

Cathay Financial Holdings Co Ltd (2882 TT)

Taiwan's Largest Financial Holding Company by Total Assets

2025/3/11

QIC Research Team
research@qtumic.com
02-2325-3563

COMPANY OVERVIEW

Cathay Financial Holdings is the largest financial holding company (FHC) in Taiwan by total assets, providing a comprehensive range of financial services through its diverse subsidiaries, including Cathay Life Insurance, Cathay United Bank, Cathay Century Insurance, Cathay Securities, Cathay Securities Investment Trust, and Cathay Venture Inc. The company serves over 15 million customers across the Asia-Pacific region, solidifying its leadership in the financial sector. As of 9M24, Cathay Life Insurance and Cathay United Bank account for 67% and 32% of the group's total assets, respectively.

KEY POINTS

Top Industry Players with Leading ROE: Cathay Financial Holdings maintains a leading position across multiple financial segments, consistently delivering an above-average return on equity (ROE) compared to its financial holding company (FHC) peers. Cathay Life Insurance is Taiwan's largest life insurer, ranking first in total assets and first-year premium (FYF). Cathay United Bank is the second-largest private bank by total assets and Taiwan's second-largest credit card issuer in 2024. Cathay Securities Investment Trust holds the No. 1 position in Taiwan by assets under management (AUM). Scale is a crucial competitive advantage in the financial industry, and Cathay FHC's dominant market position supports its ability to sustain long-term ROE leadership.

Strong Performance in 2024: Cathay FHC reported a cumulative after-tax net profit of NT\$111.19 billion for 2024, with an EPS of NT\$7.28, both marking the second-highest levels in company history. Cathay Life Insurance recorded a full-year after-tax profit of NT\$67.18 billion, also the second-highest on record. Cathay United Bank, the company's second-largest profit engine, posted a record-breaking after-tax profit of NT\$38.34 billion, growing over 30% YoY, fueled by robust loan growth, an expanded bond portfolio, and double-digit growth in net interest income. Meanwhile, increased wealth management product sales and a surge in overseas credit card spending drove over 30% growth in annual net fee income. Additionally, Cathay Century Insurance, Cathay Securities, and Cathay Securities Investment Trust all reported record-high earnings in 2024, reflecting strong performance across business segments.

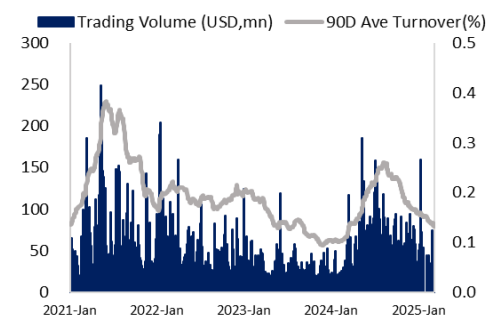
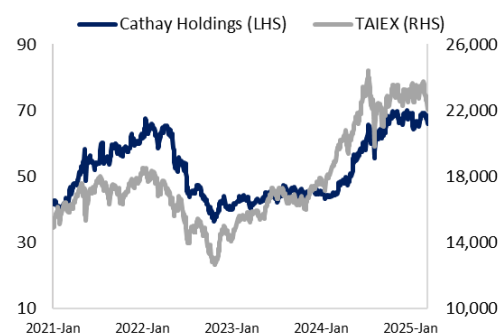
Strong Earnings Fuel Dividend Expectations: With solid earnings performance, Cathay FHC is expected to deliver an attractive dividend payout in 2025. During the Q3 2024 investor conference, President Lee Chang-Ken reaffirmed the company's commitment to maximizing performance and profitability, stating that if market conditions remain stable, 2025 dividends will exceed 2024 levels. When asked about a potential 4% dividend yield, he responded, "We will strive for it." CFO Grace Chen outlined three key factors influencing the 2024 dividend policy: (1) Strong earnings growth – With EPS exceeding NT\$7, the payout will reflect robust profitability. (2) Industry benchmarking – Cathay FHC will refer to peer dividend yields to offer a competitive payout. (3) Financial stability – With ample payout capacity, the company remains optimistic about its dividend policy.

Well-Prepared for IFRS 17 and ICS 2.0: The insurance industry is set to fully adopt IFRS 17 and ICS standards by 2026, and Cathay Life has already begun parallel financial reporting in 2024 to ensure a smooth transition. A critical component of IFRS 17 is the Contractual Service Margin (CSM), which represents future profit recognition under the new accounting framework. In 2024, Cathay Life's new business CSM reached a record-high NT\$90 billion, ensuring a strong CSM balance when IFRS 17 takes effect in 2026. This positions the company for stable long-term earnings recognition under the new financial reporting standards.

KEY STATISTICS

Ticker:	2882 TT
Current Price:	NT\$ 65.9
52-Week Range:	NT\$ 46.5 - 70.1
Average Volume (30-Day, k shares):	16,042.6
Outstanding Shares (MN):	14,669
FINI Holding (%):	25.56
Market Cap (MN):	US\$ 29,354

PRICE PERFORMANCE



FINANCIAL SUMMARY

mn,NTD	FY21	FY22	FY23	LTM*
Revenue	1,091,137	492,668	842,507	1,008,183
Revenue YoY (%)	-3.5	-54.8	71.0	44.6
Gross Margin (%)	30.5	-28.1	22.5	34.1
Op. Margin (%)	22.7	-46.0	10.3	23.2
Net Income	139,514	37,359	50,929	94,494
Net Income YoY (%)	87.1	-73.2	36.3	121.2
Net Margin (%)	12.8	7.6	6.0	9.4
EPS (NTD)	10.34	2.58	3.24	6.21
ROA (%)	1.2	0.3	0.4	0.7
ROE (%)	15.5	5.0	6.5	11.8
ROIC (%)	7.8	-1.0	2.7	4.1
P/E (x)	5.9	15.7	13.2	10.2
P/B (x)	0.9	1.0	0.9	1.1
P/S (x)	0.8	1.2	0.8	1.0
EV/EBITDA (x)	2.7	-4.0	8.5	2.7

* 4Q23-3Q24

Source: TEJ

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