

# Fubon Financial Holdings Year 2014 Overview

2015.03.31

# Disclaimer



This meeting may contain forward-looking statements with respect to the financial condition, results of operations and business of the company. These forward-looking statements represent the company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed. Certain statements, such as those that include the words "potential", "estimated", and similar expressions or variations on such expressions may be considered "forward-looking statements". Financial numbers in this report may include preliminary unaudited numbers or management accounts.



- ***Performance highlights of Fubon Financial Holdings***

- ***Performance review by subsidiary***

- *Taipei Fubon Bank*

- *Fubon Life*

- *Fubon Insurance*

- *Fubon Securities*

- *Overseas banking operation*

# Fubon Financial Holdings: Milestones in 2014



## Robust earning performance

- Record high financial results
- Highest net profits and EPS among Taiwan FHCs for the 6th consecutive year

## Fubon Life

- Diversified investment portfolio and track record of investment return
- Flexibility in product design and multi-channel strategy

## Banking franchise

- Taipei Fubon Bank: NIM increase and strong fee income
- Fubon Bank (China): Business reshape and debit card issuance
- Fubon Bank (HK): Growth across revenue lines

## Opportunities in greater China

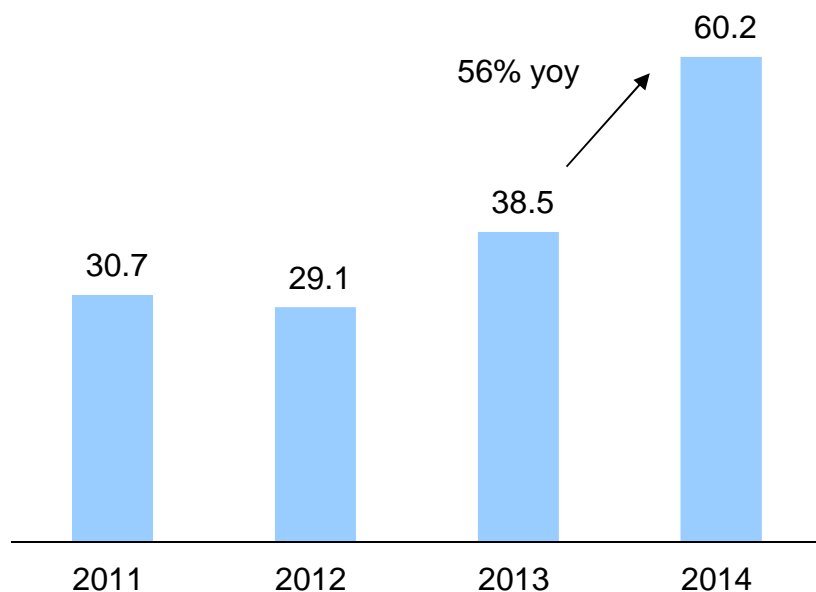
- Banking branches expansion in China
- Strong premium from Fubon P&C (China) with 31 offices
- Plans to invest in futures and securities in mainland China

# Fubon Financial Holdings: Profitability



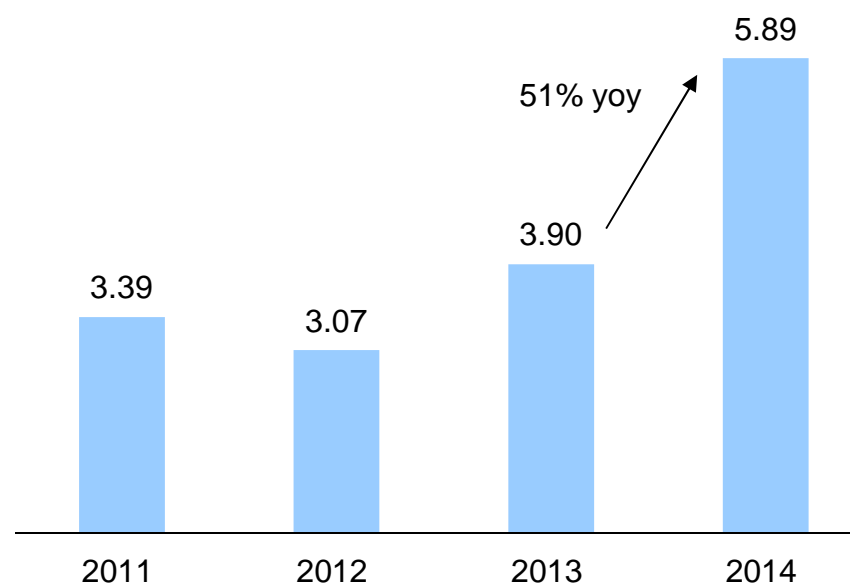
## Net profits

NT\$bn



## Earning per share (EPS)

NT\$

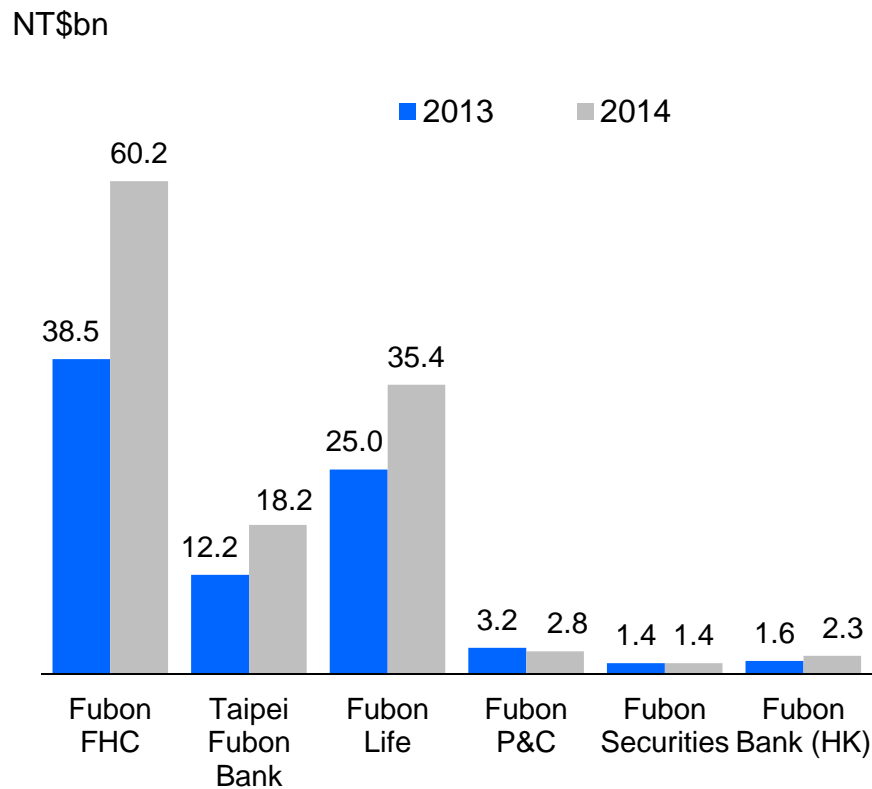


- Note: (1) \* Fubon adopted fair value method for investment property evaluation since September 2014. 2013 data are on pro forma basis. The impact to 2013 net profits and EPS was NT\$5.8bn and NT\$0.59, respectively. The impact to 2014 net profits and EPS was NT\$2.2bn and NT\$0.21, respectively.
- (2) Disposal gains of Fubon Multimedia Technology of NT\$8bn and NT\$0.8bn are recognized in 2011 and 2012 respectively.
- (3) Data in 2012-2014 are T-IFRS basis, and data in 2011 are ROC GAAP basis.

# Fubon Financial Holdings: Net profits by subsidiary

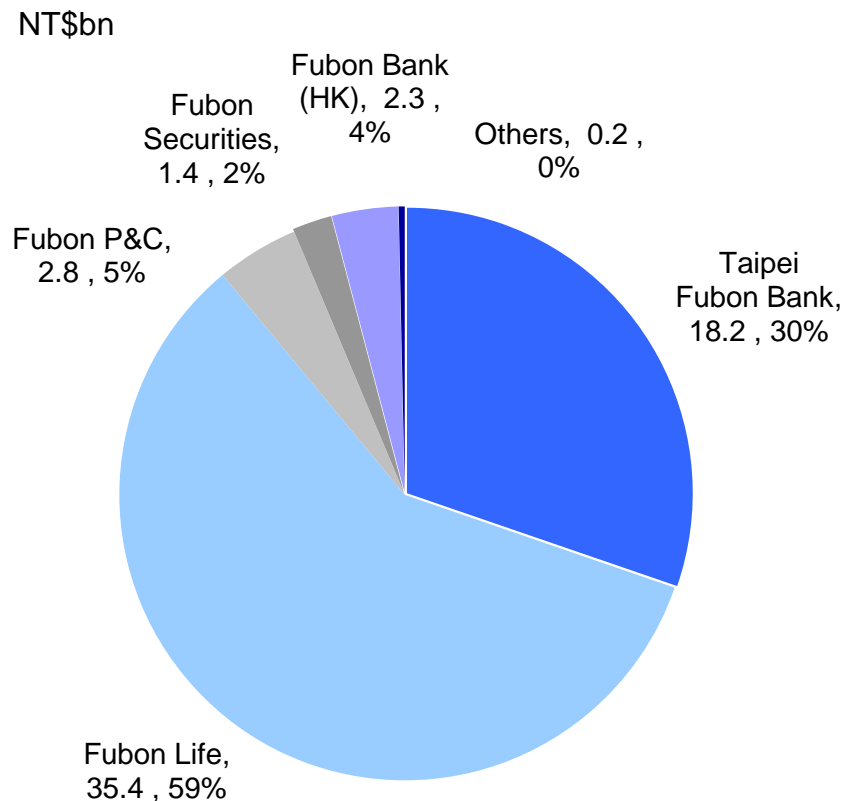


## Net profits by major subsidiaries



Note: 2013 data is on pro forma basis to reflect fair value method for investment property evaluation.

## Profit contribution from major subsidiaries

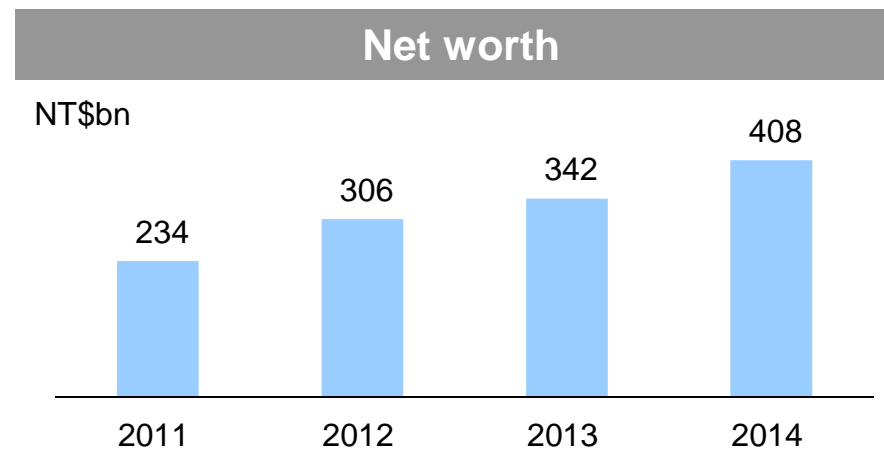
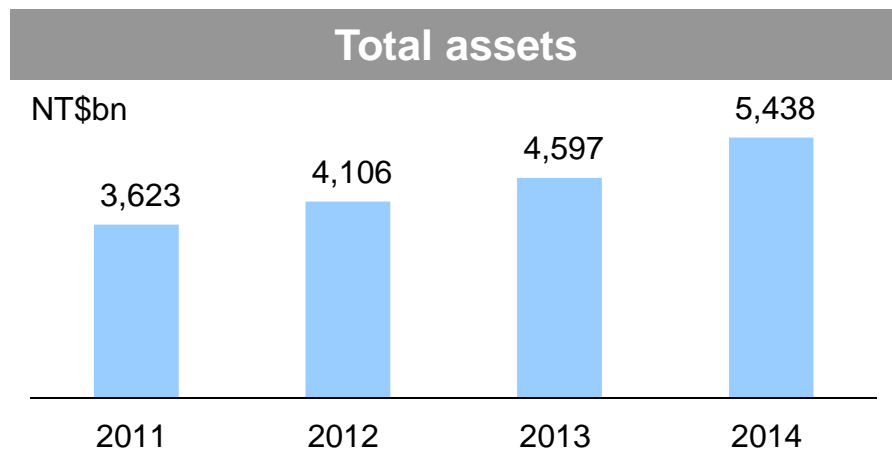


Note: Fubon Bank (China) contributed 2.4% net profits to the Company on the basis of 80% shareholding.

# Fubon Financial Holdings: Asset and net worth



- Continuous growth in total assets and net worth
- Decent capitalization to support business growth



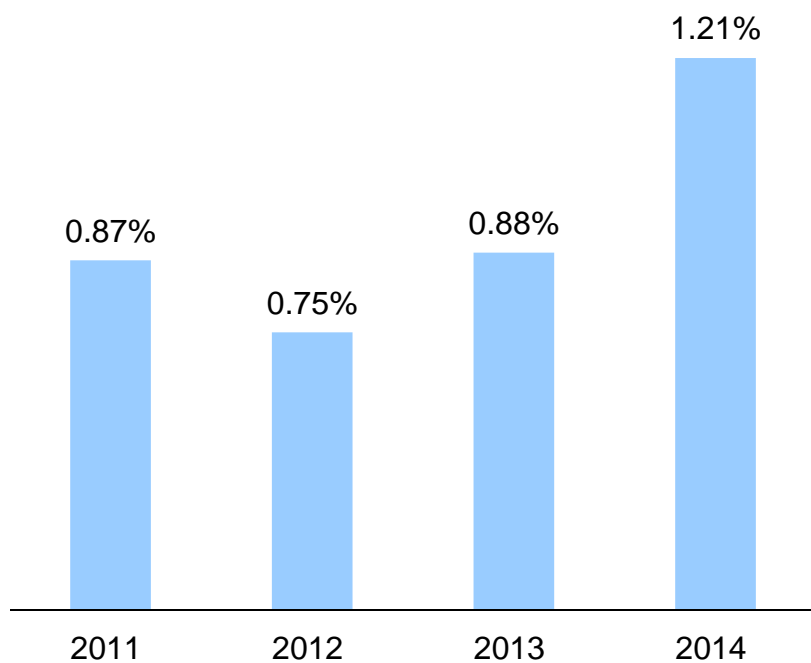
## Capitalization of FHC and subsidiaries

		2014	Regulatory requirements
Fubon Financial	CAR	137%	100%
Taipei Fubon Bank	tier one	10.4%	5.5%
	total CAR	13.1%	8.0%
Fubon Bank (HK)	tier one	13.1%	5.5%
	total CAR	16.3%	8.0%
Fubon Bank (China)	tier one	13.9%	6.9%
	total CAR	15.1%	8.9%
Fubon Insurance	RBC	608%	200%
Fubon Life	RBC	290%	200%
Fubon Securities	CAR	442%	150%

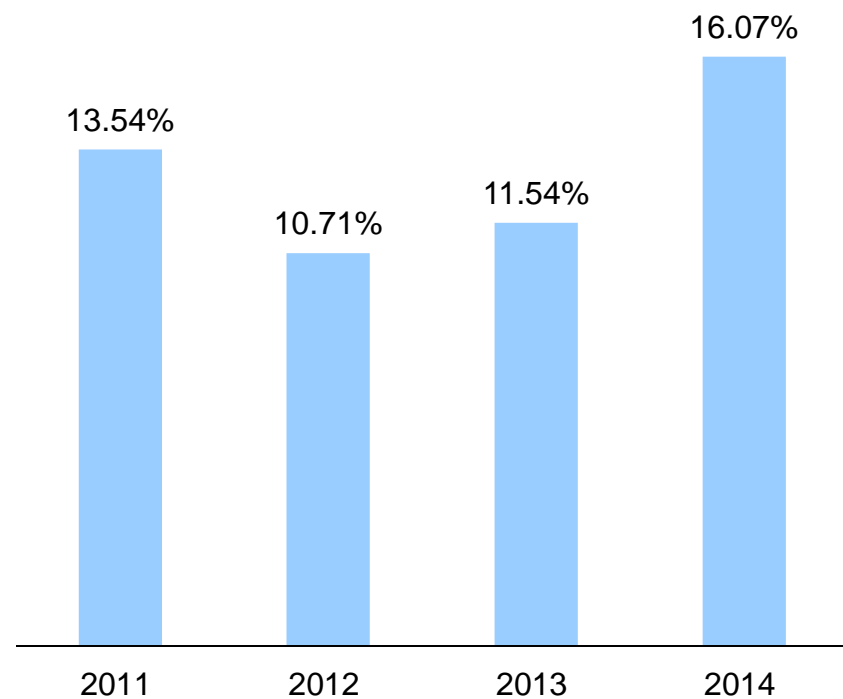
# Fubon Financial Holdings: ROA & ROE



## ROA



## ROE



Note: 2013 data is on pro forma basis to reflect fair value method for investment property evaluation.



# Fubon Financial Holdings: Market position



## ■ Leading positions across business lines

### Taipei Fubon Bank

	Market ranking	Market share/amount
Loan Syndication <sup>(1)</sup>	1	9.2%
Monthly per card spending <sup>(2)</sup>	1	NT\$8,352
FX derivative	2	11.1%
Mortgage loan <sup>(1)</sup>	2	5.2%

### Fubon Securities

	Market ranking	Market share
IPO amount	1	24.2%
Brokerage per branch	2	0.1%
Emerging stock trading	2	18.6%
Brokerage	3	5.7%

### Fubon Life

	Market ranking	Market share
FYP through bancassurance	1	17.3%
FYP through broker	1	19.5%
First year premium	2	16.3%
Total premium	2	15.3%
FYP through tied agents	3	14.6%

### Fubon Insurance

	Market ranking	Market share
Direct written premium	1	22.1%
Personal line	1	21.3%
Commercial line	1	24.1%
Average premium per employee	1	NT\$11.7 million

Note: (1) Ranking among private banks; (2) Ranking among top 6 card issuers; per active card basis; (3) All data as of 2014

# Fubon Financial Holdings: Growth opportunities



## Channels

- Bank branch relocation & Life agency growth
- e-platforms for efficiency and business growth
- Cross-sale synergy
- Growth in Asia financial market

## Opportunities

- Taiwan GDP growth of 4% is likely
- Investment opportunities from market volatility
- Deregulation bring in new products and services



## Sustainability

- Leverage financial expertise to develop CSR-centric products and services
- Incorporate social responsibility into the principles of bank lending and life investment activities

# Initiatives and development directions



## Taipei Fubon Bank

- Growth in SME, overseas, and mass affluent
- Optimize branch value and digital service
- Opportunities from consumption growth

## Fubon Insurance

- Product development from life-style concepts
- Risk mitigation and selection
- Digital channel to facilitate sales and service

## Fubon Bank (China)

- Client base expansion
- Niche angle in cross-strait product offering
- Extension of branch network and online system

## Fubon Life

- From urban-centric to a balanced network
- Products focus on retirement planning
- Set up subsidiaries in HK

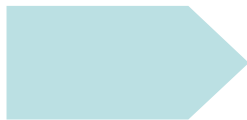
## Fubon Bank (Hong Kong)

- Expand local franchise
- Growth in SME and mass affluent market
- New branch and e-banking experience

## Fubon Securities

- Financial planner approach for sales team
- Continuous growth in online trading
- Investment plans in China

- ***Performance highlights of Fubon Financial Holdings***
- ***Performance review by subsidiary***



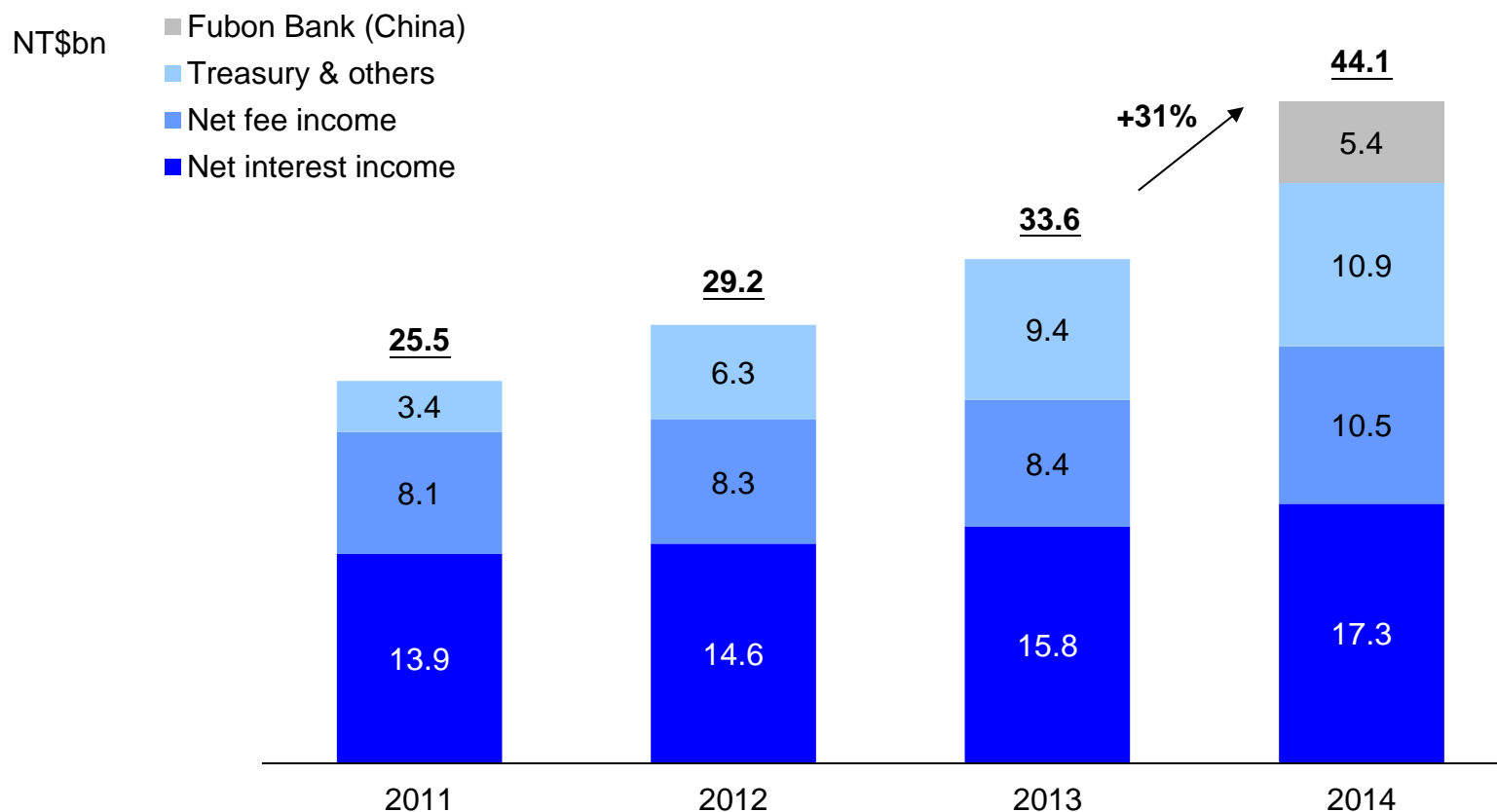
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# Taipei Fubon Bank: Revenue



- Revenue growth across all revenue lines
- New source of revenue contribution from Fubon Bank (China) led to 31% growth

Revenue composition of Taipei Fubon Bank



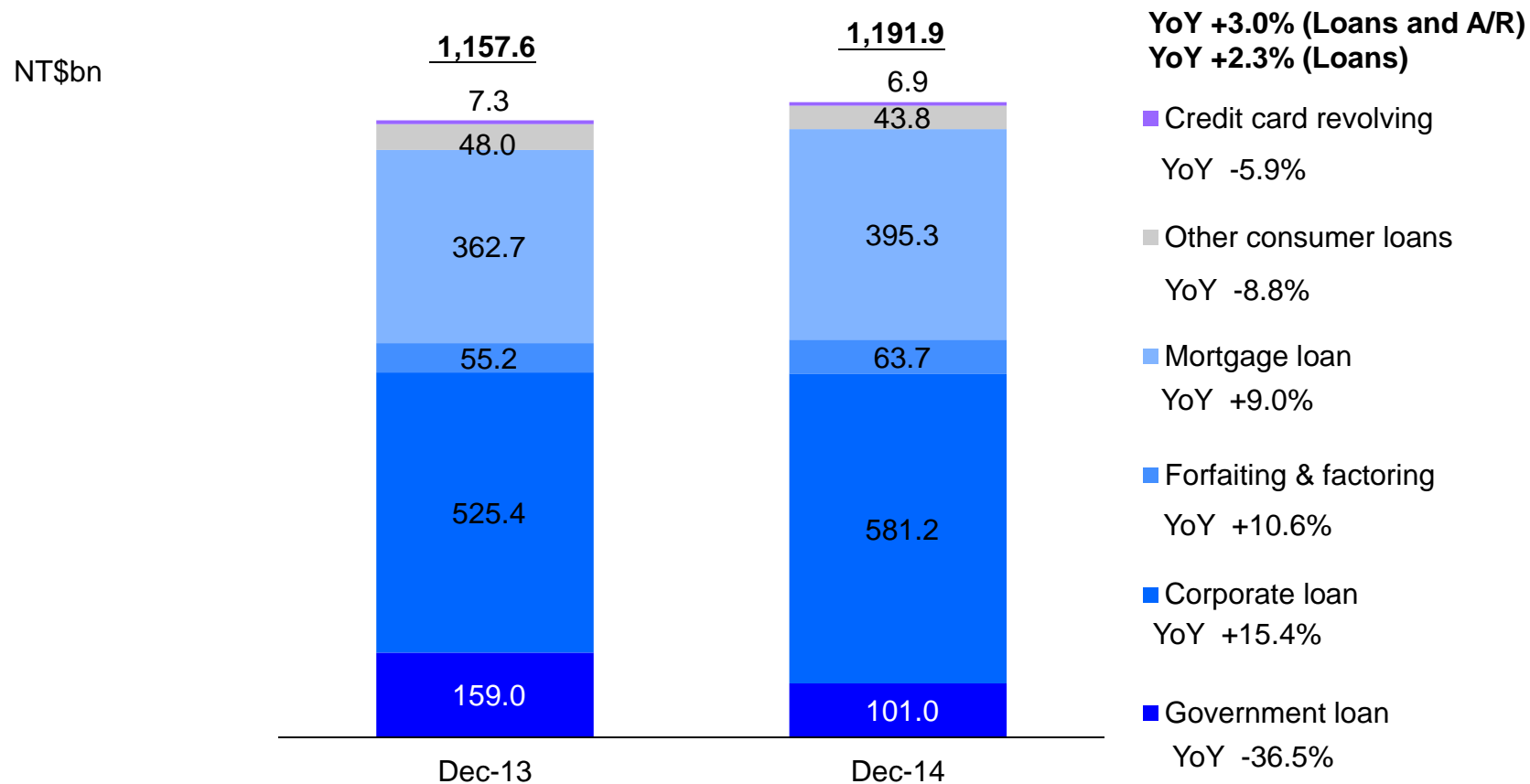
Note: Consolidated basis; Fubon Bank (China) accounted starting from Jan. 7<sup>th</sup>, 2014

# Taipei Fubon Bank: Credit composition



- Loan growth driven by corporate segment and mortgage
- Loans & A/R growth excluding government loans reached 9.2%

Loans and A/R by type



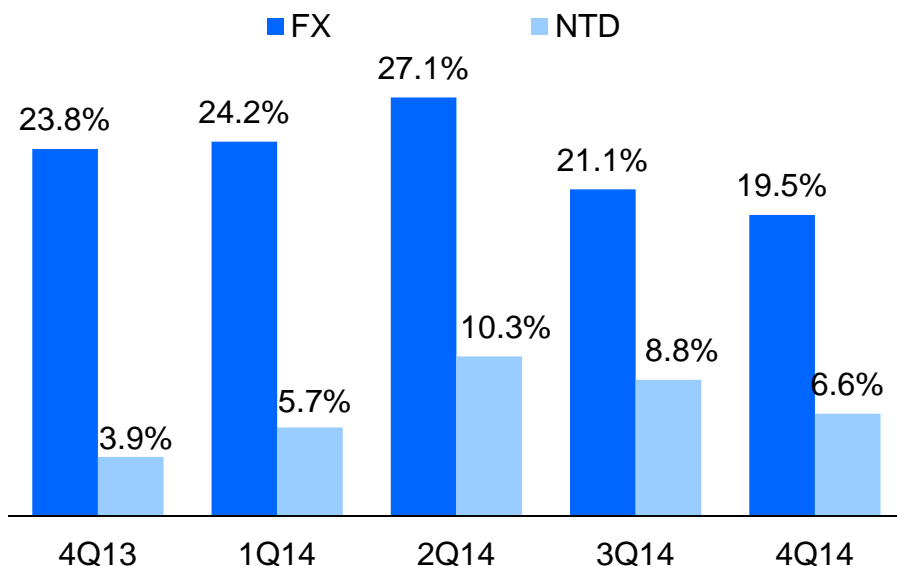
Note: Data are stand-alone basis in page 14-19

# Taipei Fubon Bank: Corporate loan

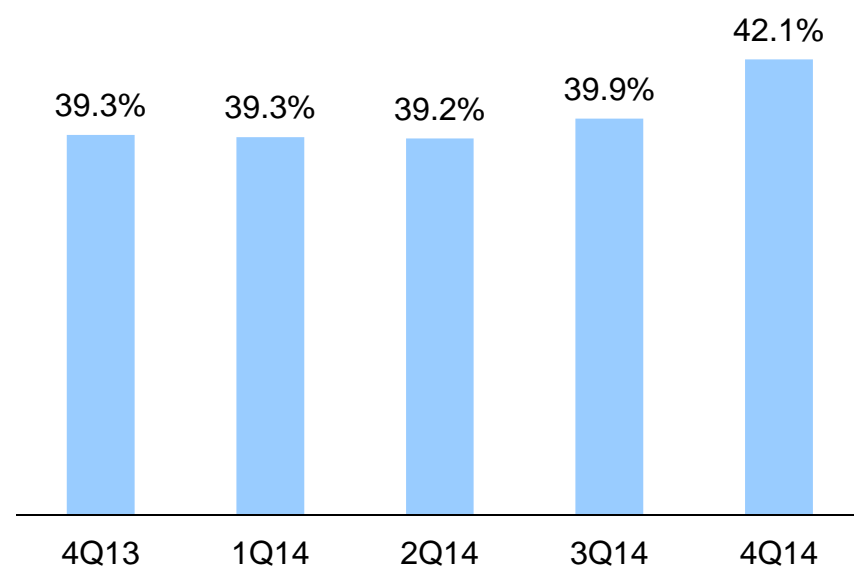


- Share of FX loans to total corporate loans increased

Corporate loan growth (yoy) by currency



FX loan as % of corporate loans



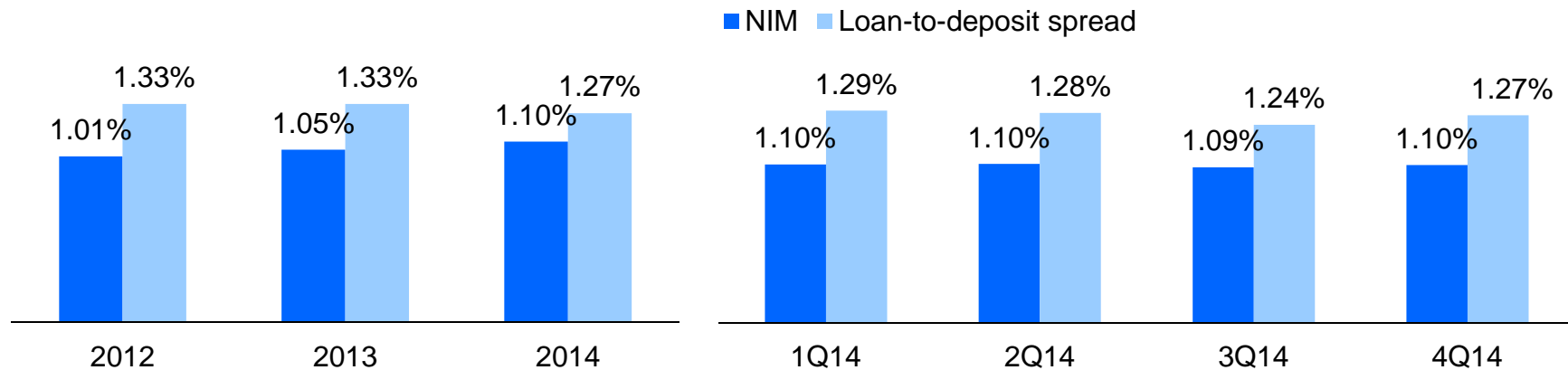
Note: Average balance

# Taipei Fubon Bank: Interest yield and margin

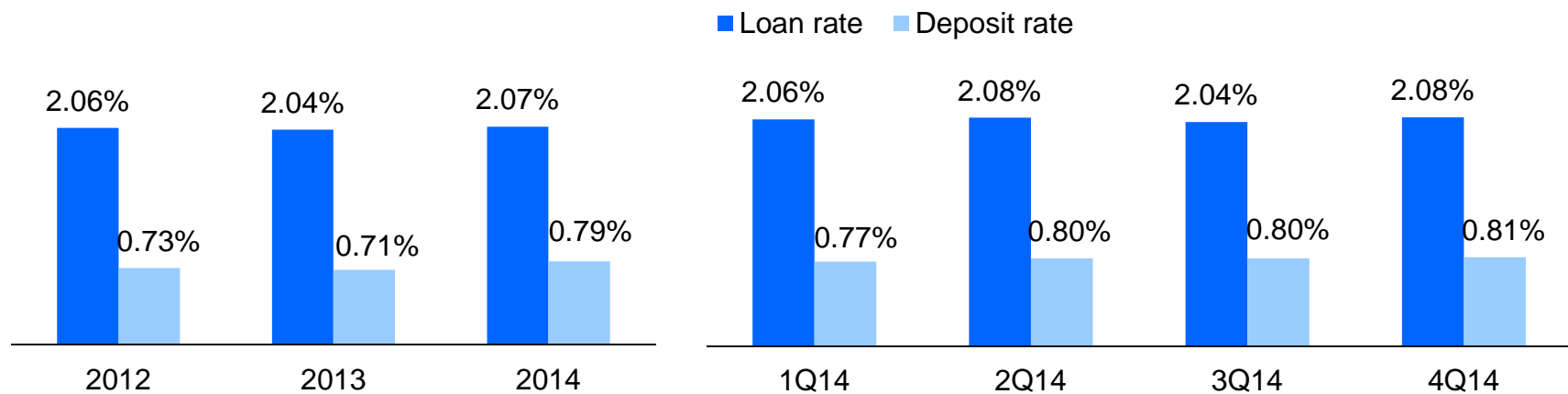


- Margin improvement steadily during the past years

## NIM and loan-to-deposit spread



## Loan yield and deposit yield



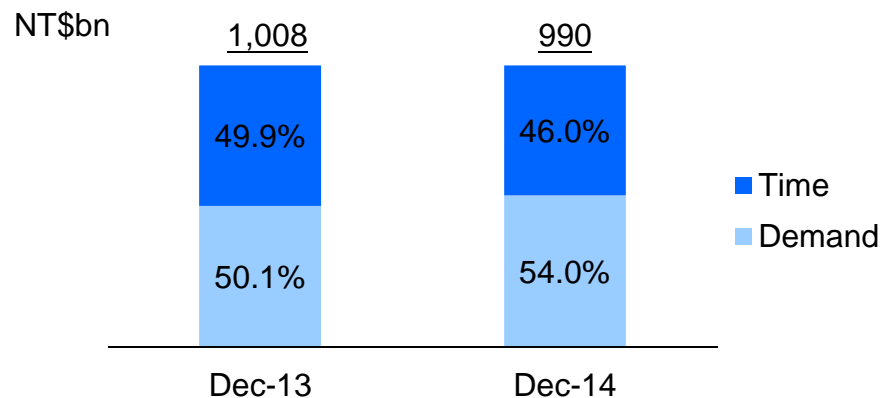
Note: Loan rate calculation inclusive of credit card revolving



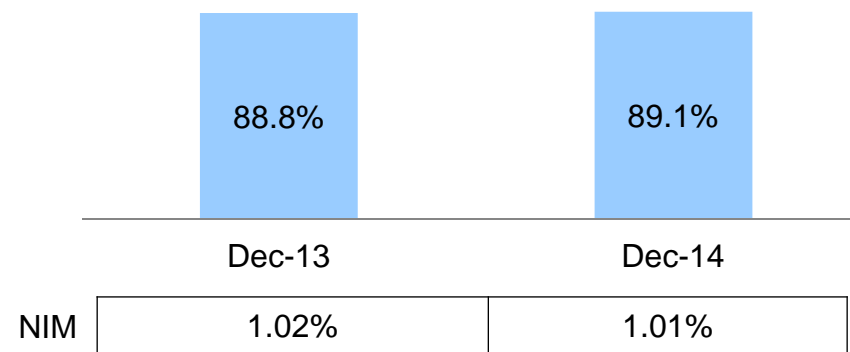
# Taipei Fubon Bank: Deposit and LDR



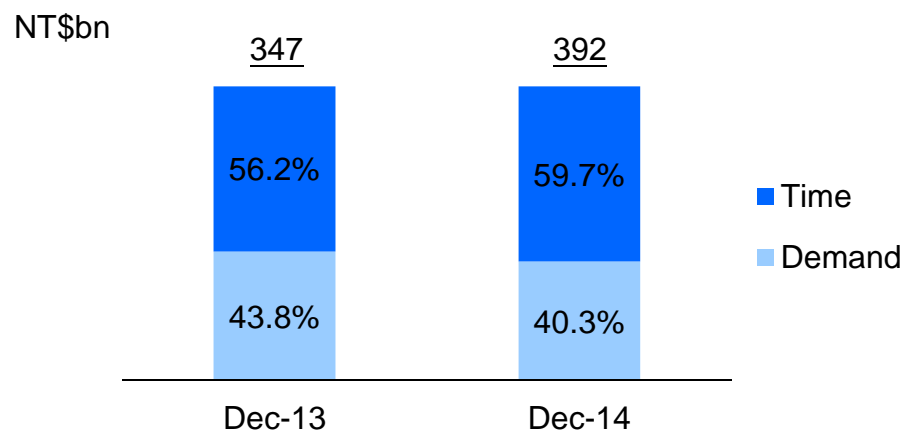
## Deposit mix in NTD



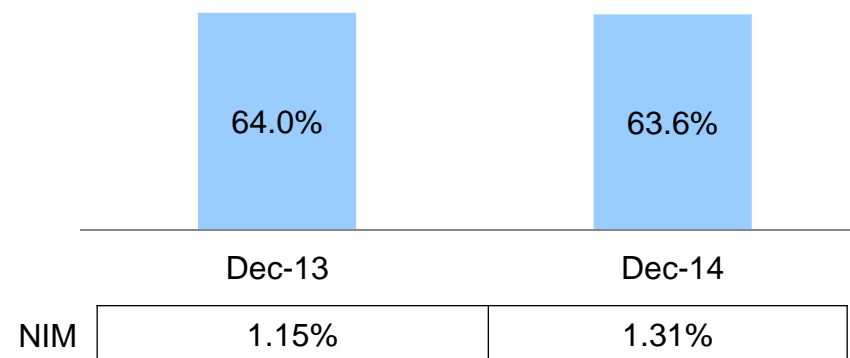
## NTD loan-to-deposit ratio (LDR) and NIM



## Deposit mix in foreign currency



## Foreign currency LDR and NIM

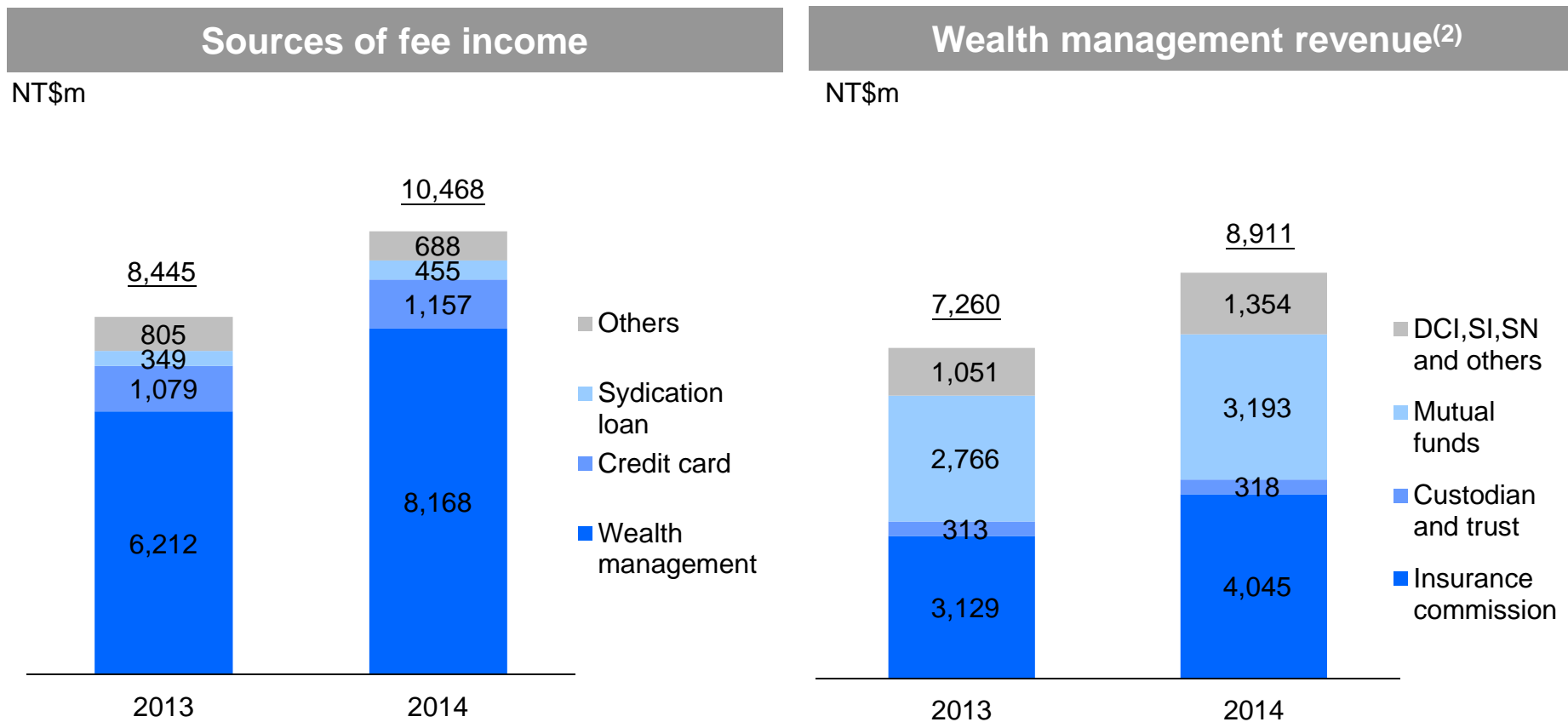


Note: Ending balance

# Taipei Fubon Bank: Fee and wealth management revenue



■ Fee income growth 24% along with wealth management and syndication business



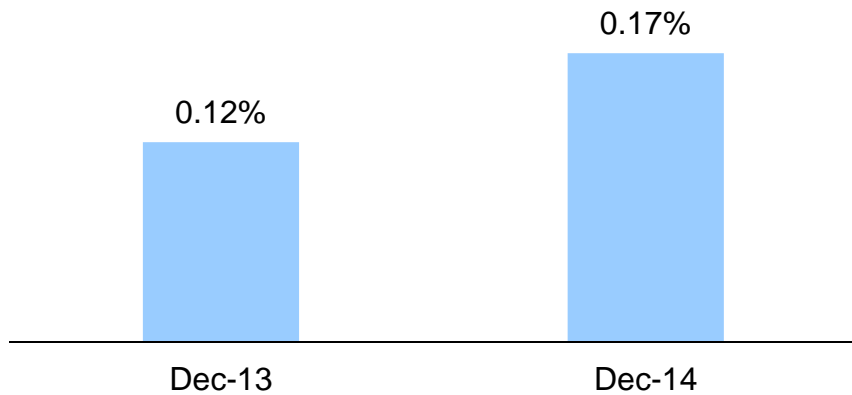
Note: (1) Fee income including Taipei Fubon Bank standalone and Taipei Fubon Bank Life Insurance Agency.

(2) Other income related to wealth management revenue are inclusive in the second chart.

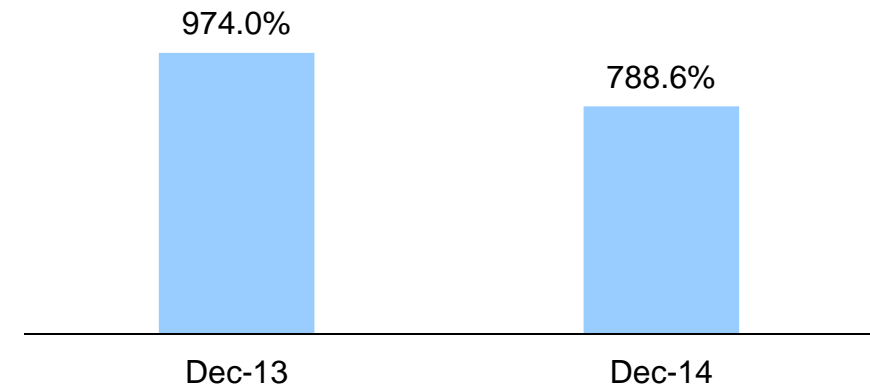
# Taipei Fubon Bank: Asset quality



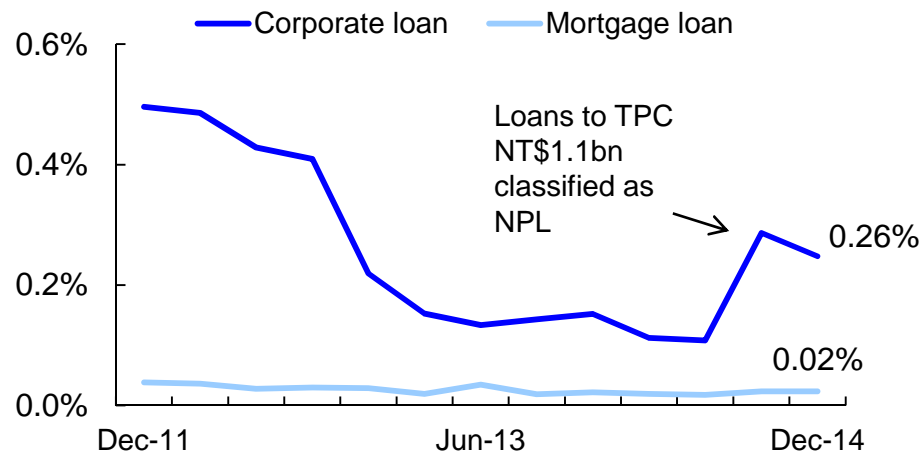
## NPL ratio



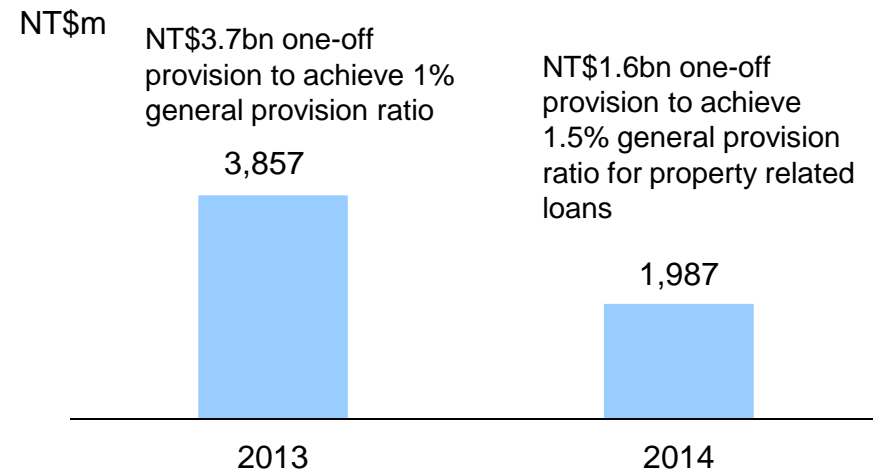
## Coverage ratio



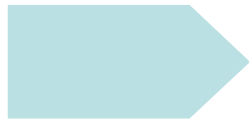
## NPL ratio by business



## Provision



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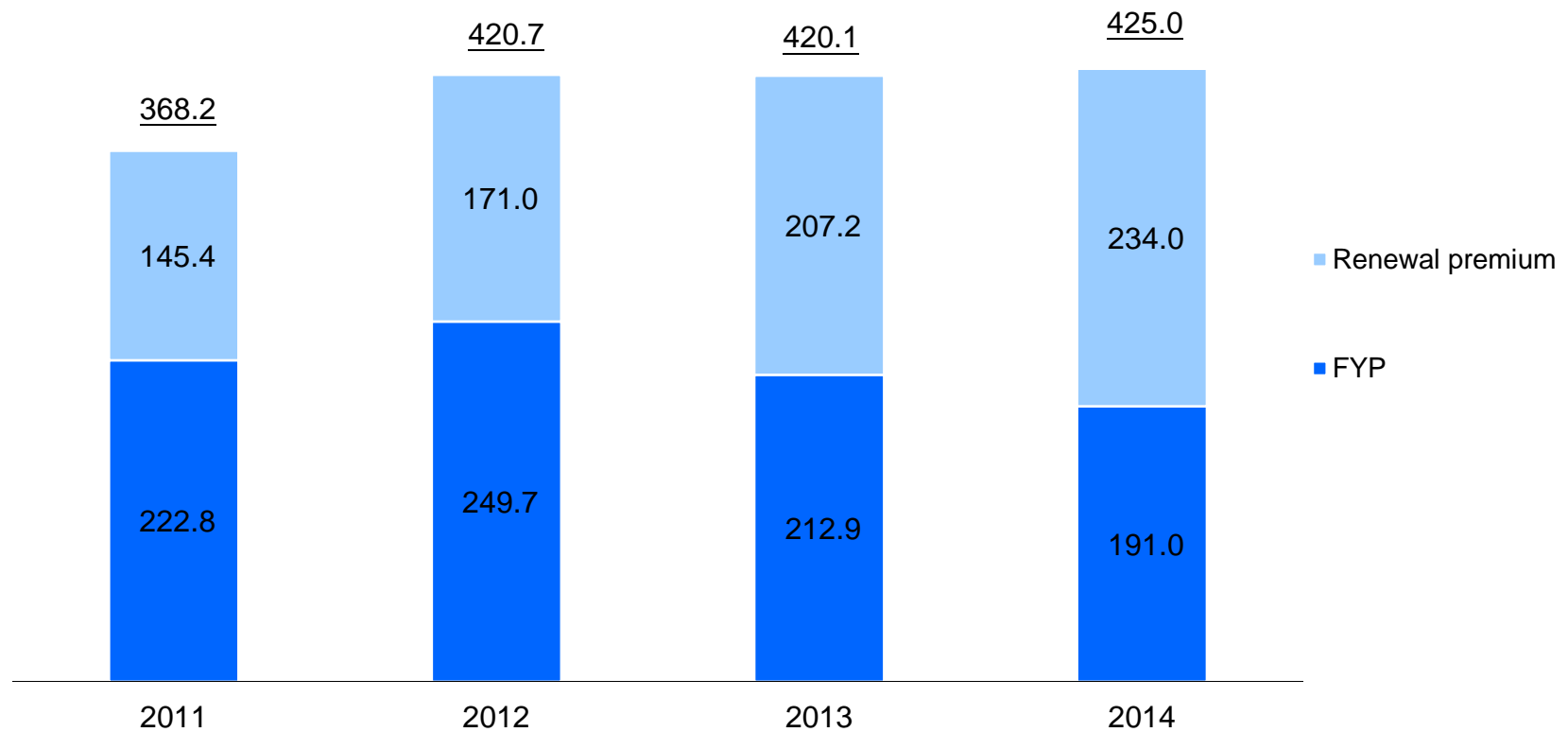


# Fubon Life: Total premium



- Stable total premium income
- Renewal premium income was up 13% on back of regular-paid focused strategy

NT\$bn



# Fubon Life: First year premium (FYP)



- Product composition change toward traditional life policy
- Contribution from regular-paid policy would continue to increase

## FYP composition

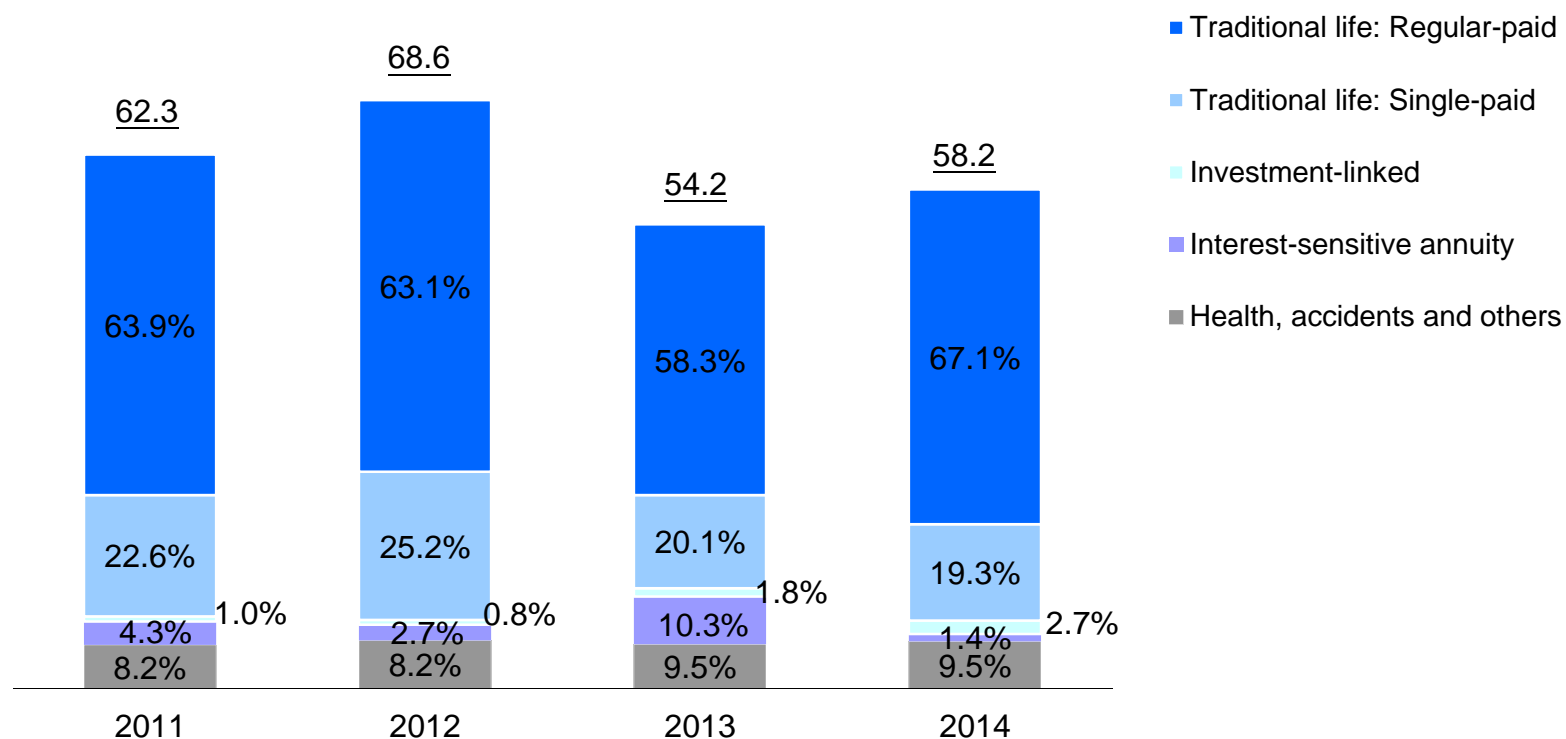
NT\$bn	2013	%	2014	%	YoY
Traditional life: Regular-paid	34.6	16.3%	50.2	26.2%	44.9%
Traditional life: Single-paid	108.8	51.1%	112.2	58.8%	3.1%
Interest-sensitive annuity	55.6	26.1%	8.3	4.4%	-85.0%
Investment-linked	8.7	4.1%	14.9	7.8%	70.5%
Health, accidents and others	5.1	2.4%	5.4	2.8%	5.9%
Total	212.9	100.0%	191.0	100.0%	-10.3%

# Fubon Life: First year premium equivalent (FYPE)



- Higher FYPE growth in Fubon Life of 7.5% than the industry average growth of 4.6%
- Retirement product planning and risk protection as product focus

NT\$bn

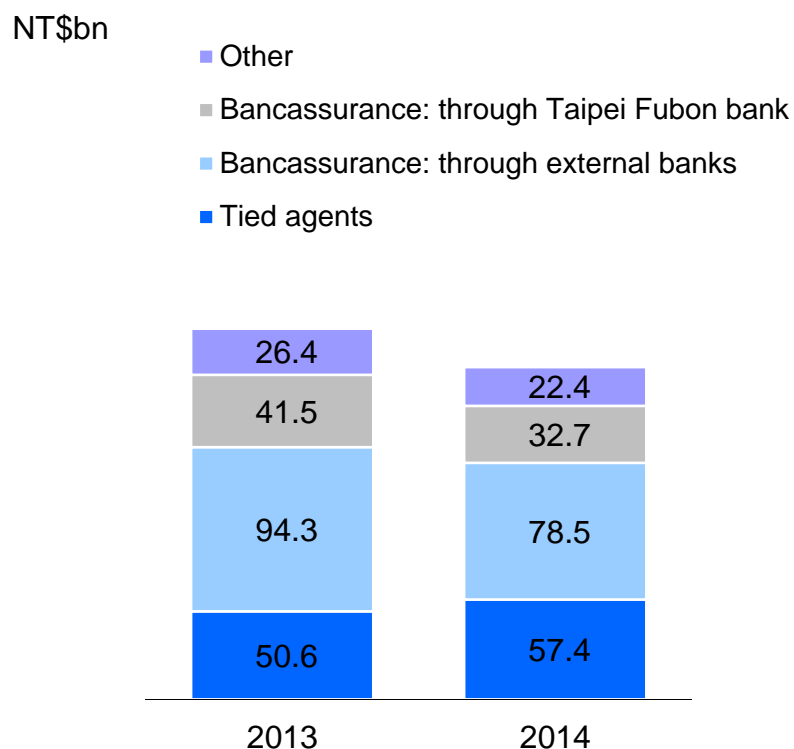




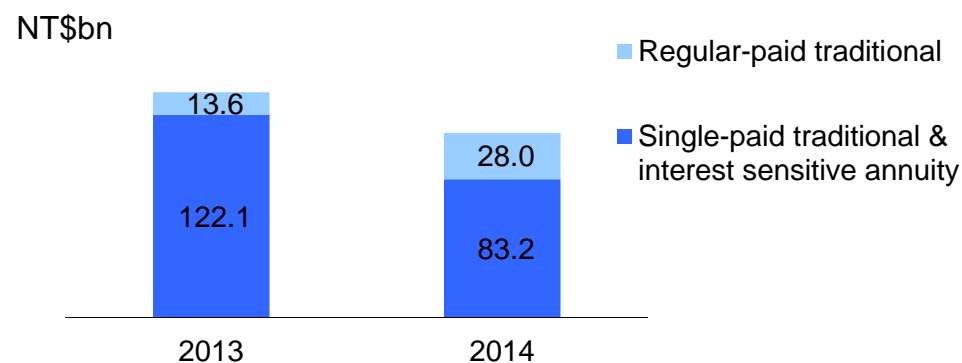
# Fubon Life: Sales channel

- Growth in agency force outperformed peers led to its increasing contribution to FYP
- Regular-paid premium through bancassurance channel doubled

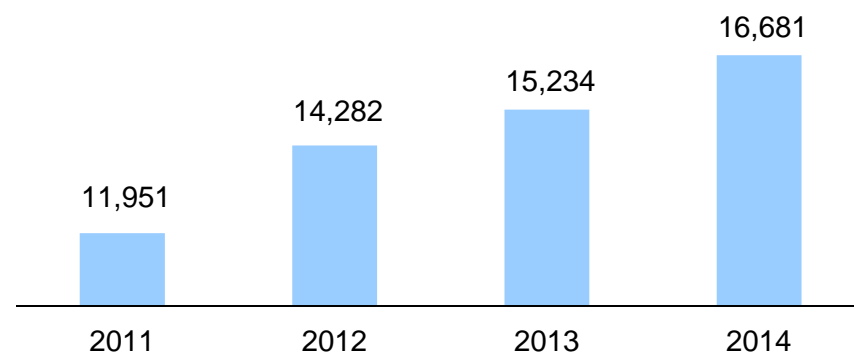
### FYP by channel



### FYP breakdown in bancassurance channel



### Number of agency force





# Fubon Life: Composition of investment income



- Investment income mainly came from recurring revenue
- Realized gains from fixed income and equity investment reached a new high level
- 16.2% growth yoy in total investment assets

NT\$bn	2011	2012	2013*	2014	YoY
Recurring investment income	52.0	62.7	75.2	88.7	18.0%
Realized gains from fixed income investment	2.6	7.9	8.0	12.1	51.9%
Realized gains from equity investment	5.2	4.7	4.0	14.0	247.3%
FX and others	-5.1	-6.6	-6.3	-6.4	2.3%
Investment property fair value movement	-	-	5.4	1.4	-73.0%
<b>Investment income</b>	<b>54.7</b>	<b>68.6</b>	<b>86.3</b>	<b>109.9</b>	<b>27.3%</b>
<b>Total investment assets</b>	<b>1573.2</b>	<b>1932.3</b>	<b>2227.2</b>	<b>2588.0</b>	<b>16.2%</b>

Note: \*2013 data is on pro forma basis to reflect fair value method for investment property evaluation.

# Fubon Life: Investment portfolio



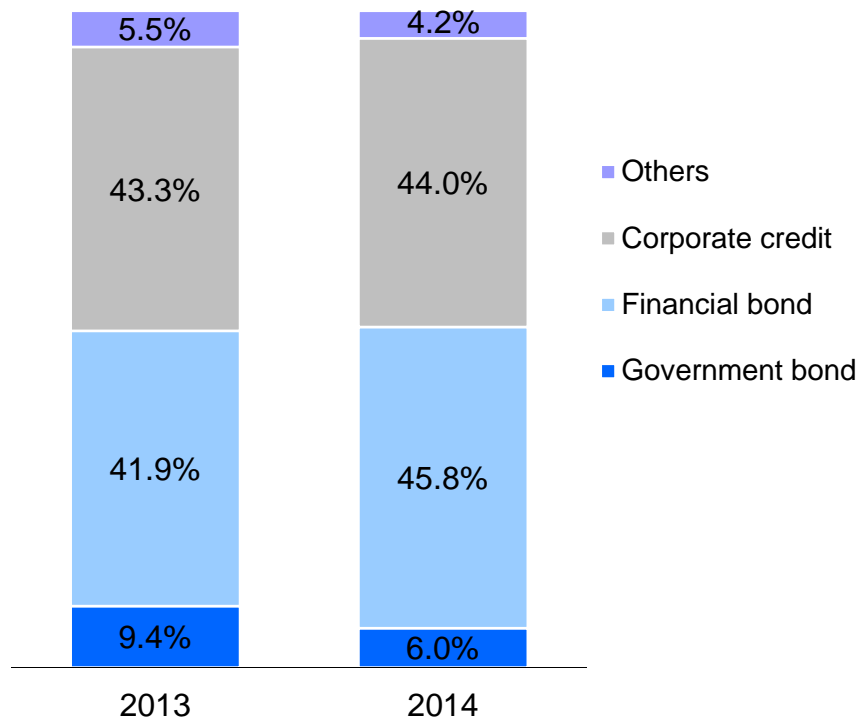
- Investment portfolio adding toward overseas fixed income and equity
- Investment in OTC-listed international bond reached 3.8% of total investment assets in 2014

	2013/12/31		2014/12/31	
<b>(NT\$bn)</b>				
Deposit and cash equivalent	126.8	5.7%	87.2	3.4%
Domestic fixed income	631.9	28.4%	602.8	23.3%
Overseas fixed income	933.6	41.9%	1,176.5	45.5%
Domestic equity	237.1	10.6%	269.3	10.4%
Overseas equity	77.1	3.5%	177.6	6.9%
Mortgage loans	53.9	2.4%	70.8	2.7%
Policy loans	49.3	2.2%	51.3	2.0%
Real estate	117.5	5.3%	152.5	5.9%
<b>Total Investments</b>	<b>2,227.2</b>	<b>100.0%</b>	<b>2,588.0</b>	<b>100.0%</b>
Domestic	1,216.5	54.6%	1,233.9	47.7%
Overseas	1,010.7	45.4%	1,354.1	52.3%

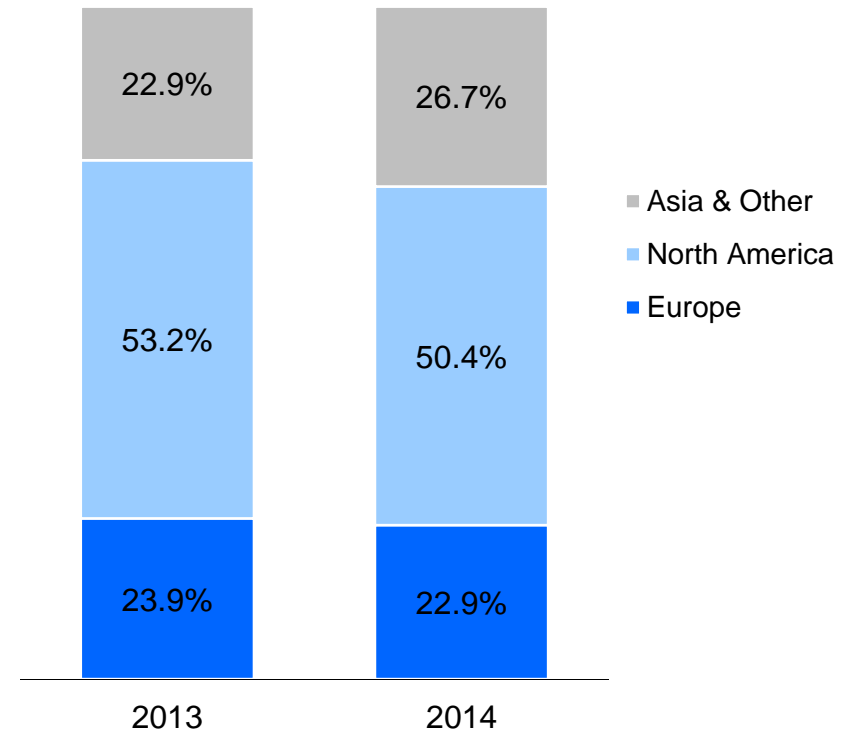
# Fubon Life: Overseas fixed income portfolio



### Overseas fixed income by asset type



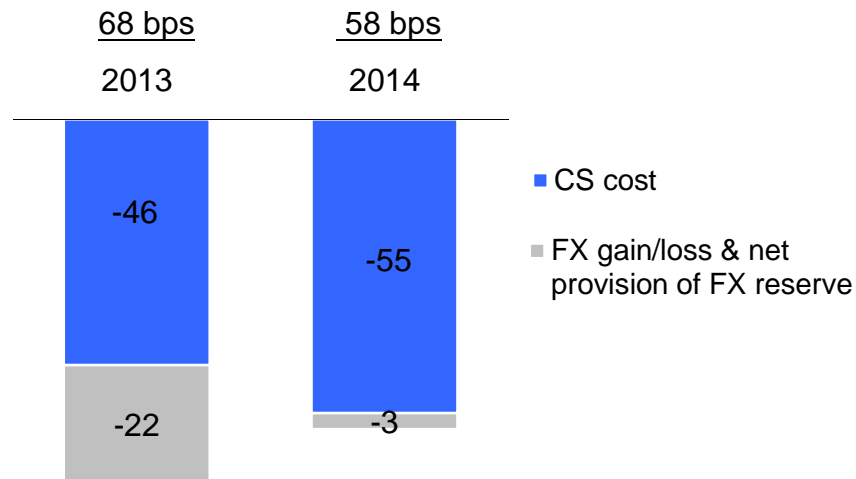
### Overseas fixed income by region



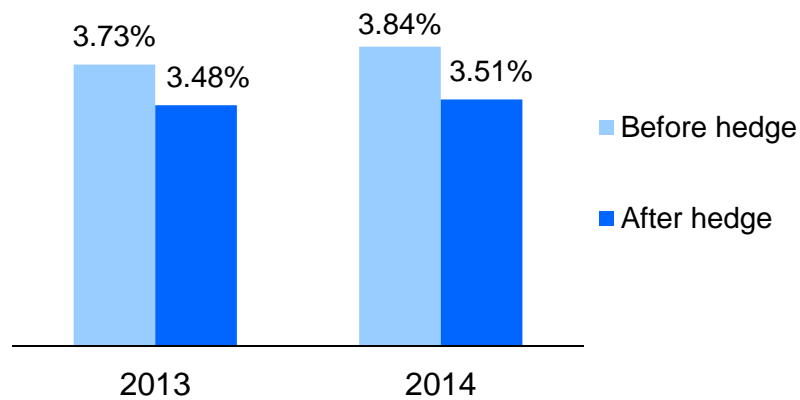
# Fubon Life: Hedging composition



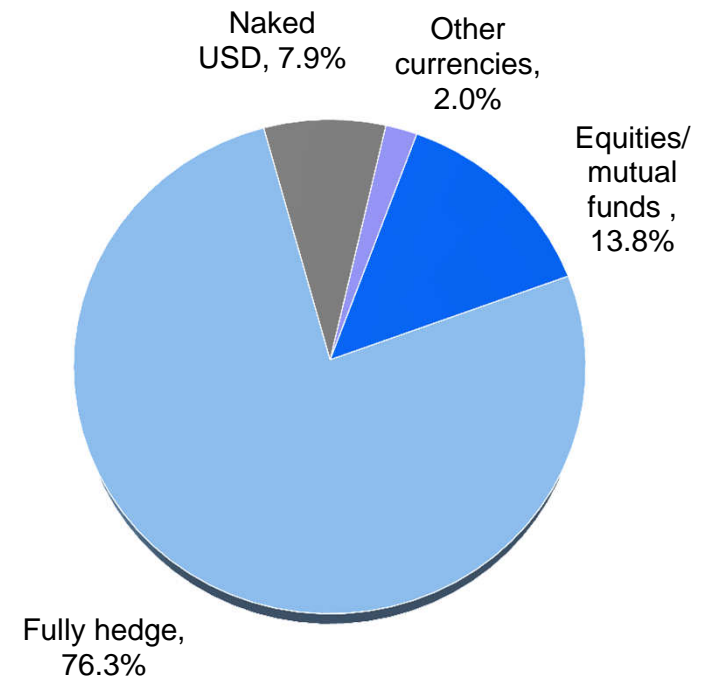
## Hedging cost & FX gain/loss



## Recurring return



## FX position

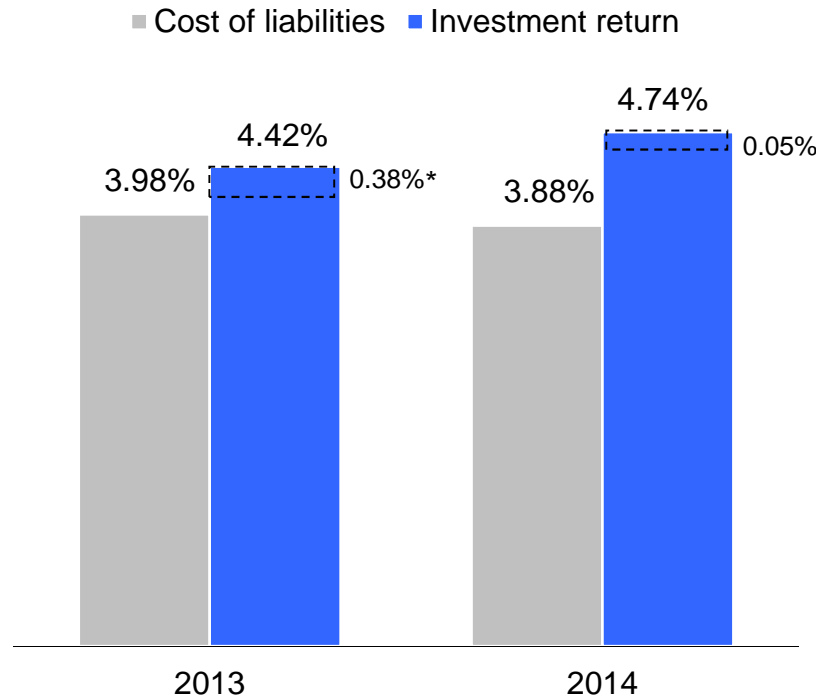


# Fubon Life: Investment spread continue to improve

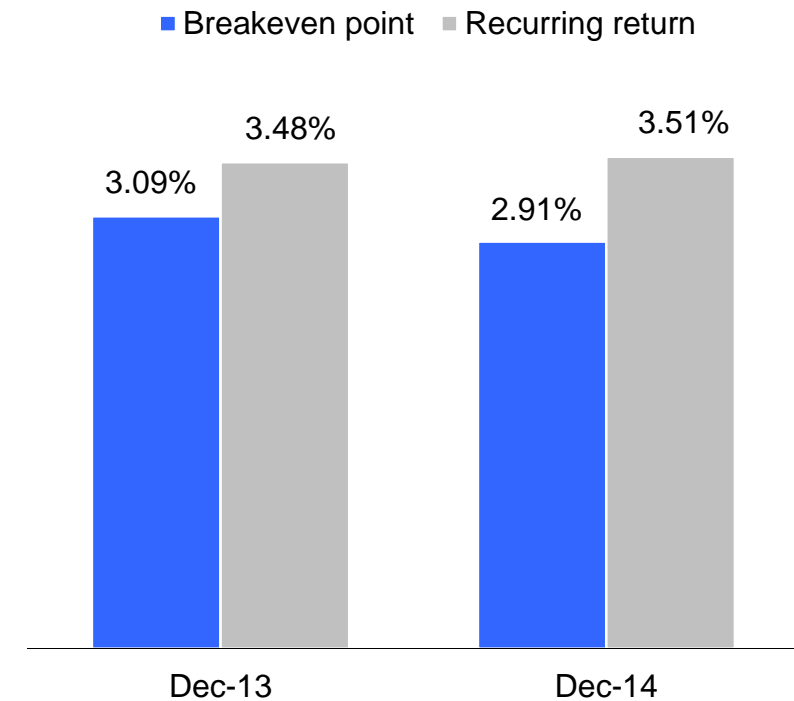


- Positive investment spread widened
- Positive spread between recurring return and breakeven point (net underwriting cost) widened

Investment spread



Recurring return and breakeven point



Note: \*Number next to the dotted box reflects fair value method for investment property evaluation. 2013 data is on pro forma basis.

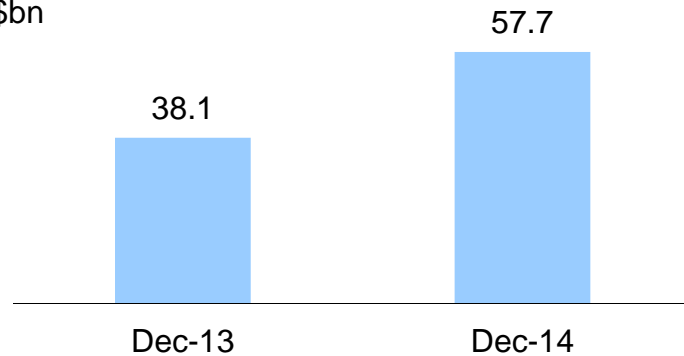
Breakeven point =  $(\text{Profit before tax} - \text{Investment income}) / \text{Average investment assets}$

# Fubon Life: Investment performance



## Unrealized gains under NW

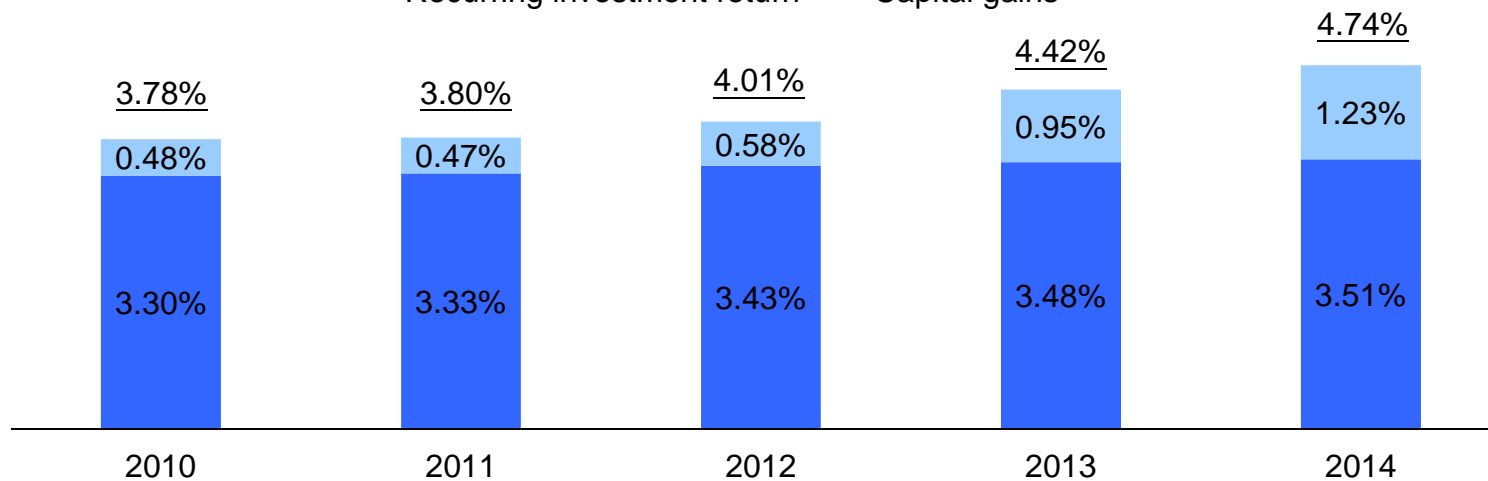
NT\$bn



- Unrealized gains from AFS assets increased
- Track record to deliver steady recurring return and capital gain on back of asset growth

## Investment Return

■ Recurring investment return ■ Capital gains



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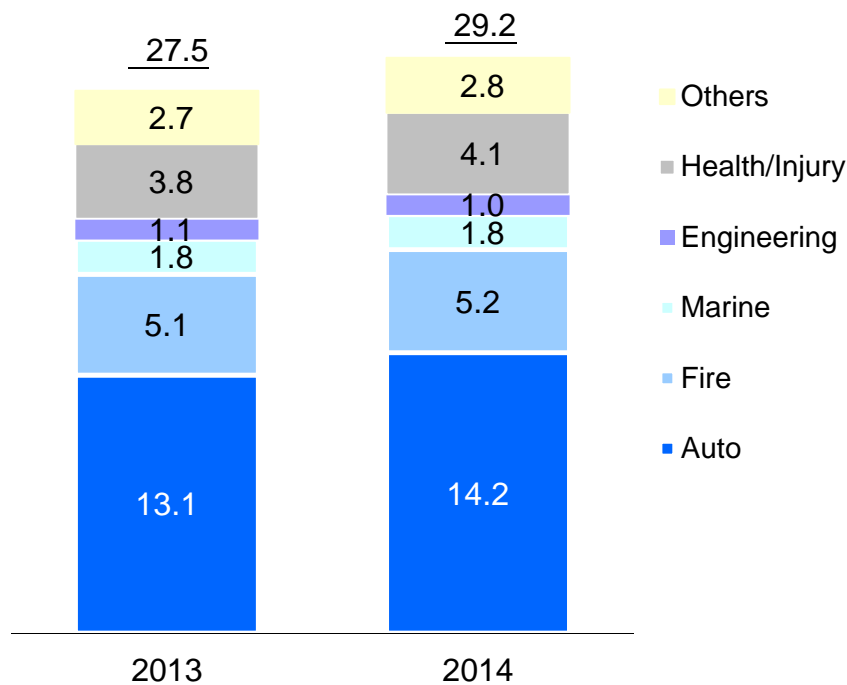
# Fubon Insurance: Operating snapshot



- Top 1 position in premium market share at 22.1%
- Outstanding underwriting performance

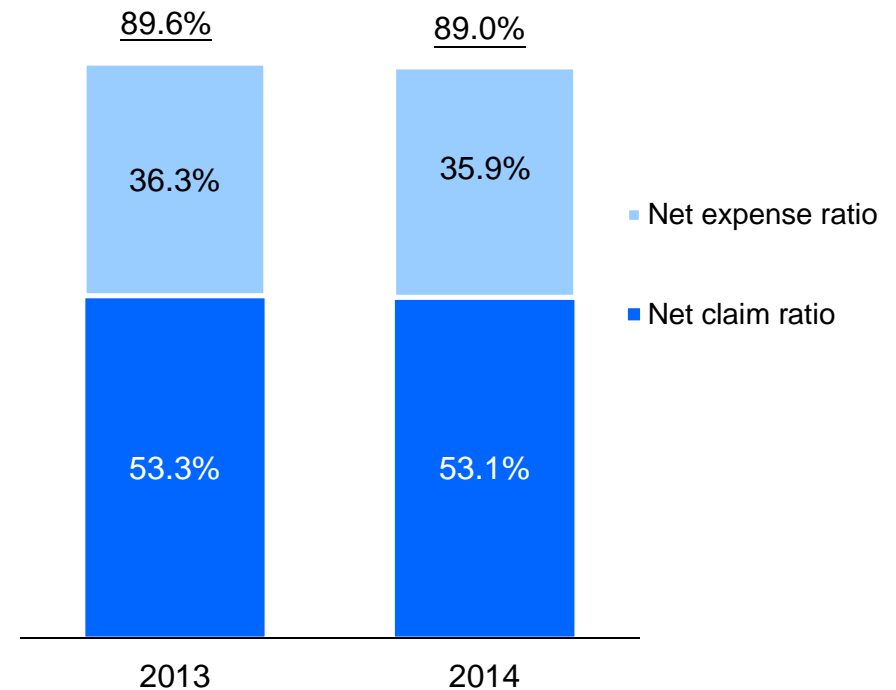
## Direct written premium by product

NT\$bn



Note: Standalone basis

## Net combined ratio



Note: Exclusive of auto compulsory due to the claims are reimbursed.



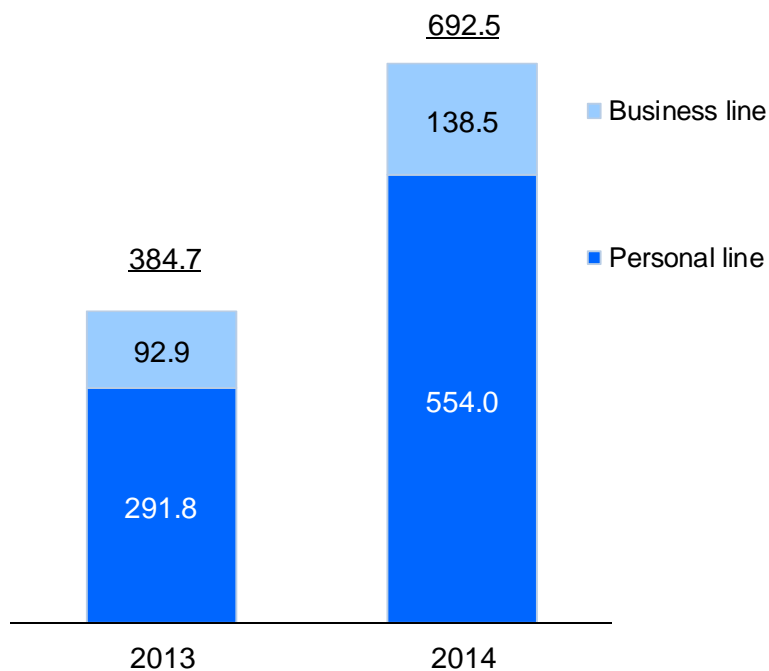
# Fubon P&C (China): Business progress



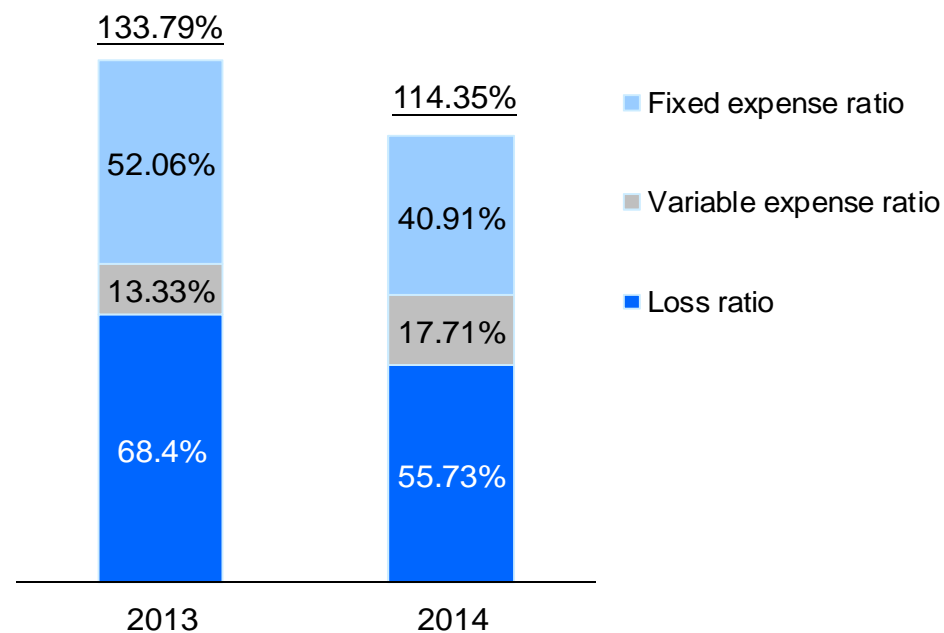
- Operation expanded to 31 since inception in October 2010
- Top 8 among 22 foreign players in mainland China along with premium growth of 80% in 2014
- Improvement in underwriting performance

## Gross written premium

RMB \$m



## Net combined ratio



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# Fubon Securities: Financial highlights



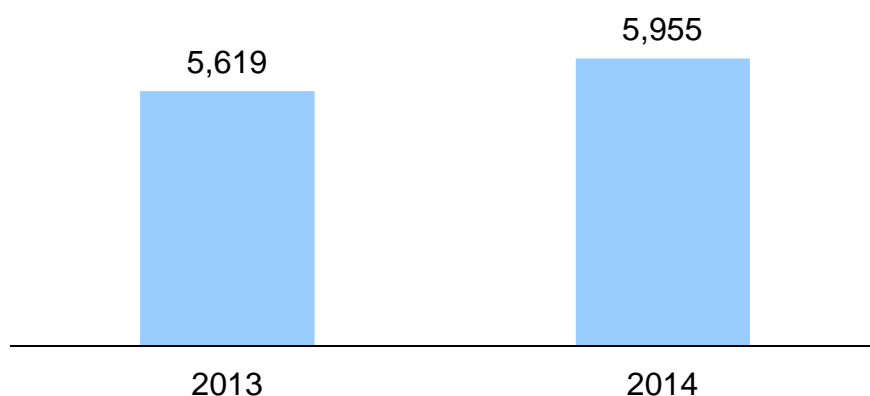
- Market share and business ranking uplift across business lines
- Top 1 in Taiwan IPO market in 2014
- New business opportunities upon deregulation

## Market share & ranking

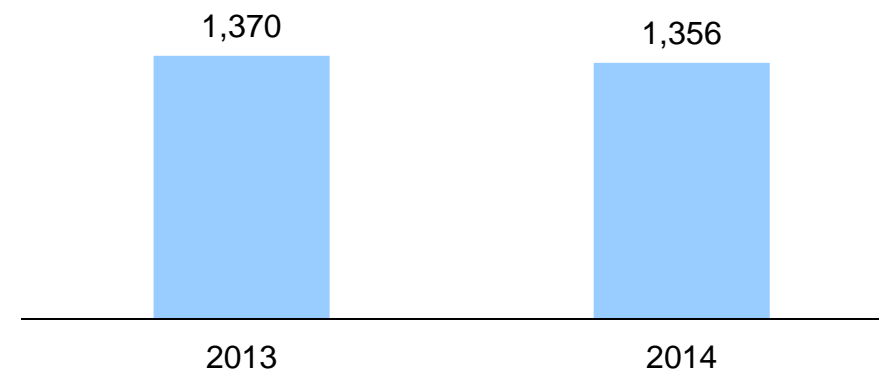
	2014	Ranking	2013	Ranking
IPO amount	24.23%	#1	10.99%	#2
Brokerage per branch	0.10%	#2	0.09%	#3
Emerging stock trading	18.58%	#2	17.87%	#2
Brokerage	5.73%	#3	5.58%	#3
SPO amount	7.24%	#5	4.16%	#5

## Operating revenue

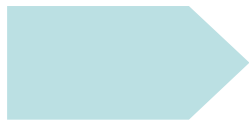
NT\$m



## Net profits



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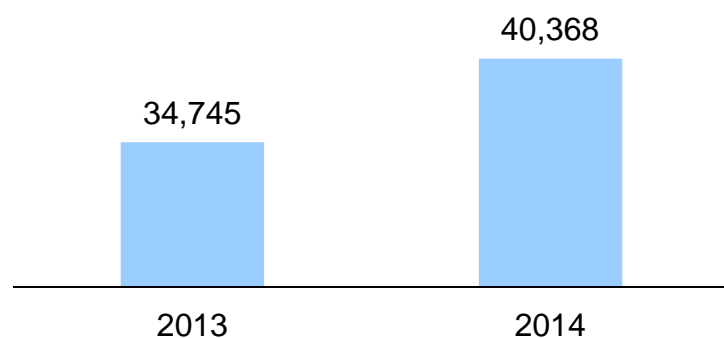
# Fubon Bank (Hong Kong): Key balance sheet items



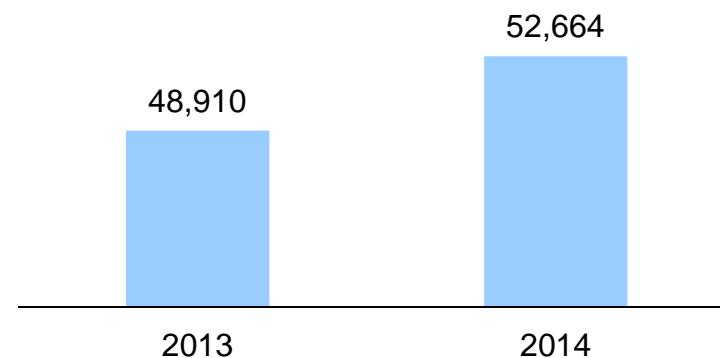
■ Balance sheet growth supported by the completion of capital injection HK\$1.5bn in June 14

## Loans

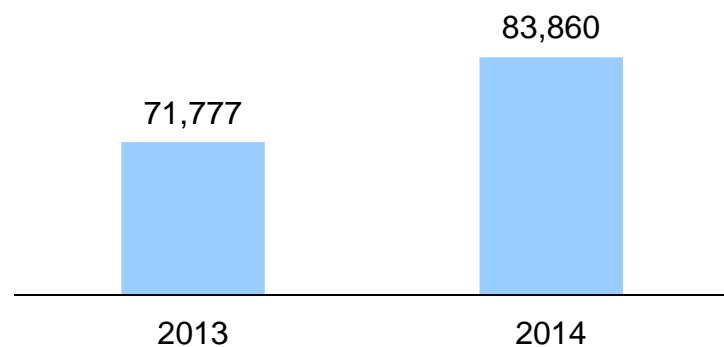
HK\$m



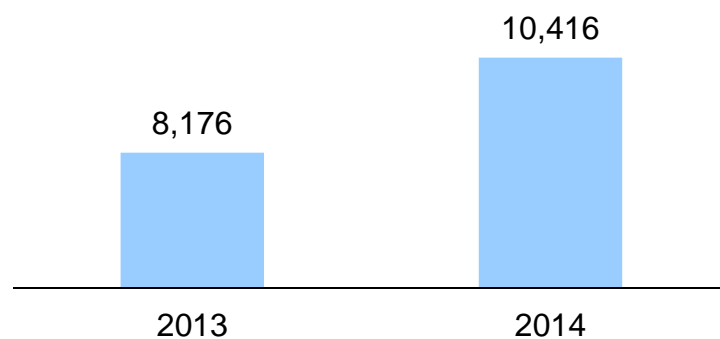
## Deposits



## Assets



## Net worth



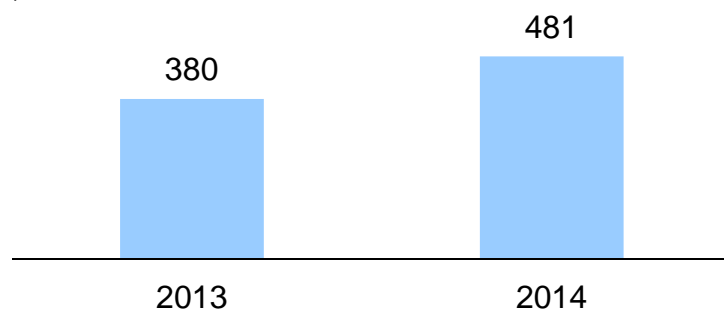
# Fubon Bank (Hong Kong): Financial highlight



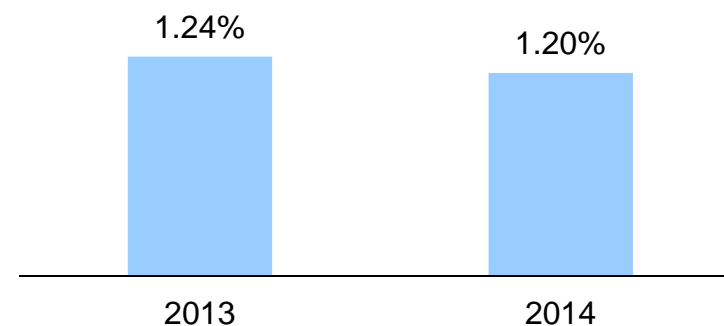
- Revenue growth across core business lines. Disciplined approach to manage asset quality
- Deposits cost increased significantly in 1H14 and gradually stabilized in 2H14

### Net Profits

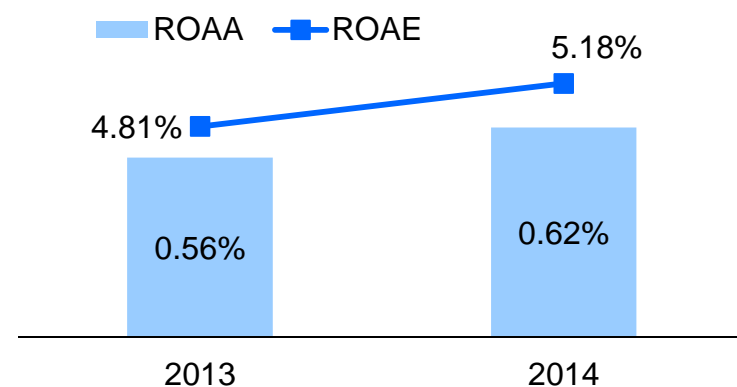
HK\$m



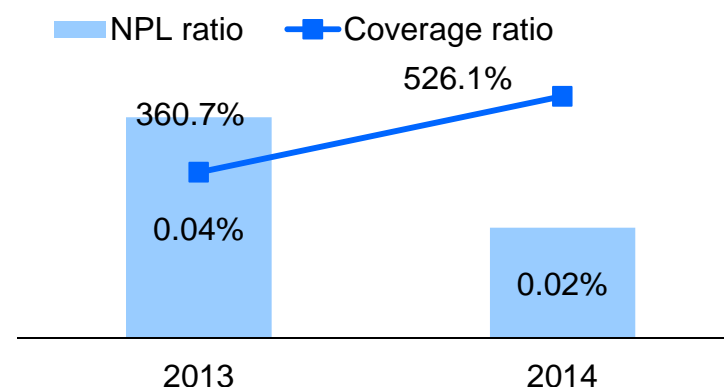
### NIM



### ROAA & ROAE



### NPL ratio & Coverage ratio

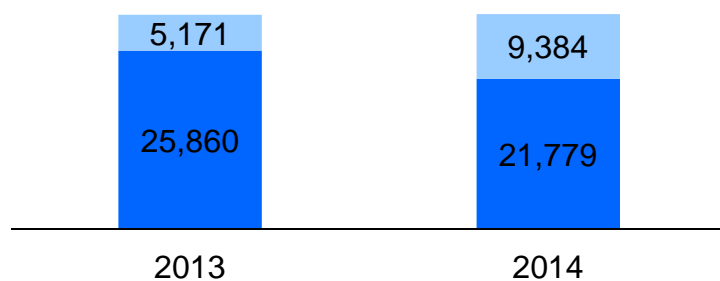


# Fubon Bank (China): Key balance sheet items

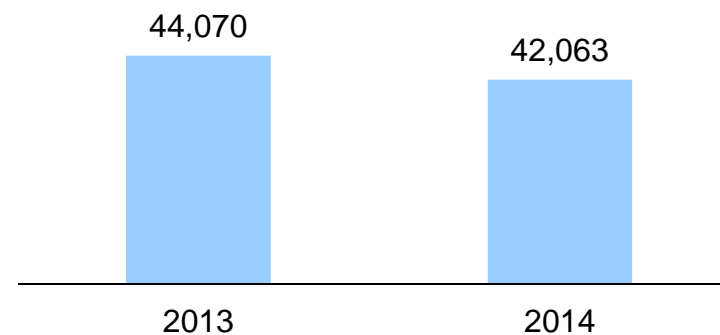


## Loans

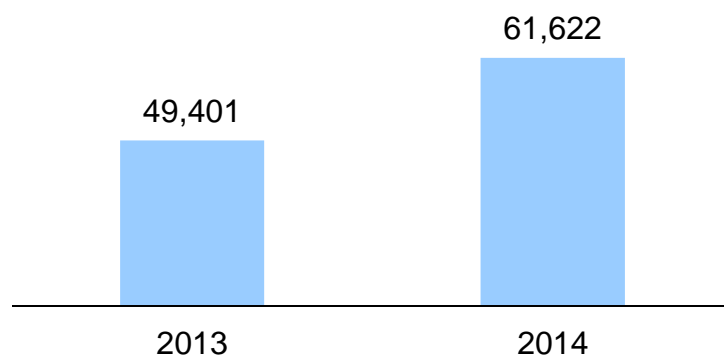
RMB\$m ■ loans (excluding rediscount) ■ Rediscount



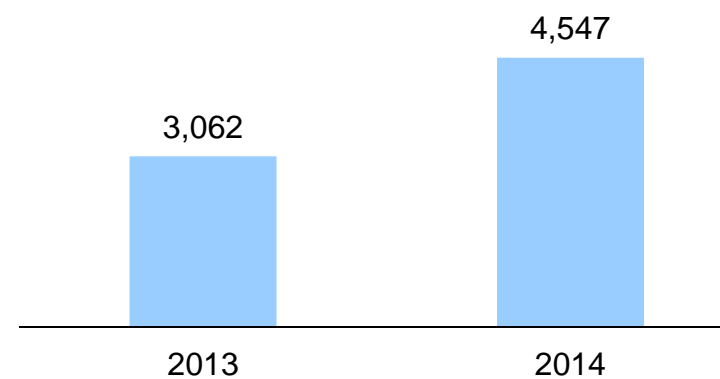
## Deposits



## Assets



## Net worth



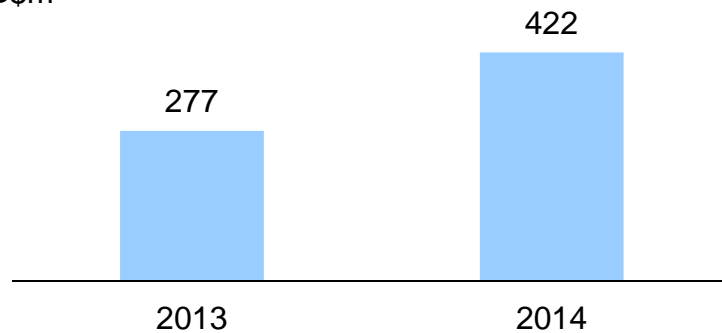
# Fubon Bank (China): Financial highlight



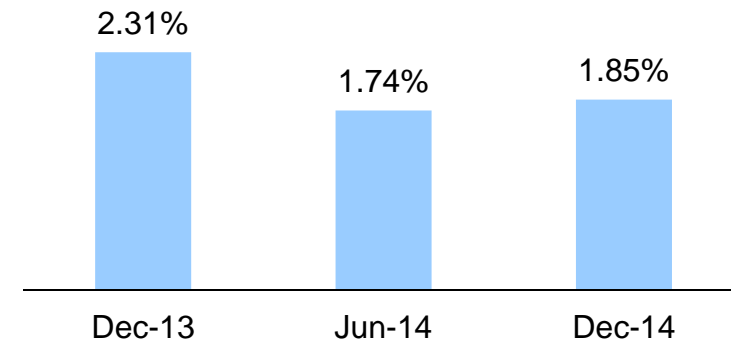
■ Financial performance showed sequential improvement

## Net Profits

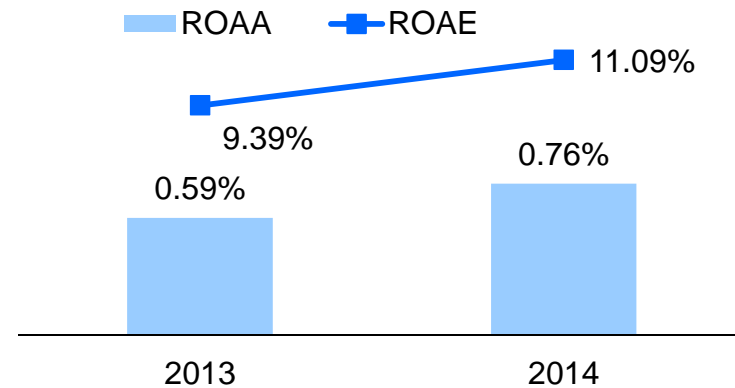
RMB\$m



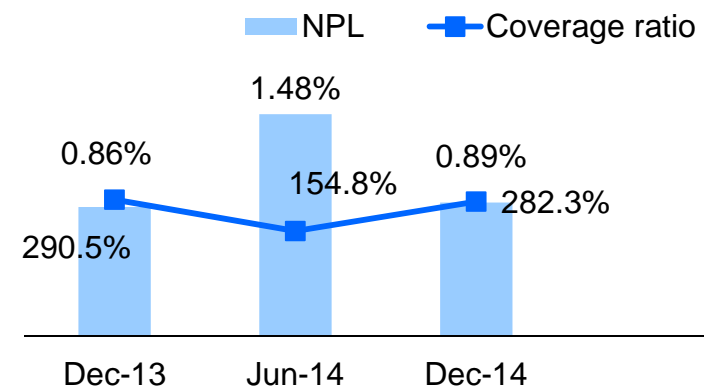
## NIM



## ROAA & ROAE



## NPL ratio & Coverage ratio







**Thank you**

## Fubon Financial - Financial summary

(Pro Forma)

<i>NT\$ millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income Statement Data</u></b>							
Net interest income	73,264	89,242	21.8%	21,794	22,029	22,267	23,152
Insurance income	266,247	230,938	-13.3%	61,087	49,924	65,712	54,257
Net gains (losses) on FX and financial assets	37,776	59,792	58.3%	13,949	10,327	24,459	11,057
Others	2,895	1,863	-35.6%	553	701	(450)	(484)
Net revenue	380,182	381,835	0.4%	97,382	82,981	111,988	87,982
Bad debt expense and reserve for guarantee	4,083	2,989	-26.8%	(13)	411	430	2,160
Net change in insurance reserve	(288,362)	(257,599)	-10.7%	(69,112)	(54,570)	(70,830)	(63,087)
Operating expense	(43,539)	(49,299)	13.2%	(11,447)	(11,683)	(12,663)	(13,467)
Income before tax	44,199	71,949	62.8%	16,836	16,317	28,065	9,268
Net income	38,464	60,483	57.2%	13,935	13,550	25,182	6,707
Net income to parent company	38,514	60,248	56.4%	13,866	13,482	25,125	6,666
<b><u>Balance Sheet Data</u></b>							
Total assets	4,596,972	5,438,361	18.3%	5,014,513	5,121,357	5,206,762	5,438,361
Equity attributable to parent company	341,678	408,043	19.4%	348,073	360,215	371,074	408,043
Outstanding shares (million shares)	10,234	10,234	0.0%	10,234	10,234	10,234	10,234
<b><u>Key Metrics</u></b>							
Return on average assets	0.88%	1.21%		1.16%	1.12%	2.05%	0.53%
Return on average equity	11.54%	16.07%		16.08%	15.37%	28.20%	7.11%
Equity / assets	7.44%	7.65%		7.09%	7.18%	7.28%	7.65%
Double leverage	115.29%	114.01%		111.47%	115.34%	115.29%	114.01%
Capital adequacy ratio	141.53%	137.36%					
Cash dividend per share	1.50						

# Taipei Fubon Bank - Financial summary

(Pro Forma)

<i>NT\$ millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income statement data</u></b>							
Interest income	27,680	45,157	63.1%	10,849	11,308	11,561	11,440
Interest expense	(11,904)	(22,964)	92.9%	(5,410)	(5,813)	(5,923)	(5,818)
Net interest income	15,775	22,194	40.7%	5,439	5,496	5,638	5,622
Net fee income	8,445	10,967	29.9%	2,635	2,728	3,262	2,342
Other income	9,471	10,914	15.2%	3,319	2,050	3,639	1,834
Total revenue	33,691	44,075	30.8%	11,393	10,274	12,538	9,798
Operating expenses	(15,582)	(19,287)	23.8%	(4,481)	(4,515)	(4,843)	(5,448)
Pre-provision profits	18,109	24,788	36.9%	6,912	5,759	7,695	4,350
Provision for credit losses	(3,857)	(2,261)	-41.4%	75	(247)	(58)	(2,030)
Income before tax	14,252	22,527	58.1%	6,987	5,511	7,637	2,319
Net income	12,153	19,136	57.5%	6,064	4,614	6,540	1,863
Net income to parent company	12,153	18,242	50.1%	5,858	4,345	6,318	1,665
<b><u>Balance sheet data</u></b>							
Loans and discounts	1,102,747	1,304,563	18.3%	1,287,727	1,295,700	1,274,217	1,304,563
Deposits and remittances	1,351,974	1,606,174	18.8%	1,580,359	1,584,490	1,557,593	1,606,174
Allowance for loan losses*	13,218	15,483	17.1%	13,207	13,509	13,650	15,483
Financial assets	389,028	485,683	24.8%	440,575	421,370	446,887	485,683
Total assets	1,766,809	2,165,408	22.6%	2,077,310	2,091,744	2,089,585	2,165,408
Equity attributable to parent company	134,220	151,590	12.9%	141,472	142,694	149,009	151,590
<b><u>Key metrics</u></b>							
Return on average assets	0.72%	0.97%		1.26%	0.96%	1.36%	0.38%
Return on average equity	10.06%	12.76%		17.00%	12.55%	17.84%	4.66%
Equity / assets	7.60%	7.88%		7.66%	7.66%	8.00%	7.88%
Cost / income ratio	-46.25%	-43.76%		-39.33%	-43.95%	-38.62%	-55.60%
NPL ratio*	0.12%	0.17%		0.09%	0.09%	0.20%	0.17%
Reserve / NPL*	973.96%	788.58%		1211.06%	1320.40%	589.50%	788.58%
Tier 1 ratio*	10.38%	10.43%			10.03%		10.43%
BIS ratio*	13.45%	13.11%			12.69%		13.11%

Note: Data mark with \* are stand-alone basis

## Fubon Life - Financial summary

(Pro Forma)

<i>NT\$ millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income statement data</u></b>							
First year premium	212,818	190,974	-10.3%	56,136	44,620	59,476	30,742
Retained earned premium	386,587	390,077	0.9%	103,469	89,274	106,640	90,694
Total investment income	86,280	109,876	27.3%	24,231	23,879	36,017	24,288
Recurring investment income	75,171	88,695	18.0%	18,231	20,082	29,021	21,165
Other investment income	11,108	21,181	90.7%	6,000	3,798	6,996	3,123
Realized gains (losses) from fixed income	7,984	12,127	51.9%	1,600	4,017	4,984	1,526
Realized gains (losses) from equity	4,037	14,021	247.3%	5,738	2,982	3,411	1,890
FX and others	(6,270)	(6,413)	2.3%	(1,338)	(3,201)	(1,399)	(475)
Investment property fair value movement	5,357	1,446	-73.0%				
Other income	2,868	2,006	-30.0%	547	422	447	591
Total operating revenue	475,735	501,960	5.5%	128,247	113,576	143,104	115,573
Retained claim payment	126,814	168,249	32.7%	44,552	41,651	43,458	38,588
Net commission expense	21,744	23,215	6.8%	5,355	5,777	6,896	5,187
Net change in insurance liability	286,668	253,157	-11.7%	67,741	54,283	69,688	61,445
General and administrative expense	12,222	13,652	11.7%	3,054	3,163	3,893	3,540
Other expenses	897	1,078	20.2%	226	230	266	355
Total operating costs and expenses	448,344	459,352	2.5%	120,928	105,105	124,202	109,115
Net non-operating income / (expenses)	477	222	-53.5%	72	193	0	(147)
Income before tax	26,260	41,296	57.3%	7,390	7,877	18,629	5,930
Net income	25,007	35,367	41.4%	5,794	7,178	17,144	4,114
Net income to parent company	25,007	35,367	41.4%	5,794	7,178	17,144	4,114
<b><u>Balance sheet data</u></b>							
Total assets	2,435,617	2,790,427	14.6%	2,524,659	2,580,277	2,661,325	2,790,427
Total assets (general account)	2,293,859	2,653,199	15.7%	2,380,576	2,440,176	2,524,955	2,653,199
Insurance liabilities	1,986,309	2,257,099	13.6%	2,059,626	2,108,958	2,182,434	2,257,099
Total liabilities	2,265,425	2,566,830	13.3%	2,353,394	2,388,630	2,468,788	2,566,830
Total liabilities (general account)	2,123,667	2,429,603	14.4%	2,209,311	2,248,530	2,463,780	2,429,603
Equity attributable to parent company	170,192	223,597	31.4%	171,265	191,646	192,537	223,597
<b><u>Key matrices</u></b>							
Return on average assets	1.09%	1.35%		0.93%	1.14%	2.69%	0.63%
Return on average equity	14.84%	17.96%		13.57%	15.87%	37.81%	8.36%
Equity / Assets	6.99%	8.01%		6.78%	7.43%	7.23%	8.01%
Claims and benefits ratio	32.80%	43.13%		43.06%	46.66%	40.75%	42.55%
Expense ratio	3.16%	3.50%		2.95%	3.54%	3.65%	3.90%
Persistency ratio - 13th month	94.40%	95.12%		95.42%	95.45%	94.97%	95.12%
Persistency ratio - 25th month	91.17%	89.67%		88.18%	88.51%	89.40%	89.67%

# Fubon Insurance - Financial summary

(Pro Forma)

<i>NT\$ millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income statement data</u></b>							
Direct written premiums	29,448	32,718	11.1%	7,541	8,989	7,825	8,363
Retention of earned premiums	22,152	24,653	11.3%	5,824	5,973	6,372	6,484
Net income from investment	2,671	2,498	-6.5%	555	736	738	436
Other operating revenue	877	1,082	23.3%	234	317	231	300
Retained insurance payments	11,517	13,128	14.0%	2,909	3,057	3,336	3,826
Net change in liability reserve	731	626	-14.4%	275	368	287	(304)
Commission and operating expenses	9,899	11,363	14.8%	2,505	2,833	2,822	3,241
Non-Operating Income	(67)	(109)	63.2%	(29)	(22)	(20)	(38)
Income before tax	3,485	3,007	-13.7%	895	746	875	420
Net income	2,911	2,420	-16.9%	765	557	696	320
Net income to parent company	3,244	2,816	-13.2%	809	682	798	444
<b><u>Balance sheet data</u></b>							
Total assets	78,325	83,349	6.4%	71,402	74,360	80,807	83,349
Investment assets	58,420	60,362	3.3%	51,287	50,800	58,247	60,362
Policy reserve	40,586	44,930	10.7%	41,108	43,876	44,507	44,930
Equity attributable to parent company	28,313	27,665	-2.3%	21,150	20,493	26,235	27,665
<b><u>Summary ratios</u></b>							
Return on average assets	3.88%	3.07%		4.1%	2.92%	3.66%	1.58%
Return on average equity	12.96%	10.06%		13.1%	11.19%	13.00%	6.35%
Total investment return	4.92%	4.21%		4.0%	5.39%	5.32%	2.94%
Solvency margin (NWP/equity)	81.69%	94.11%		114.4%	133.98%	96.62%	98.10%
Retention ratio	75.36%	76.11%		76.8%	73.48%	77.48%	76.97%

## Fubon Securities - Financial summary

(Pro Forma)

<i>NT\$ millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income statement data</u></b>							
Brokerage commissions	2,636	3,204	21.5%	759	833	799	813
Net interest income	827	932	12.7%	223	233	234	242
Fee income	271	157	-42.1%	50	32	41	33
Net principal transactions and financial products gains	872	575	-34.1%	465	276	(306)	139
Other income	1,018	1,089	7.0%	168	308	528	86
Total operating revenue	5,619	5,955	6.0%	1665	1682	1297	1313
Total operating expense	(4,774)	(5,146)	7.8%	(1196)	(1274)	(1295)	(1380)
Net non-operating income / (expenses)	590	678	15.1%	128	164	165	221
Income before tax	1,434	1,488	3.7%	597	572	165	154
Net income	1,370	1,356	-1.0%	550	557	139	110
Net income to parent company	1,370	1,356	-1.0%	550	557	139	110
<b><u>Balance sheet data</u></b>							
Margin loans	14,581	16,338	12.1%	15,718	16,909	16,907	16,338
Total assets	57,768	69,957	21.1%	57,704	62,360	66,759	69,957
Equity attributable to parent company	30,455	31,333	2.9%	30,602	31,126	31,080	31,333
<b><u>Key metrics</u></b>							
Return on average assets	2.42%	2.12%		3.81%	3.71%	0.86%	0.64%
Return on average equity	4.56%	4.39%		7.20%	7.22%	1.79%	1.41%
Equity / assets	52.7%	44.79%		53.03%	49.91%	46.56%	44.79%
Expenses / revenues	-85.0%	-86.41%		-71.83%	-75.75%	-99.85%	-105.13%
Margin loans / total assets	25.2%	23.35%		27.24%	27.12%	25.33%	23.35%
Margin loans / shareholders' equity	47.9%	52.14%		51.36%	54.32%	54.40%	52.14%

## Fubon Bank (Hong Kong) - Financial Summary

<i>HK\$ millions, except for percentages</i>	2013	2014	YoY	1H14	2H14	HoH
<b><u>Income Statement Data</u></b>						
Interest income	1,382	1,677	21.3%	797	880	10.5%
Interest expense	(632)	(835)	32.1%	(401)	(434)	8.0%
Net interest income	750	842	12.2%	395	447	13.0%
Net fee income	271	317	17.3%	156	161	3.0%
Other income	154	147	-4.7%	96	51	-46.4%
Total revenue	1,175	1,306	11.2%	647	659	1.8%
Operating expenses	(842)	(897)	6.6%	(446)	(451)	1.1%
Provision for loan losses/ write-back	(4)	(16)	248.2%	(7)	(8)	16.0%
Net non-operating income	118	161	36.3%	98	64	-34.7%
Income before tax	447	555	24.0%	291	263	-9.7%
Net income	380	481	26.8%	254	228	-10.3%
<b><u>Balance Sheet Data</u></b>						
Gross loans	34,745	40,368	16.2%	37,856	40,368	6.6%
Customers Deposits	48,910	52,664	7.7%	51,164	52,664	2.9%
Allowance for loan losses	51	46	-9.3%	48	46	-3.4%
Total assets	71,777	83,860	16.8%	82,637	83,860	1.5%
Shareholders' equity	8,176	10,416	27.4%	10,067	10,416	3.5%
<b><u>Key metrics</u></b>						
Return on average assets	0.56%	0.62%		0.66%	0.54%	
Return on average equity	4.81%	5.18%		5.61%	4.41%	
Equity / assets	11.39%	12.42%		12.18%	12.42%	
Net fee income / total revenue	23.02%	24.30%		24.15%	24.44%	
Cost / income ratio	-71.63%	-68.70%		-68.93%	-68.47%	
NPL ratio	0.04%	0.02%		0.03%	0.02%	
Reserve / NPL	360.68%	526.05%		459.10%	526.05%	
Gross Loans/Customers Deposits ratio	71.04%	76.65%		73.99%	76.65%	
Tier 1 ratio	10.44%	12.65%		12.72%	12.65%	
BIS ratio	16.33%	17.96%		17.93%	17.96%	

## Fubon Bank (China) - Financial Summary

<i>RMB millions, except for percentages</i>	2013	2014	YoY	1Q14	2Q14	3Q14	4Q14
<b><u>Income Statement Data</u></b>							
Interest income	2,243	2,425	8.1%	606	618	632	569
Interest expense	(1,361)	(1,846)	35.7%	(433)	(469)	(486)	(458)
Net interest income	882	579	-34.4%	173	150	146	111
Net fee income	157	141	-10.0%	17	40	48	36
Other income	(40)	250	N.M.	25	74	44	107
Operating expenses	(322)	(378)	17.4%	(72)	(93)	(92)	(121)
Pre-provision profits	677	591	-12.7%	143	171	145	133
Provision for credit losses	(337)	(59)	-82.4%	(19)	(12)	(12)	(17)
Income before tax	341	532	56.2%	124	159	132	117
Net income	277	422	52.4%	99	125	105	93
<b><u>Balance Sheet Data</u></b>							
Loans	31,031	31,163	0.4%	31,799	33,424	31,278	31,163
Deposits	44,070	42,063	-4.6%	40,225	44,429	38,920	42,063
Total assets	49,401	61,622	24.7%	50,513	58,418	56,620	61,622
Total equity	3,062	4,547	48.5%	4,178	4,335	4,433	4,547
<b><u>Key metrics</u></b>							
Return on average assets	0.59%	0.76%		0.79%	0.92%	0.72%	0.66%
Return on average equity	9.39%	11.09%		10.92%	11.76%	9.56%	8.22%
Equity / assets	6.20%	7.38%		8.27%	7.42%	7.83%	7.38%
Cost / income ratio	-28.99%	-35.08%		-30.19%	-32.44%	-35.01%	-43.95%
NPL ratio	0.86%	0.89%		1.24%	1.48%	0.94%	0.89%
Reserve / NPL	290.53%	282.25%		201.22%	154.83%	264.71%	282.25%
Loan to deposit ratio	71.07%	70.13%		73.58%	73.52%	68.81%	70.13%
Tier 1 ratio	11.02%	13.93%		15.64%	15.42%	16.17%	13.93%
BIS ratio	12.16%	15.08%		16.78%	16.39%	17.31%	15.08%