

Fubon Financial Holdings Reports September 2021 Earnings Results

Fubon Financial reported unaudited net profit of NT\$7,852mn and cumulative pre-tax profit of NT\$148,989mn for the first nine months of the year. Net profit for the first nine months reached NT\$130,201mn, up significantly by 91% yoy, translating into EPS of NT\$11.32. Fubon Financial's cumulative net profit in September reached a record high, unaudited net profit reached a record high for September, and the cumulative net profit of subsidiaries Fubon Life, Fubon Insurance and Fubon Securities all hit record highs. Fubon Financial reported unaudited net worth of NT\$841.5bn and unaudited preliminary BVPS of NT\$68.16 on a common shares basis in September, mainly reflecting the impact of stock dividend distributions.

As of the end of September, Fubon Financial acquired 57.70% of JihSun FHC and recognized investment income of NT\$113mn. As Fubon Financial issued common shares and preferred shares, it recognized employee compensation expenses of NT\$851mn for employees' subscription portion under IFRS 2.

The performances of the main subsidiaries are as follows:

- Fubon Life's net profit was NT\$5,228mn in September, up 134% yoy. Cumulative net profit reached NT\$95,153mn, up 110% yoy. The equity market was volatile in September, closing slightly down by 3.2% mom. Fubon Life adjusted its portfolio dynamically and continued to realize investment profit. Fubon Life's capital position remained decent with net worth reaching NT\$556.6bn, net worth-to-asset ratio at over 10% and RBC ratio at over 300%. For fixed income investment, recurring income increased along with the rebound of US bond yield. Benefited from the stable NTD in September and low currency swap cost of under 20bps, FX gain/loss in September and cumulative FX gain/loss improved yoy. Cumulative consolidated FYP and consolidated total premium were NT\$133.18bn, up 3.7% yoy and NT\$385.54bn, respectively. FYP in September was NT\$9.8bn, up 14% yoy. The growth was mainly driven by interest sensitive products, up 41% yoy. The performance of overseas life business improved significantly. Fubon Hyundai Life's cumulative FYP and total premium reached NT\$33.5bn and NT\$44.5bn, 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\$1,037mn in September, and cumulative net profit reached NT\$14,522mn. The momentum of the banking business has continued to increase this year. The balance of

deposits and loans climbed by 16% and 14% yoy. Also, bond investments grew by over 30% yoy, which led to cumulative net interest income growth of 7% yoy. Given the active investment market and the launch of thematic funds to provide clients with various options, the growth of fund sales led to steady increase of wealth management AuM. The credit card business continued to outperform the market, with double-digit yoy growth in the number of active cards and the amount of card spending. Loans continued to grow and asset quality in September remained benign, with NPL ratio and coverage ratio at 0.18% and 673%, respectively. In addition, Nutmeg, a Fintech company invested by Taipei Fubon Bank, was 100% acquired by JPMorgan Chase in September. The capital gains recognized was £31.51mn, equivalent to around NT\$1.2bn, which will be recorded under other comprehensive income and contribute to the growth of retained earnings.

- Fubon Insurance's net profit was NT\$474mn in September. Cumulative net profit reached NT\$6,071mn, up 51% yoy. Total premium in September rose 16.9% yoy. The growth of commercial line reached a high level of 50.5%. The growth momentum of health and injury policy maintained double digits. Cumulative written premium was NT\$39,607mn, up 14.6% yoy. With a market share of 25.5% as of September, Fubon Insurance continued to be the market leader.
- Fubon Securities' September net profit was NT\$426mn and cumulated net profit was NT\$5,810mn, up 97% yoy, attributable to higher turnover of the Taiwan stock market this year. As the turnover and market momentum turned mild in Taiwan stock market in September, brokerage and investment gains decreased mom.

Table: Net profit of Fubon Financial and its subsidiaries

NT\$m	2021		2020	
	September	YTD	September	YTD
Fubon Financial	7,852	130,201	4,101	68,206
EPS (NT\$)	0.70	11.32	0.40	6.38
<i>Net profit by subsidiary:</i>				
Fubon Life	5,228	95,153	2,237	45,328
Taipei Fubon Bank	1,037	14,522	1,478	15,387
Fubon Insurance	474	6,071	186	4,027
Fubon Securities	426	5,810	122	2,948

Note: Fubon Financial acquired 57.70% of JihSun FHC. Investment income of NT\$113mn was recognized in September.

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