

Fubon Financial Holdings Reports February 2023 Earnings Results

Fubon Financial reported unaudited consolidated pre-tax profit of NT\$1.211bn and net profit of NT\$1.308bn in February. Cumulative consolidated pre-tax profit and net profit was NT\$7.678bn, and NT\$7.392bn, respectively, for the first two months of the year, translating into EPS of NT\$0.60. Net profit of Taipei Fubon Bank in February was the second highest in record for the same period, and net profit of Fubon Securities in February reached a record high for the same period. As the loss of covid-related claims was higher than expected, Fubon insurance reported net loss of NT\$2.339bn in February, and net profit of only NT\$1.308bn in Fubon Financial in the month.

The performance of the main subsidiaries is as follows:

Fubon Life's February net profit was NT\$1,027mn and cumulative net profit was NT\$2,417mn. TAIEX was range-bound in a narrow range in February and thus Fubon Life seized the opportunity to realize capital gains. Investment income from interest income, capital gains and dividend income of equities and funds are main sources of profit. The US market indicators such as employment rate and private consumption remained strong, which led to interest rate hike in February. The Fed may maintain a higher interest rate given the inflation environment, which would support the recurring income performance of life companies over time. Fubon Life has maintained liquidity to capture such opportunity. US inflation remained on the high-end and US dollar appreciated against New Taiwan Dollar by around 1.42% in February, which led to FX gain for Fubon Life. In terms of hedging strategies, Fubon Life dynamically adjusted its strategy and offset partial FX risks with FX reserves, which was about NT\$35bn as of February and as a buffer against market movements.

Fubon Life's standalone cumulative FYP and TP reached NT\$14,100mn and NT\$48,048mn respectively, both estimated to rank the top 2 in the industry. TP was NT\$7,569mn in February, up 15.9% mom as investment-linked products grew 30.5% and interest-sensitivity products grew 12.0%. Fubon focused on regular-paid products, which grew 73.1% YoY. Fubon Life's capital position remained decent, with RBC ratio and equity to asset ratio exceeding the legal minimum requirement of 200% and 3%, respectively.

Taipei Fubon Bank's February net profit was NT\$1,818mn, the second highest in record for the same period. Cumulative net profit was NT\$4,880mn and flat yoy, mainly due to a higher base from the recognition of bargain purchase gain in February last year. The banking business momentum was decent. With rate hike and steady growth of asset balance, net interest income increased. Net fee income grew by double digits yoy, primarily from the rise

of wealth management fee income. Insurance commission climbed over 20% yoy, a key driver among wealth management products. Treasury related income rose over NT\$2,000mn yoy, reflecting that the recovery of financial markets in the first two months led to the growth of equity, bond and derivatives investment income. Asset quality remained benign. NPL ratio and coverage ratio were at 0.19% and 706%, respectively.

The co-brand credit card with Costco was officially launched on February 1st. New card issuance was around 380,000 cards in the month and the number of cards in circulation was over 5mn, up 19% yoy. Border control relaxation drove the growth of overseas consumption. Accumulated amount of card spending increased 16% yoy.

Fubon Insurance's February net loss was NT\$2,339mn and cumulative net loss was NT\$2,447mn. Due to the relaxation of quarantine policy in Taiwan and effect of the Lunar New Year holidays, the infection rate rose in the first two months this year. The number of claims has also increased since February due to the long holiday. The company proactively responded to the request for covid-related claims. Direct claims and retention claims of covid-related policies were NT\$4,196mn and NT\$3,278mn, respectively. The related reserves balance was around NT\$2,486mn. On March 9, the Central Epidemic Command Center (CECC) announced to relax epidemic prevention measures, including mild COVID-19 cases would be exempted from reporting and quarantine, effective from March 20, as the coronavirus situation in Taiwan and abroad continues to subside. Fubon Insurance is continuously monitoring the development of the epidemic and the government policy and complies accordingly.

In terms of business performance, the company maintained stable operation. The premium in February was NT\$4,435mn, up 14.2% yoy. Engineering insurance grew 40.9% yoy and the overall commercial line grew 23.2%, due to the engagement of green energy insurance. Also, the growth of health and injury insurance, as well as new-type businesses, outperformed the market growth by 3% to 7%. The accumulated premium in the first two months was NT\$9,790mn, up 3.1% yoy. With a market share of 24.6%, Fubon Insurance continued to be the market leader.

Fubon Securities' February net profit was NT\$531mn, up NT\$68mn mom. Cumulative net profit was NT\$995mn, up NT\$688mn YoY, mainly due to the contribution from proprietary trading as the market rebounded.

Table: Net profit of Fubon Financial and its subsidiaries

NT\$m	2023		2022	
	February	YTD	February	YTD
Fubon Financial	1,308	7,392	15,826	38,589
EPS (NT\$)	0.11	0.60	1.34	3.27
<i>Net profit by subsidiary:</i>				
Fubon Life	1,027	2,417	11,441	31,363
Taipei Fubon Bank	1,818	4,880	3,430	4,884
Fubon Insurance	-2,339	-2,447	414	2,512
Fubon Securities	531	995	253	307

Contact information for investor relations:

Amanda Wang amanda.ch.wang@fubon.com

Sasa Hung shihyun.hung@fubon.com

Leon Lee leon.cy.lee@fubon.com

Sophie Lin sophie.tc.lin@fubon.com