

Fubon Financial Holdings Reports August 2021 Earnings Results

Fubon Financial reported unaudited net profit of NT\$16,165mn and cumulative pre-tax profit exceeding NT\$140bn for the first eight month. Net profit for the first eight months reached NT\$122,349mn, up significantly by 91% yoy, translating into EPS of NT\$11.69. Fubon Financial's cumulative net profit and EPS in August both reached record highs, unaudited net profit reached a monthly record high, and the cumulative net profit of subsidiaries Fubon Life, Fubon Insurance and Fubon Securities hit record highs. Fubon Financial reported unaudited net worth of NT\$862bn and unaudited preliminary BVPS of NT\$76.97 on a common shares basis in August, both hit record high.

Fubon Financial acquired 56.92% of JihSun FHC and recognized investment income of NT\$257mn in August.

The performances of the main subsidiaries are as follows:

- Fubon Life's net profit was NT\$11,721mn in August, up 18% yoy. Cumulative net profit reached NT\$89,925mn, up 109% yoy. The equity market was buoyant in August, closing slightly higher. Fubon Life adjusted its portfolio dynamically and continued to realize investment profit. Meanwhile, dividend income increased due to seasonality from equity investment portfolio. Fubon Life's capital position remained decent with net worth reaching NT\$579.82bn, net worth-to-asset ratio at over 10% and RBC ratio at over 300%. For fixed income investment, the strategy aimed at raising recurring income. The low currency swap cost of under 20bps mitigated the impact from NTD appreciation in August. Cumulative FX gain/loss and hedging cost improved yoy. Cumulative consolidated FYP and consolidated total premium were NT\$121.4bn and NT\$351.52bn, respectively. Both FYP and total premium were ranked the top 2 in the Taiwan market per our estimate. FYP in August was NT\$11.0bn, up 32.3% from the previous month. Fubon Life maintained a balanced product strategy with an advantage in investment-linked policy, retirement planning and protection policy. FYP of investment-linked policy in August was NT\$5.7bn, up 92.7% yoy. Interest sensitive products, in USD and in NTD, are also available for customer's needs in retirement planning and stable return. In response to the COVID-19 impact, Fubon Life worked with Microsoft to build a video insurance platform to provide efficient and safe services. The performance of overseas life business improved significantly. Fubon Hyundai Life's cumulative FYP and total premium reached NT\$32.3bn and NT\$42.1bn, respectively. The growth mainly came from bancassurance channel. In addition, the pension business continued to grow, ranked the top 2 in the Korean market.
- Taipei Fubon Bank's net profit was NT\$2,077mn in August, up 16% yoy. The growth mainly came from revenue increase of 11% yoy and cumulative net profit reached NT\$13,484mn. Growth of deposits, loans and foreign currency bond investment led to cumulative net interest income growth of 6% yoy. Given the eased domestic epidemic, sales of wealth management products recovered, leading to an annual increase of 16% in sales and 9% in wealth management AUM. The credit card business continued to outperform the market, with the cumulative amount of card spending rising by 11% yoy. Loans continued to grow and asset quality in August remained benign, with NPL ratio and coverage ratio at 0.19% and 656%, respectively.
- Fubon Insurance's net profit was NT\$604mn in August. Cumulative net profit reached NT\$5,597mn, up 46% yoy. The sales of personal line and commercial line increased double digits along with the alleviating pandemic. Total premium in August increased

25.1% yoy. The growth of health and injury policy and engineering policy reached a high level of 86.6% and 125.9% yoy, respectively. The growth momentum of auto policy and personal fire policy were both above 9% yoy, higher than the market average. Cumulative written premium was NT\$35,440mn, up 14.3% yoy. With a market share of 25.4% and market share gain of 0.8% yoy, Fubon Insurance continued to be the market leader.

- Fubon Securities' August net profit reached NT\$741mn and accumulated net profit was NT\$5,384mn, up 90% yoy, mainly due to dividend income. Though TAIEX went through a turbulence in August, the market share of its brokerage business still hit 6.6%.

Table: Net profit of Fubon Financial and its subsidiaries

NT\$m	2021		2020	
	August	YTD	August	YTD
Fubon Financial	16,165	122,349	13,271	64,005
EPS (NT\$)	1.58	11.69	1.30	5.97
<i>Net profit by subsidiary:</i>				
Fubon Life	11,721	89,925	9,910	43,058
Taipei Fubon Bank	2,077	13,484	1,789	13,909
Fubon Insurance	604	5,597	676	3,836
Fubon Securities	741	5,384	547	2,831

Note: Fubon Financial acquired 56.92% of JihSun FHC. Investment income of NT\$257mn was recognized in August.

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