

## Fubon Financial Holdings Reports May 2022 Earnings Results

Fubon Financial reported unaudited net profit of NT\$4.24bn in May. Cumulative pre-tax profit was NT\$79.93bn for the first five months of the year, and cumulative net profit was NT\$65.22bn, translating into EPS of NT\$5.53. Cumulative net profit and EPS of Fubon Financial and cumulative net profit of Fubon Life were the second highest in record. Cumulative net profit of Taipei Fubon Bank hit a record high in May.

As of the end of May, Fubon Financial acquired 59.01% of Jih Sun FHC. Investment income of NT\$630mn was recognized in the first five months (Note).

The performance of the main subsidiaries are as follows:

**Fubon Life's** May net profit was NT\$2,868mn and cumulative net profit reached NT\$51,595mn. Fubon Life's capital position remained decent with RBC ratio at over 300%. Global markets rebounded from a slump in mid-May and TAIEX closed up by 1.30%. Fubon Life continued to deliver capital gain in response to the market volatility while dynamically adjusting positions. For fixed income investment, in response to rising interest rates, Fubon Life accumulated cash balances and prepared for reinvestment opportunities to enhance recurring returns during the rate hike period. Due to the USD/TWD depreciation, Fubon Life booked FX loss this month, but cumulative FX gain/loss plus hedging cost improved significantly yoy. The balance of FX reserve was about NT\$22bn in May. Bargain purchase gain was also recognized this month. Regarding the position of Russia bond, the cumulative expected credit loss after FX adjustment was NT\$2.29bn for the first 5 months of this year. The Company will continue to track closely the interest payment status. Meanwhile, Russia related exposure would be reduced over time following internal ESG principles. Fubon Life's consolidated FYP in May reached NT\$8.2bn and consolidated total premium reached NT\$28.5bn. Due to the impact of the pandemic and FX, Fubon Life's FYP in Taiwan was NT\$6.1bn, which is estimated to rank the top 2 in the industry.

**Taipei Fubon Bank's** May net profit was NT\$1,774mn, up mom. Cumulative net profit reached NT\$9,988mn, up 26% yoy. Total net revenue increased by NT\$461mn mom, mainly driven by net interest income growth and MTM recovery in financial assets. Provision increased by NT\$398mn mom, mainly from the one-off reversal of provision in April and increase of general provision in May. SME loans, mortgage and personal unsecured loans grew steadily. Total loan balance grew by 13% yoy. Meanwhile, the rate hikes led to an expansion in interest spread and accumulated net interest income increased by 13% yoy. Wealth management sales momentum was slower and wealth management fee income was down yoy, mainly reflecting the volatility in capital markets, which led to customers' conservatism. While AuM continued to grow steadily, cumulative insurance commission was up yoy. In the credit card business, growth of credit card

issuance in the first five months was 36% yoy. The Bank continued to optimize the online application process. The cumulative number of online applications and approval for new card issuance increased by nearly 20% yoy. As of May, asset quality remained benign, with NPL ratio and coverage ratio at 0.17% and 725%, respectively.

**Fubon Insurance's** May net loss was NT\$1,025mn and cumulative net profit was NT\$2,220mn, down yoy, mainly due to the impact of claims and additional provision of covid-related policies. RBC ratio remained above 300% as of May. The covid-related policies claims amount was NT\$1,340mn from 36,000 cases in May. The claim reserve balance was NT\$1,880mn in May, which included claims under review process and incurred-but-not-reported (IBNR) reserves. Written premium in May was NT\$5,254mn, up 12.6% yoy. Engineering insurance was up 550.6% mom on the back of active participation in the green energy insurance business, leading to written premium from commercial line growing 36.6% yoy. Cumulative written premium reached NT\$24,162mn, up 15.4% yoy. With a market share of 25.7%, up 0.9% yoy, Fubon Insurance continued to be the market leader.

**Fubon Securities'** May net profit was NT\$59mn and cumulative net profit was NT\$983mn, down yoy. As TAIEX dropped from a year high of 18,620 to a trough of 15,617 on May 12, and the daily average turnover fell 27% yoy to NT\$355bn in May, revenue from brokerage and proprietary trading decreased yoy.

Table: Net profit of Fubon Financial and its subsidiaries

NT\$m	2022		2021	
	May	YTD	May	YTD
Fubon Financial	4,242	65,223	10,864	74,792
EPS (NT\$)	0.36	5.53	1.06	7.32
<i>Net profit by subsidiary:</i>				
Fubon Life	2,868	51,595	7,743	56,329
Taipei Fubon Bank	1,774	9,988	1,143	7,933
Fubon Insurance	(1,025)	2,220	726	3,355
Fubon Securities	59	983	425	2,794

Note: As of the end of May, Fubon Financial acquired 59.01% of Jih Sun FHC. Investment income of NT\$630mn was recognized in the first five months. (Fubon Financial acquired 73.91% percent of Jih Sun FHC, which was settled on June 2.)

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