

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 28)	\$ 321,229,598	3	\$ 413,405,471	4	\$ 267,533,304	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	157,221,939	2	110,945,093	1	110,544,087	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7 and 29)	1,709,967,441	17	1,653,983,453	16	1,508,436,383	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8 and 29)	1,176,111,042	12	1,182,534,102	12	1,143,413,717	12
FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Notes 4, 5, 9 and 29)	3,129,777,159	31	3,068,838,014	31	2,764,741,406	29
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	1,297,567	-	548,075	-	392,653	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 4)	49,363,416	1	43,586,931	-	78,865,989	1
RECEIVABLES, NET (Notes 4, 5 and 10)	192,117,626	2	185,049,532	2	171,867,307	2
CURRENT TAX ASSETS	4,883,309	-	4,853,833	-	6,436,322	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 11 and 28)	2,038,406,629	20	2,066,761,296	21	2,184,434,714	23
REINSURANCE CONTRACT ASSETS, NET	8,952,855	-	8,458,658	-	7,791,058	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 13)	47,966,691	-	48,145,672	-	47,881,790	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 23)	524,242,723	5	615,117,482	6	595,120,793	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 14 and 29)	407,461,008	4	408,696,108	4	395,721,612	4
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	101,555,464	1	101,855,371	1	101,550,653	1
RIGHT-OF-USE ASSETS, NET (Notes 3, 4, 16 and 28)	3,906,709	-	3,908,913	-	4,096,206	-
INTANGIBLE ASSETS, NET (Notes 4 and 17)	50,663,821	1	51,270,972	1	53,305,301	1
DEFERRED TAX ASSETS (Note 4)	44,958,196	-	40,595,612	-	30,530,279	-
OTHER ASSETS, NET (Notes 3, 28 and 29)	<u>68,041,454</u>	<u>1</u>	<u>56,924,753</u>	<u>1</u>	<u>70,174,244</u>	<u>1</u>
TOTAL	<u>\$ 10,038,124,647</u>	<u>100</u>	<u>\$ 10,065,479,341</u>	<u>100</u>	<u>\$ 9,542,837,818</u>	<u>100</u>
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 87,131,752	1	\$ 84,108,128	1	\$ 98,066,524	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	150,262,539	1	111,526,387	1	127,863,540	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	67,834	-	30,894	-	-	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	52,251,310	1	50,278,533	-	47,327,250	1
COMMERCIAL PAPER PAYABLES, NET (Note 18)	51,349,599	1	54,018,845	-	65,542,808	1
PAYABLES (Notes 3 and 28)	80,742,011	1	66,934,725	1	64,177,006	1
CURRENT TAX LIABILITIES (Note 4)	9,299,830	-	3,274,828	-	2,937,249	-
DEPOSITS AND REMITTANCES (Notes 19 and 28)	2,350,051,515	23	2,303,443,816	23	2,218,277,207	23
BONDS PAYABLE (Note 20)	118,900,000	1	118,900,000	1	90,600,000	1
OTHER BORROWINGS	615,488	-	2,201,364	-	717,575	-
PROVISIONS (Notes 4, 21 and 22)	5,820,174,198	58	5,713,778,385	57	5,436,825,258	57
OTHER FINANCIAL LIABILITIES (Notes 4 and 23)	578,638,827	6	676,972,179	7	665,614,036	7
LEASE LIABILITIES (Notes 4, 16 and 28)	12,683,498	-	12,720,337	-	12,872,225	-
DEFERRED TAX LIABILITIES (Note 4)	36,664,448	-	55,144,257	1	34,141,540	-
OTHER LIABILITIES (Note 28)	<u>19,739,508</u>	<u>-</u>	<u>30,119,484</u>	<u>-</u>	<u>16,757,438</u>	<u>-</u>
Total liabilities	<u>9,368,572,357</u>	<u>93</u>	<u>9,283,452,162</u>	<u>92</u>	<u>8,881,719,656</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)						
Share capital						
Ordinary shares	131,692,102	1	131,692,102	2	125,632,102	1
Preference shares	15,333,000	-	15,333,000	-	15,333,000	-
Capital surplus	177,257,514	2	177,256,976	2	165,440,915	2
Retained earnings						
Legal reserve	46,122,845	1	46,122,845	-	40,976,121	-
Special reserve	221,977,672	2	221,977,672	2	149,346,119	2
Unappropriated earnings	81,367,724	1	58,181,890	1	107,724,634	1
Other equity	<u>(14,302,616)</u>	<u>-</u>	<u>121,182,880</u>	<u>1</u>	<u>46,739,453</u>	<u>1</u>
Total equity attributable to owners of the Company	659,448,241	7	771,747,365	8	651,192,344	7
NON-CONTROLLING INTERESTS (Notes 4 and 24)	<u>10,104,049</u>	<u>-</u>	<u>10,279,814</u>	<u>-</u>	<u>9,925,818</u>	<u>-</u>
Total equity	<u>669,552,290</u>	<u>7</u>	<u>782,027,179</u>	<u>8</u>	<u>661,118,162</u>	<u>7</u>
TOTAL	<u>\$ 10,038,124,647</u>	<u>100</u>	<u>\$ 10,065,479,341</u>	<u>100</u>	<u>\$ 9,542,837,818</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 14, 2020)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 28)	\$ 53,784,117	33	\$ 54,104,702	43
INTEREST EXPENSE (Notes 4 and 28)	<u>(5,503,960)</u>	<u>(3)</u>	<u>(5,962,007)</u>	<u>(5)</u>
NET INTEREST INCOME	<u>48,280,157</u>	<u>30</u>	<u>48,142,695</u>	<u>38</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME				
Net gain (loss) on service fee and commission fee (Notes 4, 23, 25 and 28)	2,308,494	1	(527,929)	-
Net income on insurance operations (Notes 4, 25 and 28)	79,131,448	49	57,444,992	46
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	(107,835,296)	(66)	87,517,894	70
Gain on investment properties (Notes 4, 14 and 28)	3,013,470	2	3,283,369	3
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	9,721,823	6	5,651,451	5
Net gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	13,813,137	9	471,233	-
Foreign exchange gain (Note 4)	5,470,393	3	8,819,683	7
Reversal of impairment (loss) gain on assets (Note 4)	(925,804)	(1)	374,316	-
Share of (loss) gain of associates and joint ventures accounted for using the equity method (Notes 4 and 13)	(388,597)	-	284,134	-
Gain (loss) on reclassification using the overlay approach (Notes 4 and 7)	102,716,385	63	(83,694,743)	(67)
Net other non-interest gain (loss) (Note 28)	<u>6,786,142</u>	<u>4</u>	<u>(2,681,014)</u>	<u>(2)</u>
PROFIT FROM OPERATIONS	<u>162,091,752</u>	<u>100</u>	<u>125,086,081</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 21 and 25)	<u>(116,254,574)</u>	<u>(72)</u>	<u>(87,353,303)</u>	<u>(70)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEED LIABILITY RESERVE	<u>(333,575)</u>	<u>-</u>	<u>(436,824)</u>	<u>-</u>
OPERATING EXPENSES (Notes 25 and 28)				
Employee benefit expenses	(12,134,730)	(8)	(14,830,063)	(12)
Depreciation and amortization expenses	(1,755,306)	(1)	(1,767,179)	(2)
Other general and administrative expenses	<u>(5,303,955)</u>	<u>(3)</u>	<u>(5,171,532)</u>	<u>(4)</u>
Total operating expenses	<u>(19,193,991)</u>	<u>(12)</u>	<u>(21,768,774)</u>	<u>(18)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 26,309,612	16	\$ 15,527,180	12
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(2,796,298)</u>	<u>(2)</u>	<u>(1,977,167)</u>	<u>(1)</u>
NET INCOME	<u>23,513,314</u>	<u>14</u>	<u>13,550,013</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (Notes 4 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,126	-	-	-
Property revaluation surplus	-	-	709,300	1
(Loss) gain on equity instruments at fair value through other comprehensive income	(11,599,820)	(7)	5,660,625	4
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	1,704,438	1	(1,215,777)	(1)
Share of other comprehensive loss of associates and joint ventures accounted for using equity the method for items that will not be reclassified subsequently to profit or loss	91,660	-	128,306	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	836,638	1	(268,287)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,822,350)	(1)	1,645,369	2
Gain on hedging instruments	568,776	-	90,241	-
(Loss) gain on debt instruments at fair value through other comprehensive income	(40,137,944)	(25)	44,043,499	35
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method for items that may be reclassified subsequently to profit or loss	(233,968)	-	379,136	-

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
Other comprehensive (loss) income reclassified using the overlay approach	\$ (102,716,385)	(63)	\$ 83,694,743	67
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>17,971,824</u>	<u>11</u>	<u>(16,168,318)</u>	<u>(13)</u>
Total other comprehensive (loss) income for the period, net of income tax	<u>(135,336,005)</u>	<u>(83)</u>	<u>118,698,837</u>	<u>95</u>
TOTAL COMPREHENSIVE (LOSS) INCOME	<u>\$ (111,822,691)</u>	<u>(69)</u>	<u>\$ 132,248,850</u>	<u>106</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 23,289,684	14	\$ 13,213,152	11
Non-controlling interests	<u>223,630</u>	<u>-</u>	<u>336,861</u>	<u>-</u>
	<u>\$ 23,513,314</u>	<u>14</u>	<u>\$ 13,550,013</u>	<u>11</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ (112,299,662)	(69)	\$ 131,469,463	105
Non-controlling interests	<u>476,971</u>	<u>-</u>	<u>779,387</u>	<u>1</u>
	<u>\$ (111,822,691)</u>	<u>(69)</u>	<u>\$ 132,248,850</u>	<u>106</u>
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	<u>\$ 1.77</u>		<u>\$ 1.05</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 14, 2020)

(Concluded)