

Fubon Financial Holdings Reports December 2023 Earnings Results

Fubon Financial reported unaudited consolidated net loss of NT\$3.020bn in December. Cumulative consolidated net profit was NT\$66.137bn, a significant increase of around 41% yoy, translating into EPS of NT\$4.81. Cumulative net profit of Taipei Fubon Bank hit a record high and cumulative net profit of Fubon Securities was the second highest in record for the same period.

The performance of the main subsidiaries is as follows:

Fubon Life's December net loss was NT\$2,732mn, mainly affected by foreign exchange losses, and cumulative net profit was NT\$36,230mn. Fubon Life's capital position remained decent, with equity to asset ratio above 9% and RBC ratio above 300% as of December. The main sources of investment income this month were interest income, capital gains on domestic and foreign equities and funds, and domestic and foreign fund dividends. Fubon Life continued to monitor market fluctuations and maintained a stable investment portfolio. Taixex hit a yearly high in December, up 3% yoy, and Fubon Life seized the opportunities to realize capital gains from domestic stocks. In the bond market, the market is pricing in expectations of Fed's rate cut in 2024, driving down government bond yields and thus unrealized balance recovered. Strategically, Fubon Life increased positions in the fourth quarter when yields were relatively high, aiming to improve the overall recurring income in the future and maintain liquidity. Fed hinted that the monetary policy is expected to turn loose. Foreign capital continues to flow back to Taiwan's stock market, leading to an appreciation of the New Taiwan dollar against the US dollar by 1.71% in December, impacting the profit and loss of the month. Fubon Life increased the weight of proxy hedging and traditional hedging, aiming to adjust the hedging strategy dynamically in response to financial market volatility. Fubon Life's standalone cumulative FYP and TP reached NT\$94,453mn and NT\$323,681mn, respectively, both estimated to rank the top 2 in the industry. FYP was NT\$6,692mn in December, up 11.6% YoY, with the main growth momentum coming from traditional products and TP was NT\$32,824mn. Both monthly FYP and TP was estimated to rank the top 2 in the industry in December. Fubon Life continued to focus the product strategy on regular-paid policies, and cumulative FYPE neared NT\$40,000mn, up 42.0% yoy. Fubon Life continued to promote protection and retirement planning products to meet customers' needs in preparing for an ultra-aging society. FYP of personal health and casualty policies climbed 15.8% YoY, showing a meaningful progress of product transformation.

Taipei Fubon Bank's December net profit was NT\$697mn. Cumulative net profit was NT\$24,690mn, hitting a new high for the same period, up 3% yoy. The growth of cumulative profit would be around 15% if the bargain purchase gain in 2022 was excluded. The banking

business grew steadily and risk control remained decent. Total revenue grew 17% yoy, mainly due to steady momentum in the core businesses, meaningful increase in stocks and bonds valuation and FX swap revenue. Asset quality remained benign. NPL ratio and coverage ratio were at 0.12% and 1071%, respectively. In terms of the credit card business, the scale continued to grow, with nearly 2.8mn new cards issued this year, and the number of active cards rose over 60% yoy, leading to card spending growth of nearly 40% annually.

Fubon Insurance's December net loss was NT\$235mn and cumulative net loss was NT\$2,368mn. The monthly loss was mainly due to the provision on reinsurance claims of covid related policies and exchange losses. The revenue from its core business remained stable, primarily reflecting the selection of business quality and risk control.

In terms of business performance, direct written premium in December was NT\$3,674mn. Cumulative premium reached NT\$58bn, up 7.7% yoy, of which corporate insurance line grew significantly by 21.1% yoy. With a market share of 23.8%, Fubon Insurance continued to be the market leader.

Fubon Securities' December net profit was NT\$567mn and cumulative net profit was NT\$7,036mn, up 69% yoy. Benefiting from the active trading of AI and semiconductor-related stocks, the average daily trading volume of Taiwanese stocks in 2023 was NT\$359bn, up 18% yoy. Taiex closed at 17,930.8 points on 2023/12/29, up 3,793 points from the end of 2022, driving significant growth in brokerage, wealth management and proprietary trading businesses.

Table: Net profit of Fubon Financial and its subsidiaries

NT\$mn	2023		2022	
	December	YTD	December	YTD
Fubon Financial	-3,020	66,137	-15,492	46,926
EPS (NT\$)	-0.23	4.81	-1.25	3.54
<i>Net profit by subsidiary:</i>				
Fubon Life	-2,732	36,230	-7,389	65,537
Taipei Fubon Bank	697	24,690	838	23,934
Fubon Insurance	-235	-2,368	-9,105	-39,983
Fubon Securities	567	7,036	337	4,160

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