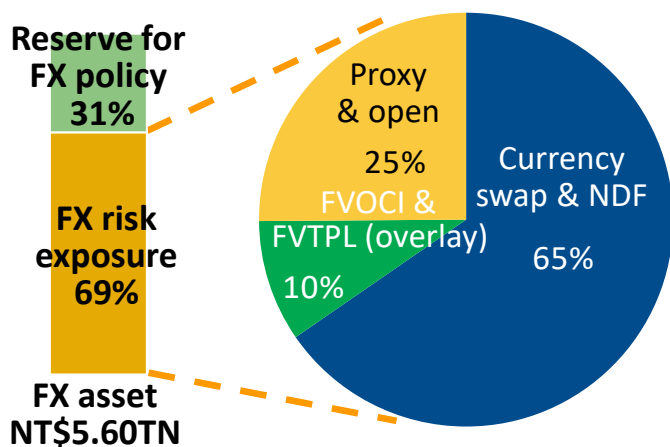
- **Morbidity/mortality/longevity/lapse risk stress factors are adjusted based on localized data**
- **Localization equity and real estate risk factors**

Risk factor	RBC	ICS (IAIS)	TW-ICS
Taiwan listed stocks	21.65% (TWSE), 30% (OTC)	48% (EM)	35%
Domestic real estate	7.81%	25%	15%
Domestic public infrastructure ⁽²⁾	1.28%	49% (other equity)	1.28%

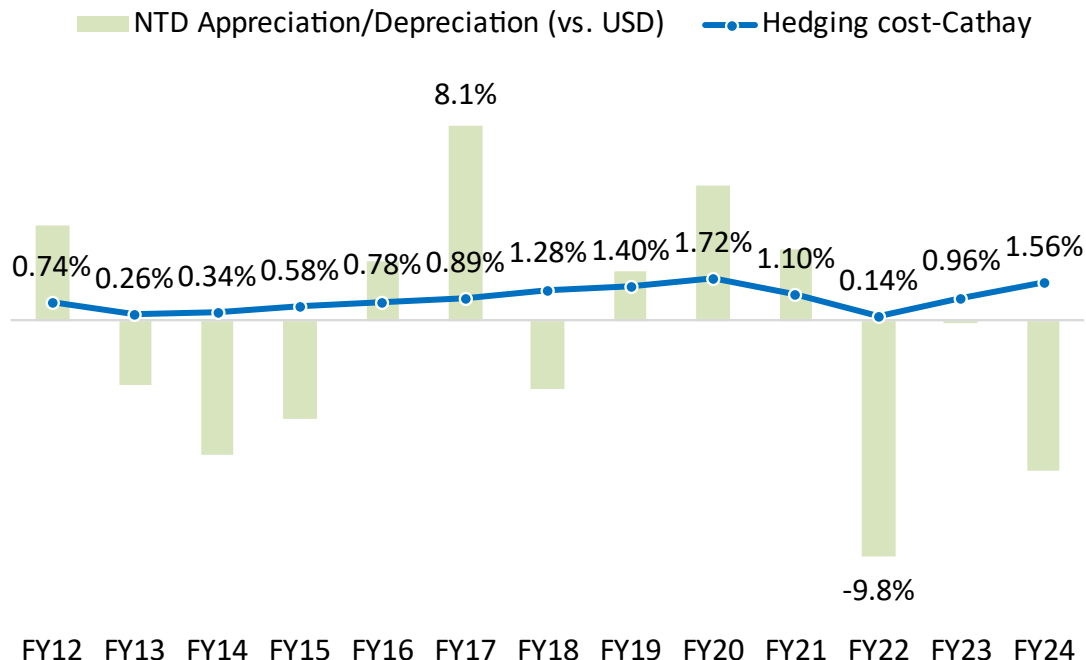
Cathay Life – Dynamic hedging strategy

- Dynamic and effective hedging strategy maintains hedging costs within the target range of 1-1.5%.

FY24 FX asset hedging structure



Hedging cost vs. NTD/USD movement



Cathay Life
(NT\$MN)

Income Statement Data (Consolidated)	FY22	FY23	FY24	FY24/ FY23 % Chg	1Q24	1Q25	1Q25/ 1Q24 % Chg
Net written premium	410,186	401,229	430,672	7%	102,387	108,718	6%
Net earned premium	409,196	400,118	428,935	7%	102,758	109,364	6%
Reinsurance commission earned	527	424	318	-25%	6	3	-43%
Fee income	10,804	11,728	13,542	15%	3,101	3,545	14%
Recurring investment income	242,608	259,730	272,669	5%	63,271	70,038	11%
Gain on disposal of investment							
Realized gain (loss)-Equity	23,289	40,782	114,260	180%	39,076	22,827	-42%
Realized gain (loss)-Debt	5,572	4,158	1,139	-73%	931	2,701	190%
Gain on investment property	2,735	(70)	976	1496%	(3)	(88)	-2700%
FX and others, net	(2,907)	(52,426)	(87,502)	-67%	(16,976)	(11,074)	35%
Investment income, net	271,296	252,174	301,542	20%	86,298	84,405	-2%
Other operating income	8,726	1,468	1,550	6%	350	333	-5%
Separate account revenues	(933)	56,586	67,117	19%	26,630	7,426	-72%
Net claims payment	(398,511)	(429,157)	(475,850)	11%	(98,222)	(113,907)	16%
Changes in liability reserves	(188,389)	(147,994)	(112,991)	-24%	(45,923)	(39,395)	-14%
Acquisition and commission expense	(30,977)	(33,700)	(38,537)	14%	(10,798)	(10,811)	0%
Other operating costs	(6,729)	(6,358)	(8,486)	33%	(1,802)	(2,074)	15%
Financial cost	(3,817)	(4,802)	(7,418)	54%	(1,338)	(2,748)	105%
Separate account expense	933	(56,586)	(67,117)	19%	(26,630)	(7,426)	-72%
Operating expense	(32,301)	(27,981)	(32,240)	15%	(7,430)	(9,213)	24%
Net non-operating income	1,859	2,755	2,538	-8%	548	548	0%
Income taxes	(7,513)	(1,907)	(5,624)	195%	(2,427)	(1,700)	-30%
Net income	34,169	16,766	67,280	301%	25,120	18,352	-27%
Net income to parent company	33,667	16,343	66,883	309%	25,735	18,282	-29%

Balance Sheet Data

Total assets	8,172,430	8,536,002	9,094,382		8,818,307	9,111,362
General account	7,517,003	7,808,336	8,303,423		8,041,722	8,326,307
Separate account	655,427	727,666	790,958		776,585	785,055
Reserves for life insurance liabilities	6,794,562	6,919,383	7,146,011		7,040,809	7,220,855
Total liabilities	7,706,641	7,908,127	8,376,708		8,131,053	8,431,455
Total shareholders' equity	465,789	627,875	717,673		687,254	679,907
Equity attributable to parent company	456,817	618,419	704,497		677,359	667,237

Operating Metrics

First Year Premium(FYP)	129,343	132,871	154,103		27,162	54,916
Annualized FYP(APE)	42,434	47,415	57,793		15,493	16,778
Expense ratio	12.8%	13.7%	15.7%		17.2%	18.3%
13-M persistency ratio	97.7%	97.3%	97.9%		97.5%	97.7%
25-M persistency ratio	96.6%	95.4%	95.3%		95.3%	95.5%
ROAE	5.66%	3.07%	10.00%		15.28%	10.50%
ROAA	0.42%	0.20%	0.76%		1.16%	0.81%

Capital Adequacy Metrics

RBC ratio (Standalone)	316%	323%	359%
------------------------	------	------	------

Notes:

(1) All data and information on this page is provided for informational purposes only, and may subject to adjustment.

For more details, please refer to our official financial reports.

(2) Totals may not sum due to rounding.

Thank you for listening





國泰人壽

Cathay Life Insurance

