

# **Fubon FHC to acquire First Sino Bank**

**December 2012**



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.



## Transaction summary

Strategic rationale

First Sino Bank overview

Transaction impact

Appendix

# Transaction summary



Term	Summary
Transaction structure	<ul style="list-style-type: none"> <li>The respective Board of Fubon FHC and Taipei Fubon Bank has approved the acquisition of 80% stake in First Sino Bank ("First Sino")                             <ul style="list-style-type: none"> <li>51% / 29% proposed to be acquired by Taipei Fubon Bank and Fubon FHC, respectively, subject to regulatory approvals</li> <li>SPDB to retain 20% stake and remain a strategic partner of First Sino and Fubon</li> </ul> </li> <li>Injection of RMB1.0 billion of new capital into First Sino by Taipei Fubon Bank, Fubon FHC, and SPDB proportional to respective ownership</li> </ul>
Transaction consideration	<ul style="list-style-type: none"> <li>Total transaction consideration of RMB6.45 billion (NT\$30.6 billion)                             <ul style="list-style-type: none"> <li>Implied post-money Price to Book of 2.18x<sup>1</sup></li> </ul> </li> </ul>
Form of consideration	<ul style="list-style-type: none"> <li>All cash consideration to be funded through internal cash resources and equity</li> <li>Size of equity fund raising ranging between NT\$20bn to NT\$25bn</li> <li>Potential size for public offering at NT\$10bn to NT\$15bn</li> </ul>
Approval required	<ul style="list-style-type: none"> <li>Subject to customary regulatory approvals including the Financial Supervisory Commission, MOEA Investment Commission, and China Banking Regulatory Commission</li> </ul>

<sup>1</sup> Based on First Sino book value of RMB2,702 million as of June 30, 2012 and capital injection of RMB1.0 billion



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**1**

**Controlling stake in a nationwide licensed bank in China**

**2**

**The only Taiwanese financial institution with full banking franchise across Greater China**

**3**

**Setting Fubon farther ahead of Taiwanese peers in China**

**4**

**Expand into higher growth market to change Fubon's growth profile in the future**

**5**

**Upside potential for First Sino's franchise and Fubon's Greater China platform**

- Broadened business scope and accelerated branch expansion
- Capture low hanging fruit in serving Taiwanese corporate clients
- Lower cost of funding through building of retail deposit franchise
- Cross-selling of Fubon's comprehensive product suite
- Competitive advantage in offshore RMB businesses

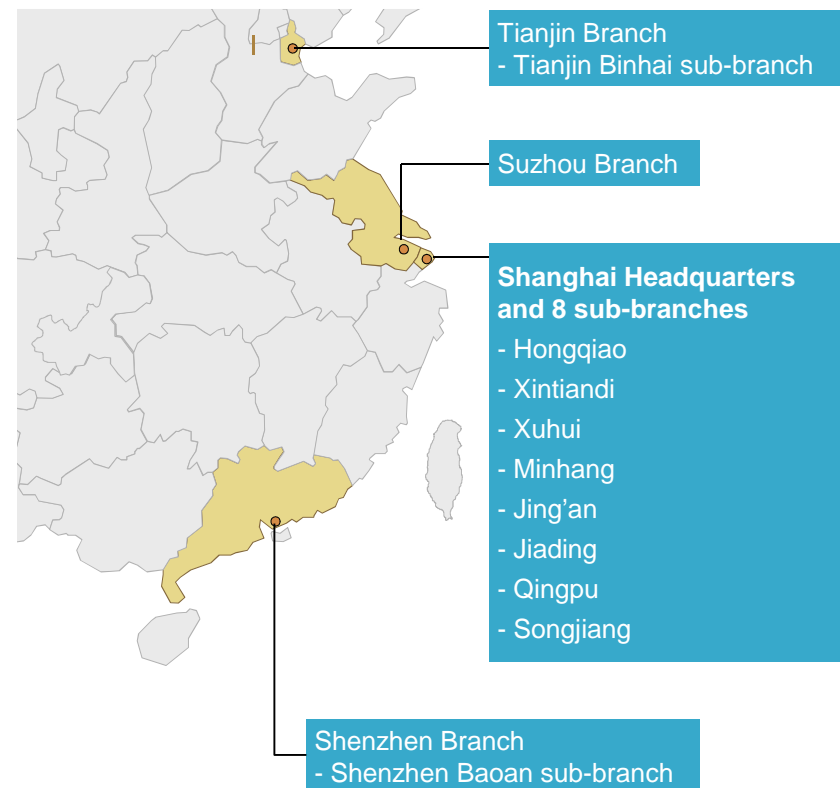
# 1 Controlling stake in a nationwide licensed bank in China



## Rationale Highlight

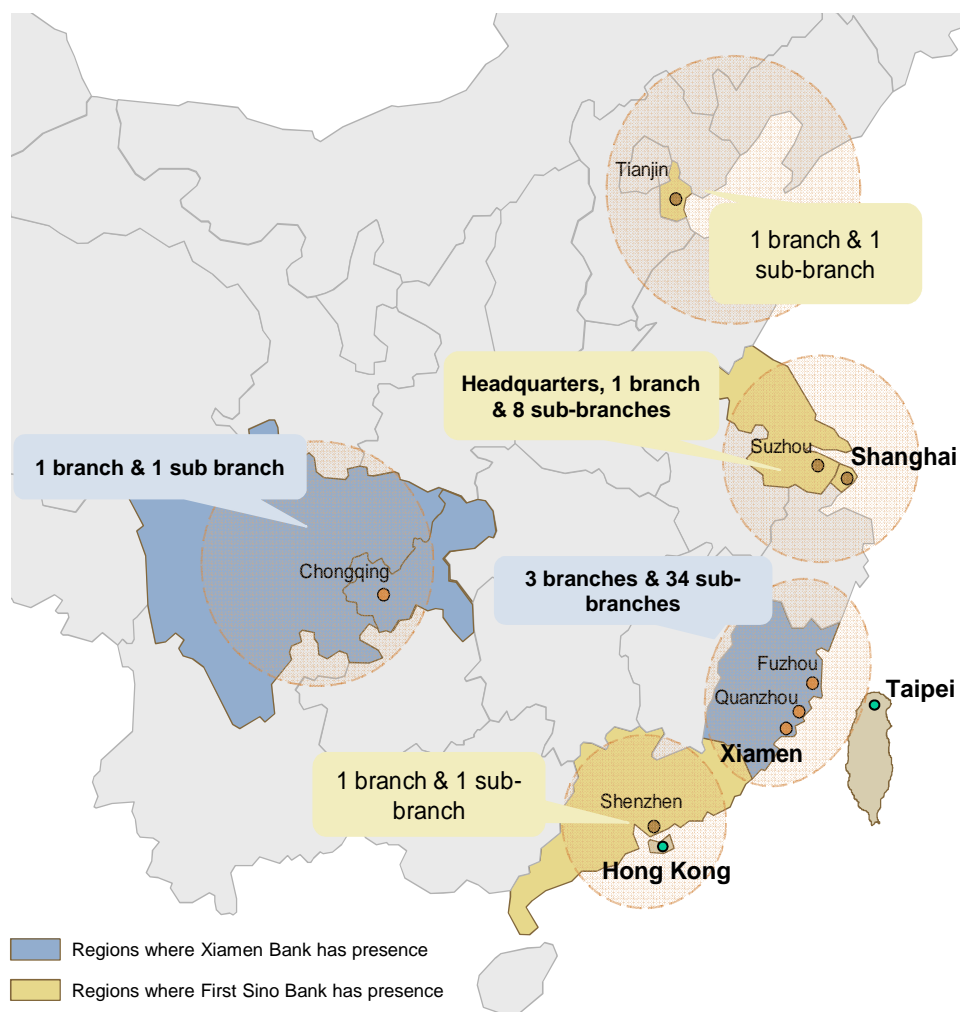
- Controlling stake in First Sino Bank allows synergy execution ahead of Taiwanese peers
- National-wide license with decent operating performance in the past 15 years forms a solid foundation to grow
- Scope of business ahead of Taiwanese peers:
  - RMB product to all corporate and foreign residents
  - RMB product to local residents to be approved
  - Foreign currency product to all customers

## Service network



**Nationwide license with 4 branches and 10 sub-branches**

## 2 The only Taiwanese financial institution with full banking franchise across Greater China



### Leading every step...

- **First Sino Bank** – First and only Taiwanese FHC to own and control a PRC incorporated bank
  - Nationwide banking license
  - 4 branches and 10 sub-branches in Yangtze River Delta, Pearl River Delta, and Bohai Ring
- **Xiamen Bank** – First and only Taiwanese FHC to make stake investment in Mainland China
  - Full RMB license
  - 3 branches and 34 sub-branches in Haixi economic zone; 1 branch and 1 sub branch in Chongqing
- **Fubon Bank HK** – First and only Taiwanese FHC to own a HK incorporated bank
  - Full fledged banking and securities business with 24 outlets
  - Enhanced strategic flexibility post privatization in June 2011
- **Taipei Fubon Bank** – 2nd largest private bank in Taiwan
  - Merger of Fubon Bank and TaipeiBank in 2002
  - Premier corporate banking and wealth management franchise with 127 branches across Taiwan



### 3 Setting Fubon farther ahead of Taiwanese peers in China



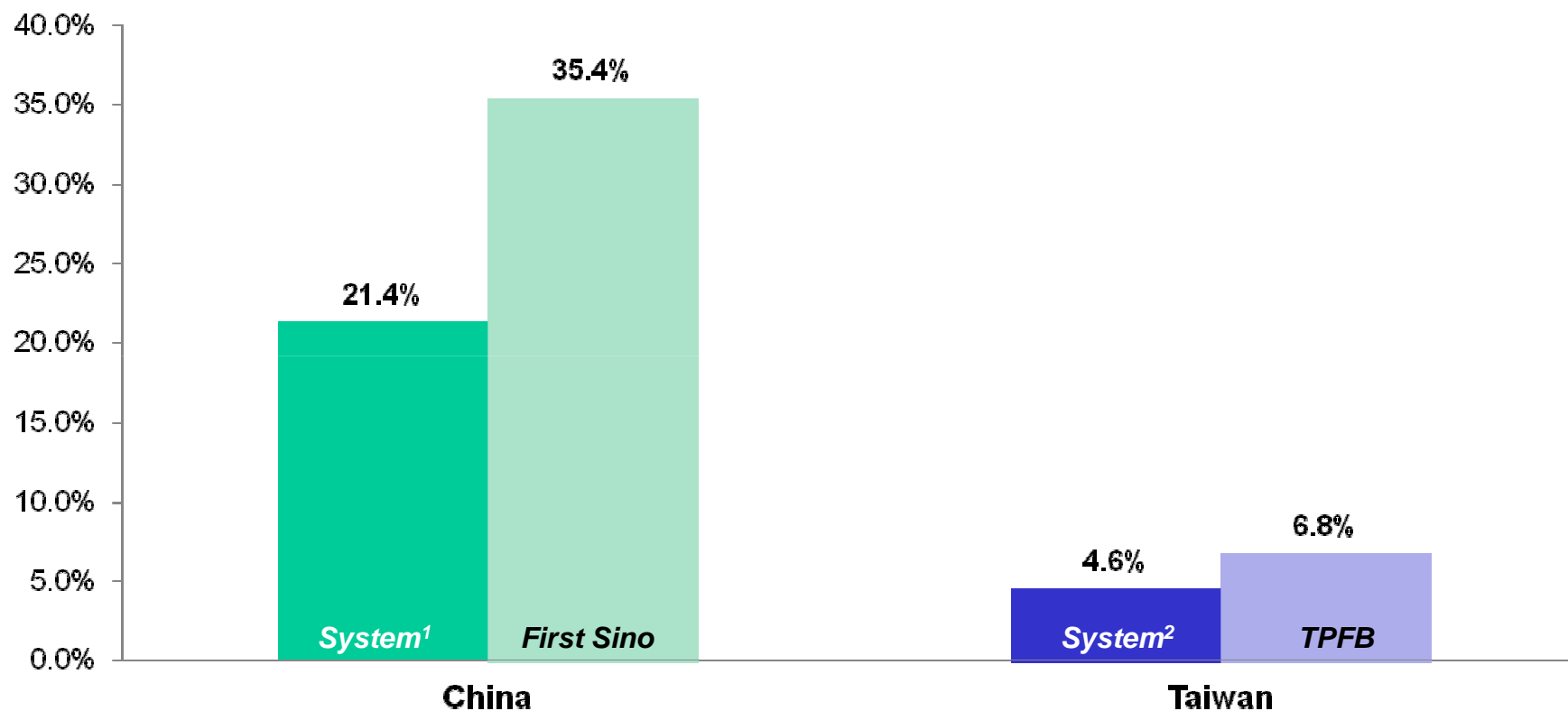
Bank	Number of Branches	Institution Type <u>Subsidiary</u> <u>Branch</u>	Key Highlights
First Sino Bank	4 branches and 10 sub-branches	✓	<ul style="list-style-type: none"> <li>✓ Capital required to set up each new branch is lower</li> <li>✓ Positioned to expand branch network rapidly</li> </ul>
Cathay United Bank	1 branch		<ul style="list-style-type: none"> <li>✗ Cannot provide RMB product to PRC residents</li> <li>✗ More time and capital required to set up each new branch</li> </ul>
First Bank	1 branch		
Chang Hwa Bank	1 branch		
TW Cooperative Bank	1 branch		
Land Bank	1 branch		
Hua Nan Bank	1 branch		
Chinatrust Comm Bank	1 branch		
Mega Intl Comm Bank	1 branch		
Bank of Taiwan	1 branch		
E.Sun Bank	1 branch		

Note: Data as of September 2012

## 4 Expand into higher growth market to change Fubon's growth profile in the future



Banking asset CAGR (Dec-06 – Dec-11)

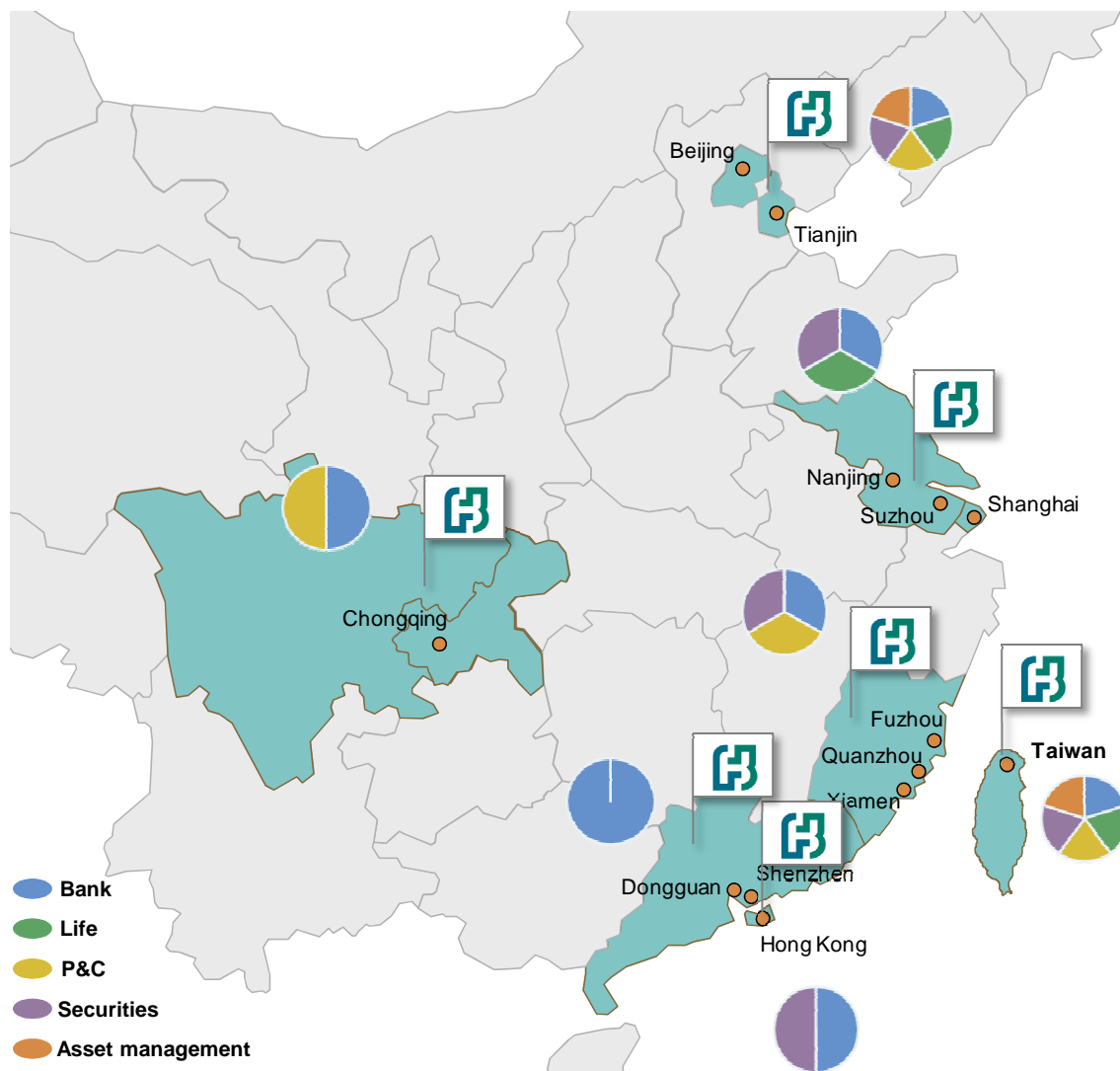


<sup>1</sup> Source: CBRC; based on assets of all PRC and foreign banks excluding credit cooperatives and postal banks

<sup>2</sup> Source: FSC; based on assets of all domestic banks and foreign bank branches in Taiwan

5

## Most comprehensive Greater China financial services platform with substantial cross-selling opportunities



Note: Indicated presence include representative offices, branches, subsidiaries, and JVs



Most advanced Greater China footprint among Taiwanese financial institutions



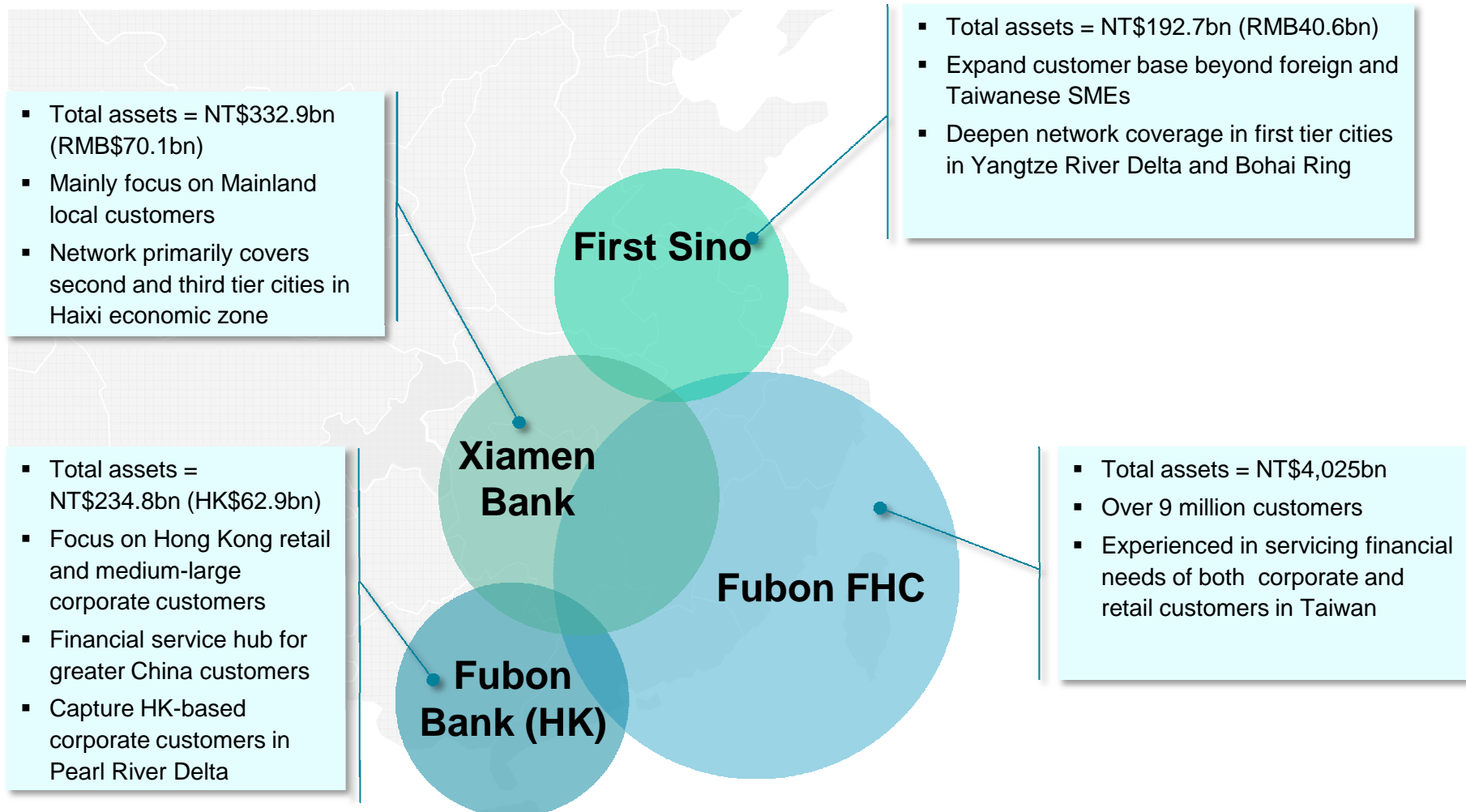
Comprehensive financial services product offerings



Experienced and disciplined in large scale acquisitions



Proven track record in integration and realizing synergies post transactions



Note: Total assets as of Dec. 30, 2011 except total assets of Fubon FHC which is as of Sep. 30, 2012, and Fubon Bank(HK) which is as of Jun. 30, 2012.



**All the above achieved with the following:**



**EPS neutral in 2013 with accretive upside as synergies realized**



**Further diversifies Fubon's business mix and increase banking assets from 47% of total to 50%<sup>1</sup>**



**Capitalization and leverage position remains strong post transaction, assuming equity financing amount of NT\$20bn to NT\$25bn**

- Fubon FHC double leverage ratio maintained at 108% - 111%<sup>2</sup>
- Fubon FHC CAR maintained at 137% - 140%<sup>2</sup>
- Taipei Fubon Bank consolidated tier 1 ratio and CAR at 9.3% - 9.8% and 13.1% - 13.5%, respectively<sup>3</sup>
- Taipei Fubon Bank standalone tier 1 ratio and CAR at 9.8% - 10.3% and 13.0% - 13.5%, respectively<sup>3</sup>

<sup>1</sup> Based on PF total asset as of December 31, 2011

<sup>2</sup> Based on pro forma as of September 30, 2012; assume equity financing amount of NT\$20bn to NT\$25bn

<sup>3</sup> Including capital injection assumption of NT\$10-15bn from Fubon FHC to Taipei Fubon Bank; as of Sep 2012



Transaction summary

Strategic rationale

**First Sino Bank overview**

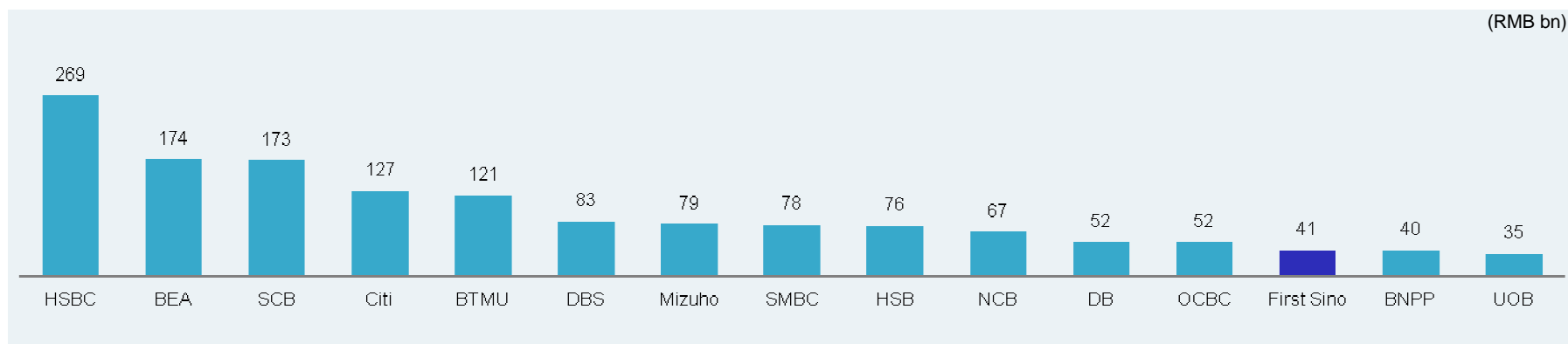
Transaction impact

Appendix

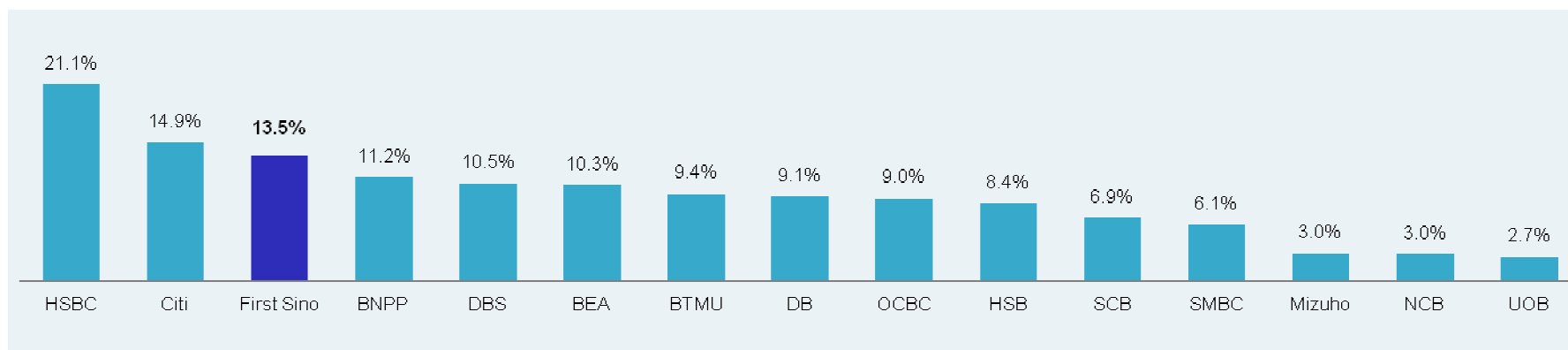
# Industry positioning of First Sino Bank



Top 15 foreign bank subsidiaries/Sino-foreign JV banks in Mainland China by total assets (Dec 2011)



Top 15 foreign bank subsidiaries/Sino-foreign JV banks in Mainland China ranked by ROE (2011)



Note: Company annual reports

## First Sino Bank overview



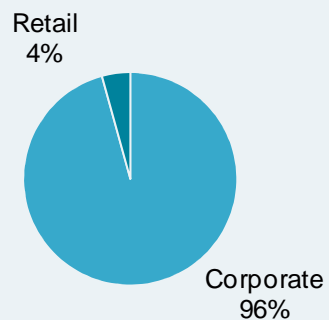
- A joint-venture bank with 15 years of track record since 1997
- Focuses predominantly on Taiwanese customers and has been commercially and conservatively managed by veteran Taiwanese bankers
- Strong operating track record:
  - ROA and ROE of 0.9% and 13.5% in 2011– top 3 among major foreign banks
  - Less Impact from interest rate deregulation given already high deposit funding cost and niche focus
- Superb asset quality:
  - No LGFV or SOE exposure; very selective exposure to property sector with low LTVs and high quality collaterals in metropolitan areas
  - NPL ratio and coverage ratio at 0.15% and 927% as of Dec 2011



## First Sino Bank overview (Cont'd)

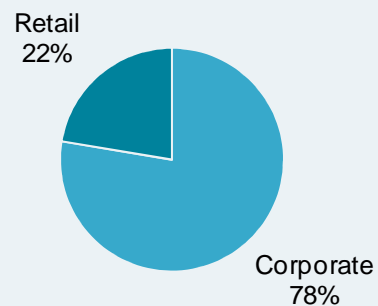


### Gross loans (Dec 2011)

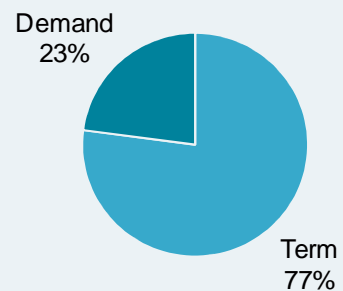


**Total = RMB23.6bn**

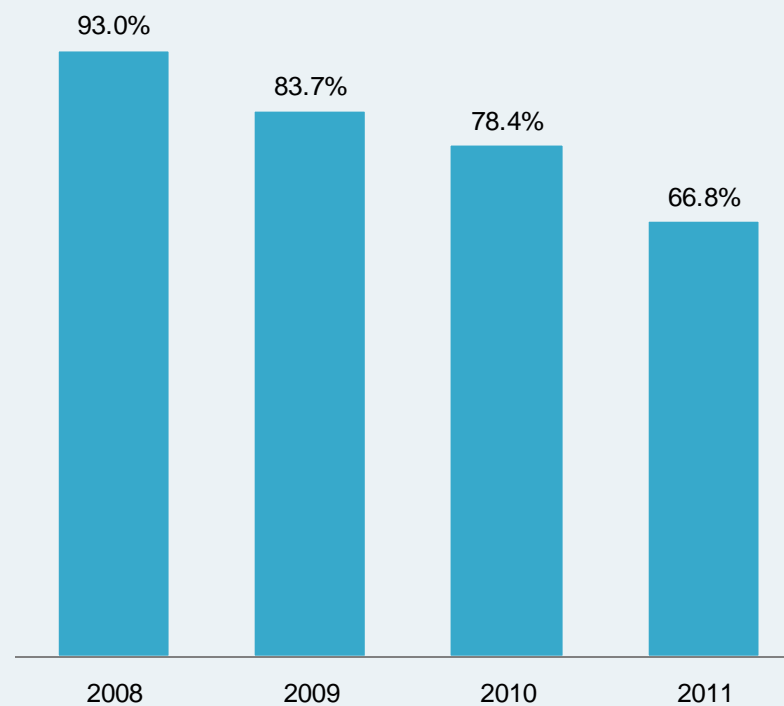
### Customer deposit (Dec 2011)



**Total = RMB34.9bn**



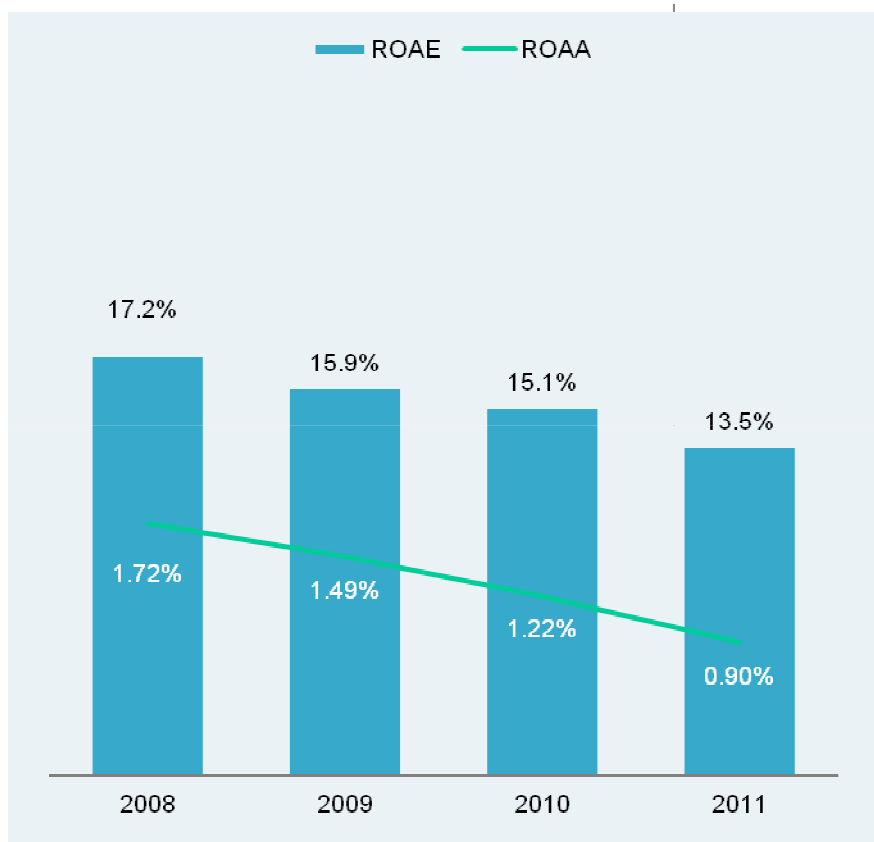
### Loan-to-deposit ratio



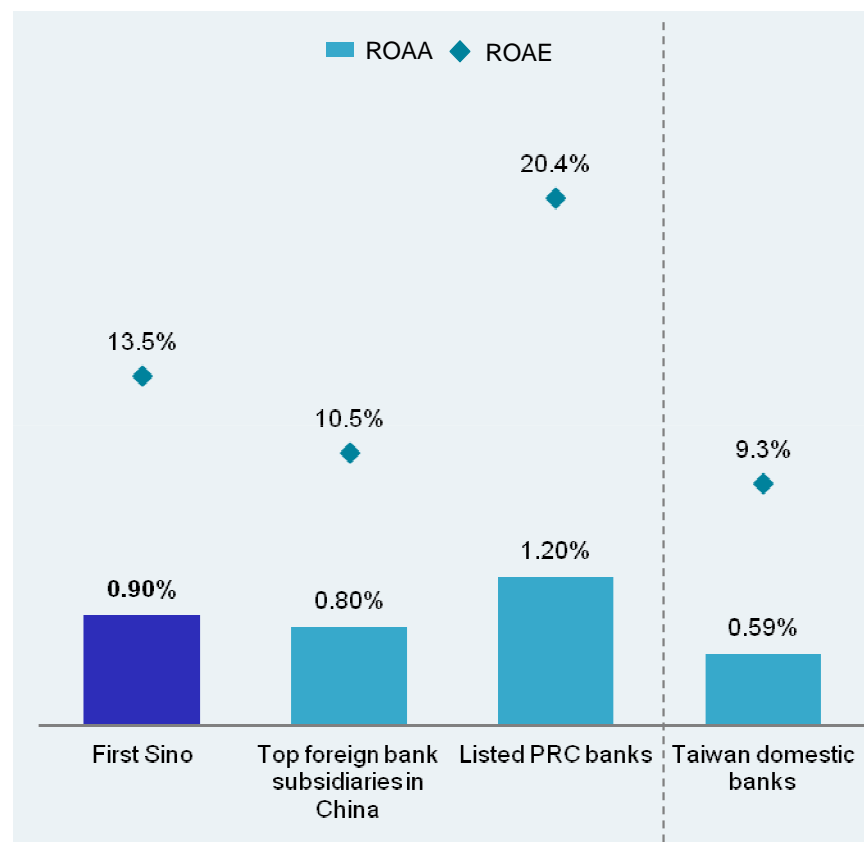
# Profitability track record



## ROAA and ROAE



## Returns vs. peers (2011)



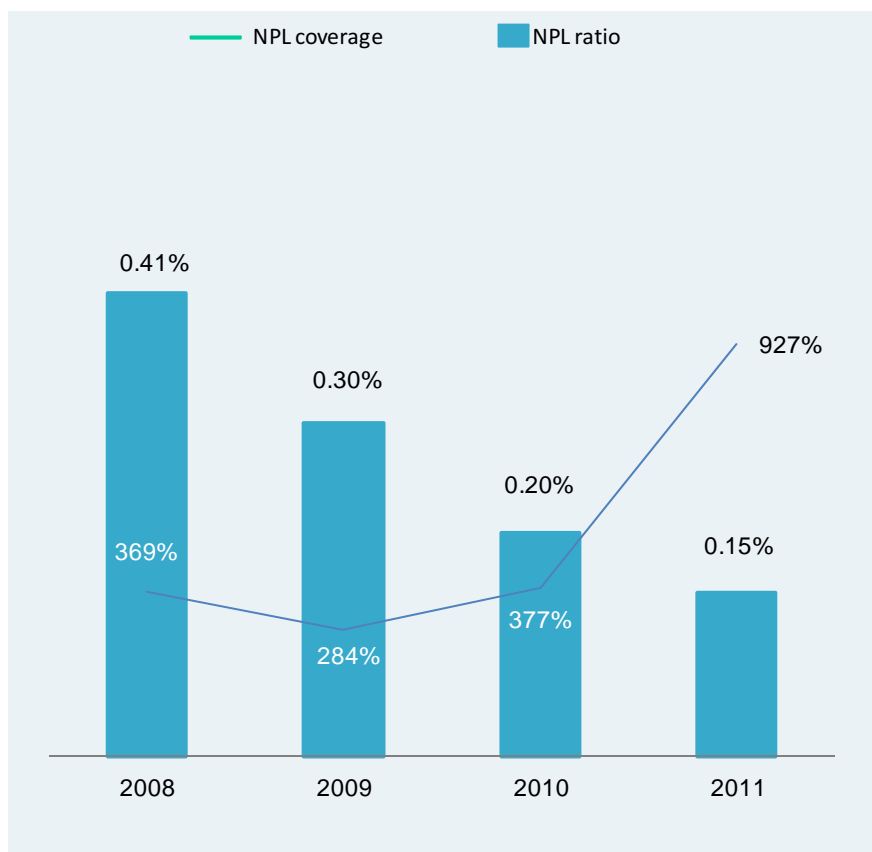
Source: Company annual reports, Financial Supervisory Commission of R.O.C., Central Bank of R.O.C.

Note: Data for top foreign bank subsidiaries represents median ratios of HSBC (China), BEA (China), Standard Chartered (China), Citibank (China), and DBS (China); data for listed PRC banks represents median ratios of A-share listed PRC banks including ICBC, CCB, BOC, ABC, BOCOM, CMB, CITIC, SPDB, Minsheng, Industrial, Everbright, Huaxia, SDB, BoB, BoNJ, BoNB, and CRCB; data for Taiwan domestic banks represents sector-wide ratios of all domestic banks in Taiwan

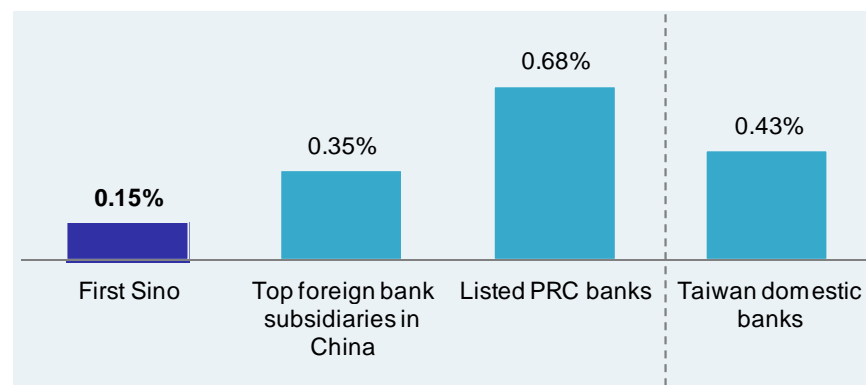
# Asset quality



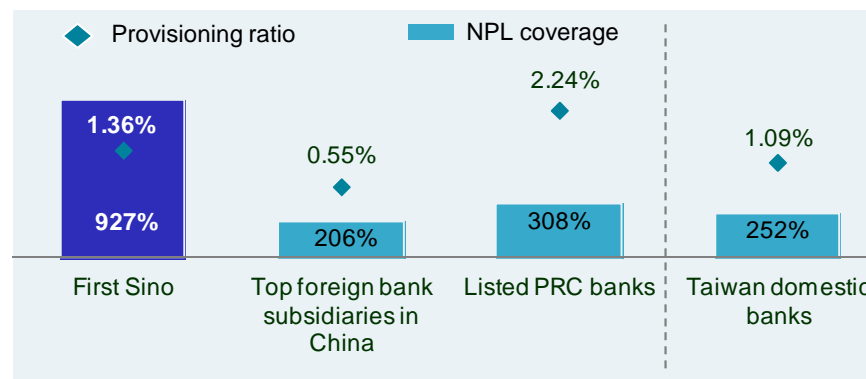
## NPL ratio and NPL coverage



## NPL ratio vs. peers (Dec 2011)



## Provisioning ratio and NPL coverage vs. peers (Dec 2011)



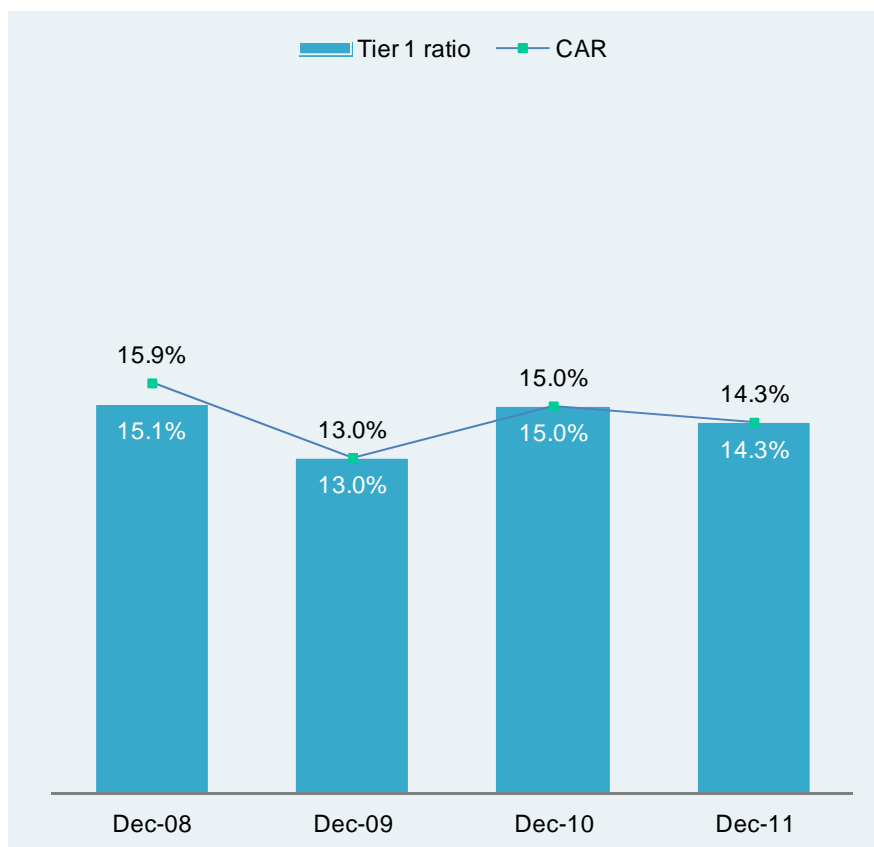
Source: Company annual reports, Financial Supervisory Commission of R.O.C., Central Bank of R.O.C.

Note: Data for top foreign bank subsidiaries represents median ratios of HSBC (China), BEA (China), Standard Chartered (China), Citibank (China), and DBS (China); data for listed PRC banks represents median ratios of A-share listed PRC banks including ICBC, CCB, BOC, ABC, BOCOM, CMB, CITIC, SPDB, Minsheng, Industrial, Everbright, Huaxia, SDB, BoB, BoNJ, BoNB, and CRCB; data for Taiwan domestic banks represents sector-wide ratios of all domestic banks in Taiwan

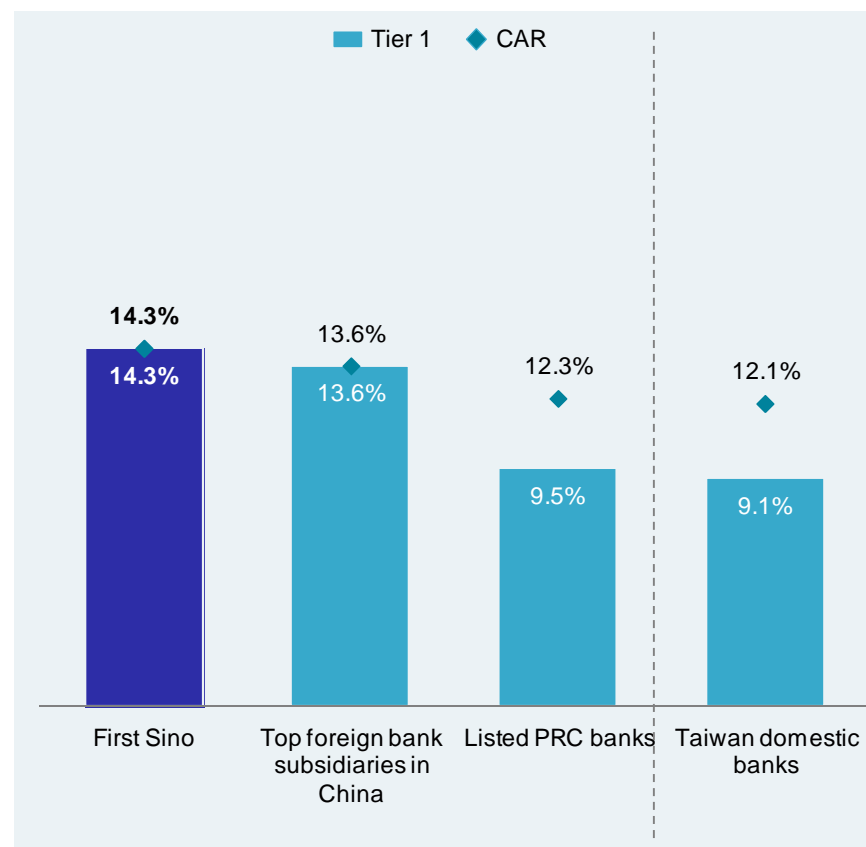
# Strong capital adequacy



Capital adequacy ratio



Capital adequacy ratio vs. peers (2011)



Source: Company annual reports, Financial Supervisory Commission of R.O.C., Central Bank of R.O.C.

Note: Data for top foreign bank subsidiaries represents median ratios of HSBC (China), BEA (China), Standard Chartered (China), Citibank (China), and DBS (China); data for listed PRC banks represents median ratios of A-share listed PRC banks including ICBC, CCB, BOC, ABC, BOCOM, CMB, CITIC, SPDB, Minsheng, Industrial, Everbright, Huaxia, SDB, BoB, BoNJ, BoNB, and CRCB; CAR for Taiwan domestic banks represents simple average of domestic banks in Taiwan



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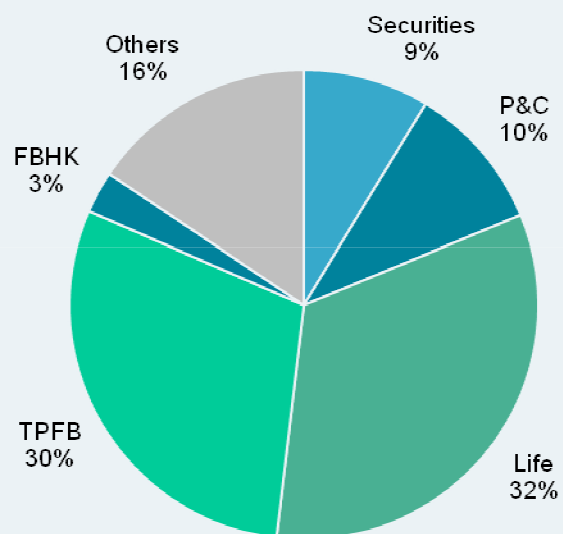
**Transaction impact**

Appendix

# Pro forma net income breakdown

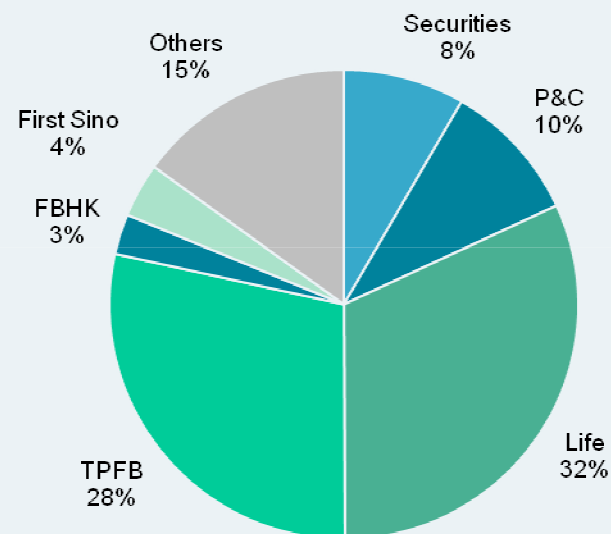


Net income breakdown by subsidiaries (2011)



Total = NT\$30.53 billion

PF net income breakdown by subsidiaries (2011)<sup>1</sup>



Total = NT\$31.71 billion

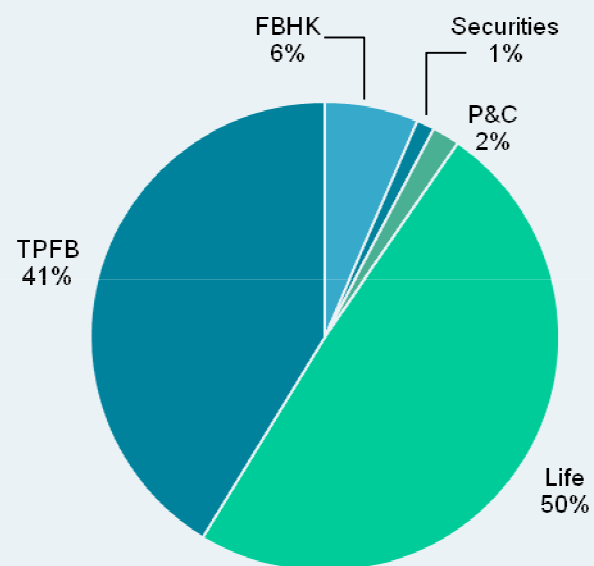
Note: Others include NT\$8.029bn of gains from disposal of Fubon Multimedia

<sup>1</sup> Reflecting 80% of net income of First Sino; analysis without taking into account deal financing / financing costs and goodwill created from the transaction

# Pro forma asset mix

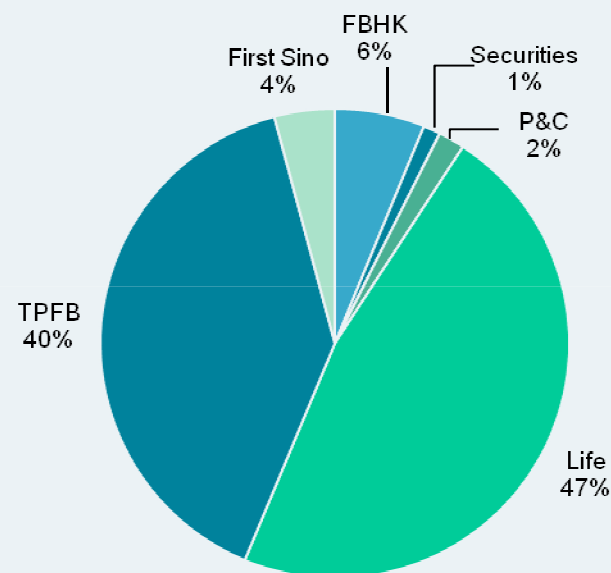


Asset breakdown by subsidiaries (Dec 2011)



Total = NT\$3,618 billion

PF asset breakdown by subsidiaries (Dec 2011)<sup>1</sup>



Total = NT\$3,776 billion

<sup>1</sup> Reflecting 80% of total asset of First Sino; Analysis without taking into account deal financing / financing costs and goodwill created from the transaction

## Pro forma on capital ratio



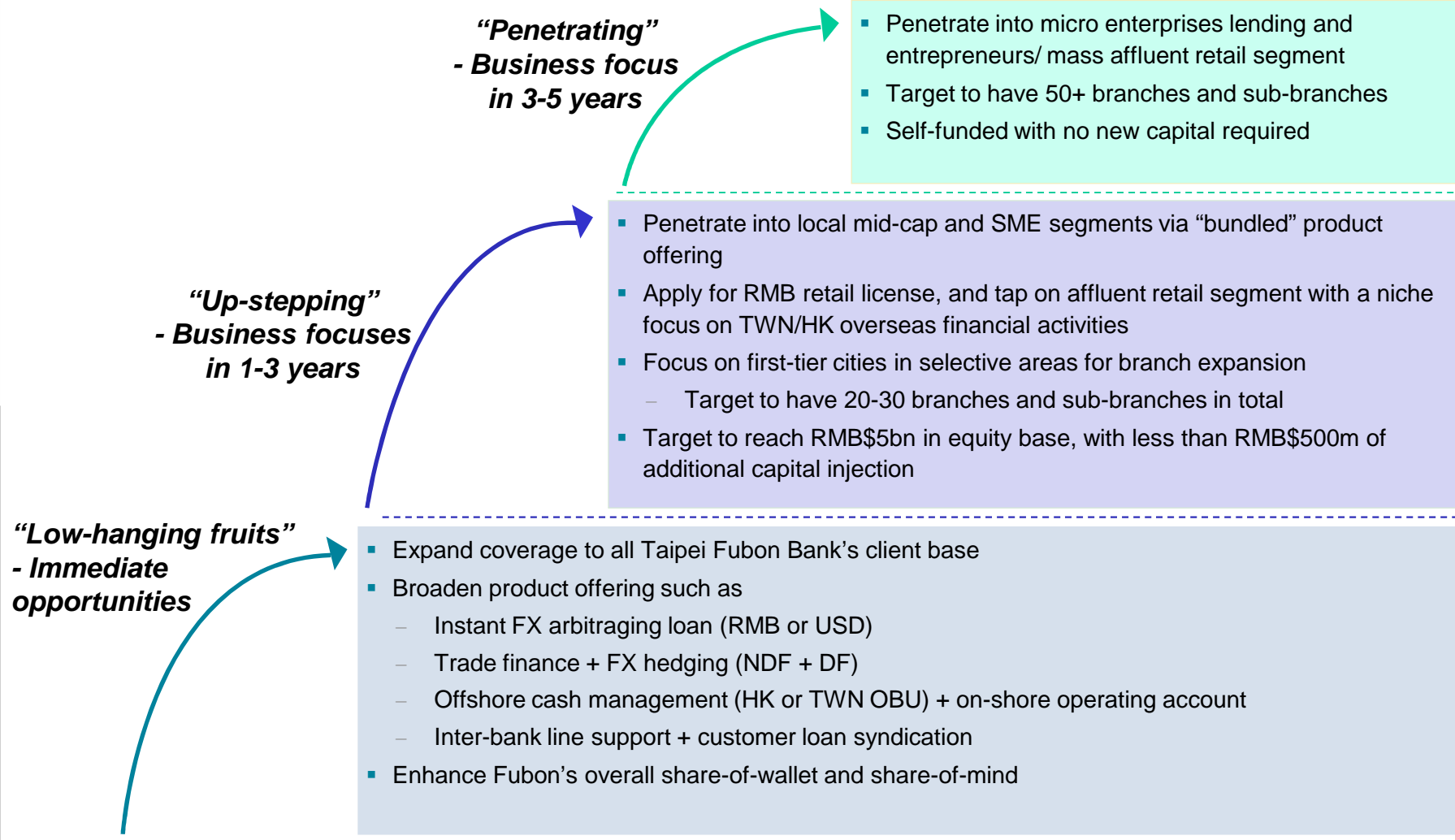
	Sep. 2012	Pro Forma <sup>1</sup>
<b>Fubon FHC</b>		
Group CAR	139.5%	137% - 140%
Double leverage ratio	109.2%	108% - 111%
Debt/Equity	12.5%	12.8% - 13%
Dilution	-	6.2% - 7.6%
<b>Taipei Fubon Bank<sup>2</sup></b>		
Consolidated Tier I ratio	9.9%	9.3% - 9.8%
Consolidated BIS ratio	14.0%	13.1% - 13.5%
Standalone Tier I ratio	9.9%	9.8%-10.3%
Standalone BIS ratio	14.0%	13.0% - 13.5%

<sup>1</sup> Based on pro forma as of September 30, 2012; assuming equity financing amount of NT\$20bn to NT\$25bn

<sup>2</sup> Including capital injection assumption of NT\$10-15bn from Fubon FHC to Taipei Fubon Bank



# Strategic focus from now to the mid-term





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# First Sino Bank income statement



(RMB mm)	2008	2009	2010	2011
Interest Income	938	709	963	1,766
Deposits with Central Bank	25	23	43	75
Interbank deposits & financial assets	151	20	86	364
Loans and Advances	762	667	834	1,327
Interest Expense	(380)	(287)	(414)	(1,004)
Interbank borrowings	(102)	(44)	(12)	(25)
Customer deposit	(279)	(243)	(402)	(979)
Discounted Bills from Other Financial Institutions	-	-	-	(0)
Net Interest Income	558	422	549	762
Net Fee Income	25	38	71	101
Other non-interest income	36	54	55	53
Other Income	0	0	0	0
Total Operating Income	619	514	676	916
Operating Expenses	(206)	(197)	(262)	(356)
Business tax	(43)	(39)	(49)	(85)
SG&A	(163)	(158)	(212)	(271)
Pre-provisioning Operating Income	413	317	414	560
Loan loss provisioning	(72)	39	(20)	(173)
Operating Profit	341	356	394	387
Non-operating gains / (losses)	0	11	11	4
Profit Before Tax	341	368	405	391
Tax Expenses	(82)	(88)	(97)	(78)
Net income	259	279	307	312

# First Sino Bank balance sheet



(RMB mm)	2008	2009	2010	2011
<b>ASSETS</b>				
Cash and due from banks	1,796	2,828	4,099	5,599
Interbank deposits & financial assets	2,522	3,218	4,613	10,792
Loans and advances, net	11,238	15,300	19,675	23,323
Other assets	323	271	348	864
<b>Total assets</b>	<b>15,878</b>	<b>21,616</b>	<b>28,737</b>	<b>40,577</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Deposit / borrow ing from other financial institutions	1,776	1,113	753	2,455
Customer deposits	12,085	18,282	25,111	34,916
Other liabilities	389	324	696	747
<b>Total liabilities</b>	<b>14,250</b>	<b>19,720</b>	<b>26,559</b>	<b>38,117</b>
<b>Total shareholders' equity</b>	<b>1,629</b>	<b>1,896</b>	<b>2,178</b>	<b>2,460</b>
<b>Total liabilities and shareholders' equity</b>	<b>15,878</b>	<b>21,616</b>	<b>28,737</b>	<b>40,577</b>

## First Sino Bank key ratios



	2008	2009	2010	2011
ROAA	1.72%	1.49%	1.22%	0.90%
ROAE	17.2%	15.9%	15.1%	13.5%
NPL ratio	0.41%	0.30%	0.20%	0.15%
Coverage ratio	369.0%	283.8%	376.8%	926.9%
LDR	93.0%	83.7%	78.4%	66.8%
Tier 1 ratio	15.1%	13.0%	15.0%	14.3%
CAR	15.9%	13.0%	15.0%	14.3%

# Fubon Financial 9M2012 Interim Update

2012.11.05

# Disclaimer



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# Agenda



*Performance highlights of the group*



Performance review of banking business



Performance review of insurance business



Appendix

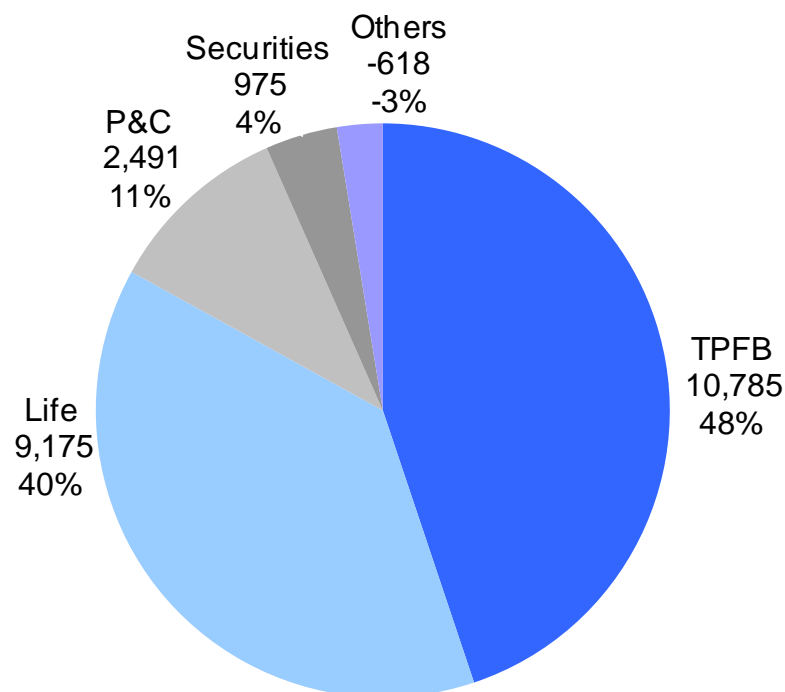




# Fubon Financial – Net income breakdown

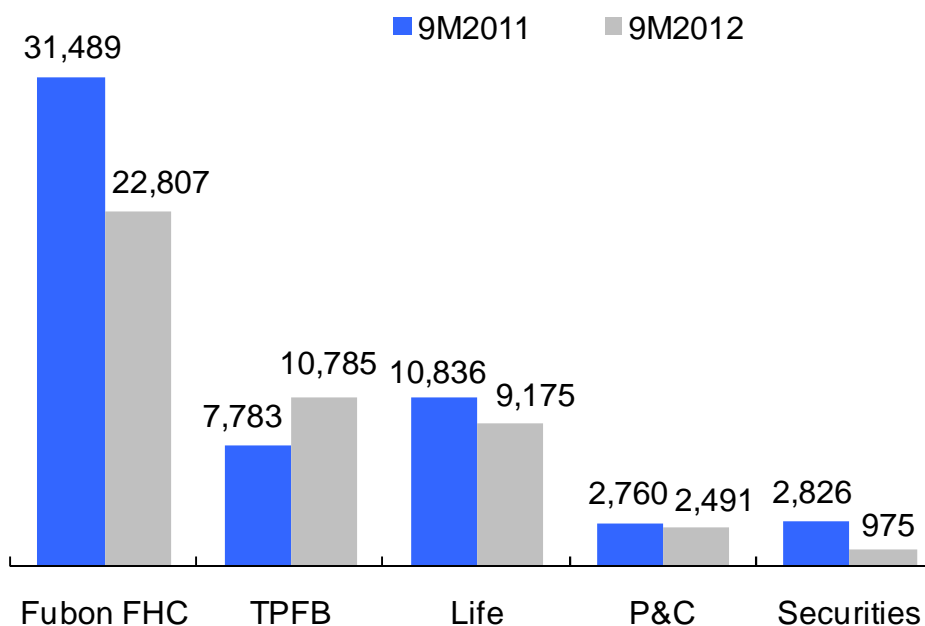
Net income as of Sep, 2012=NT\$22,807m

NT\$m



Net income by subsidiaries

NT\$m

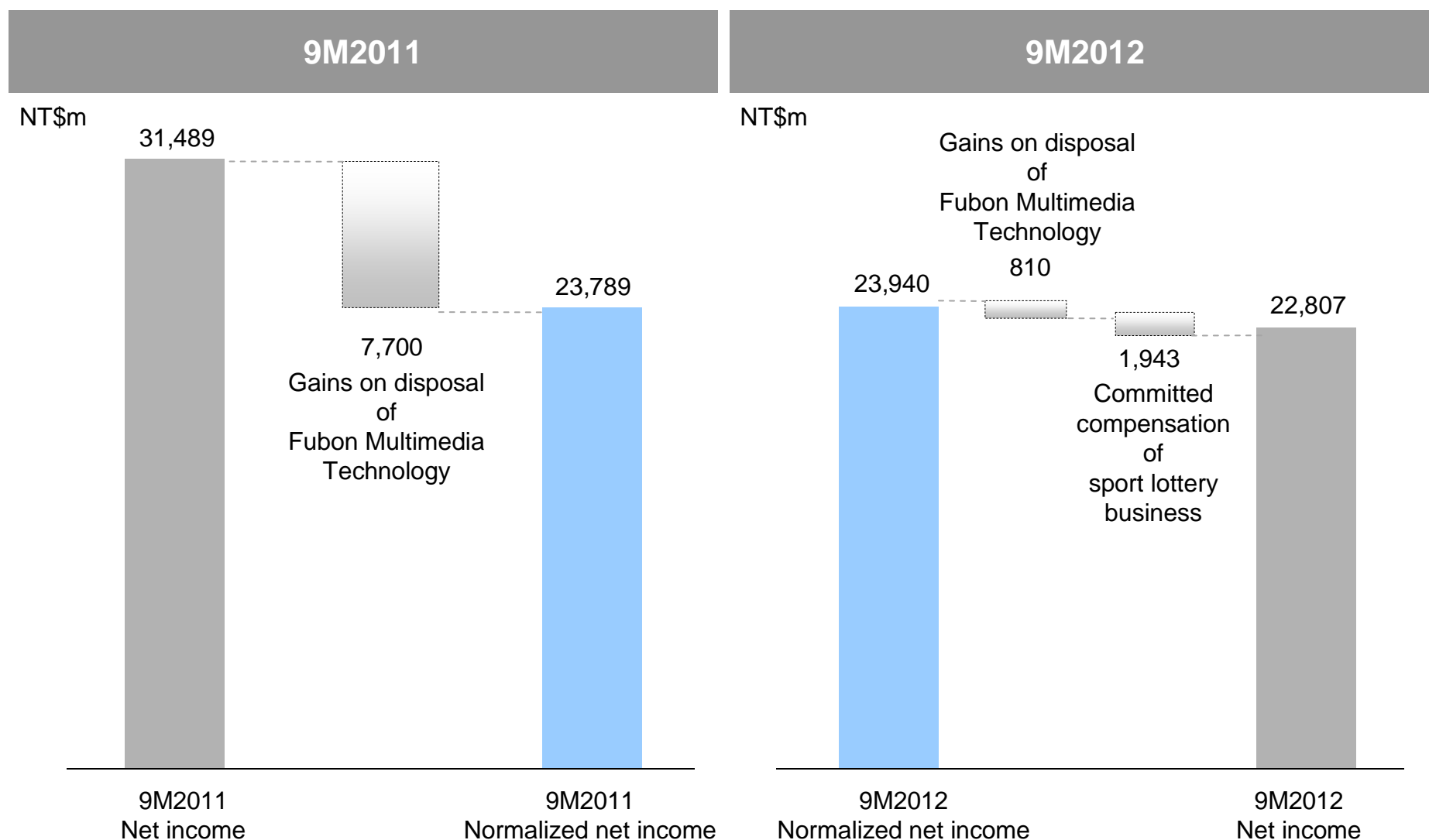


Note:

NT\$1,943m of committed compensation cost to government regarding sports lottery business was recognized in 9M2012



# Core earning well sustained

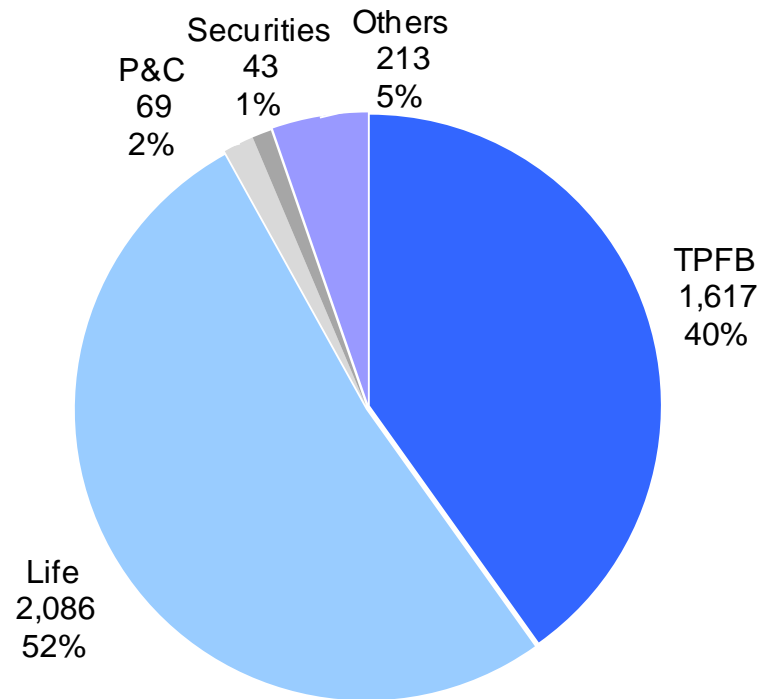




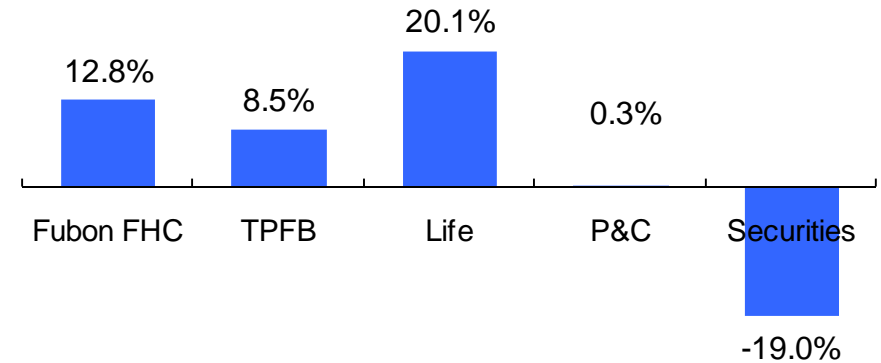
# Assets breakdown by subsidiaries

Total assets=NT\$4,028 billions  
(Sep 30, 2012)

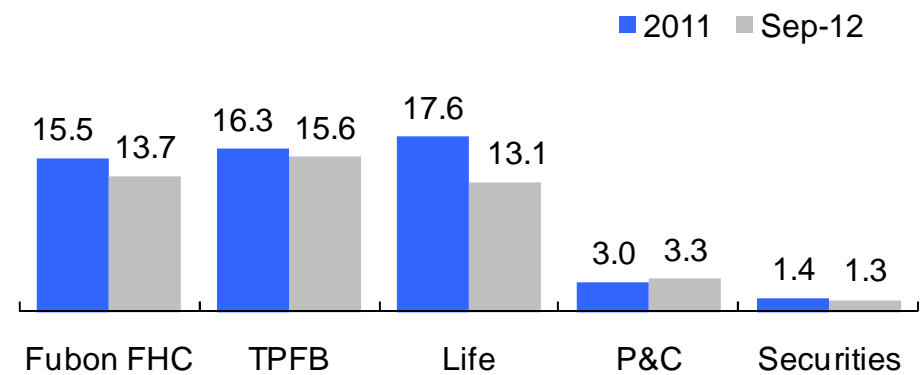
NT\$bn



## Assets YoY growth by subsidiaries



## Assets-to-Equity (x)

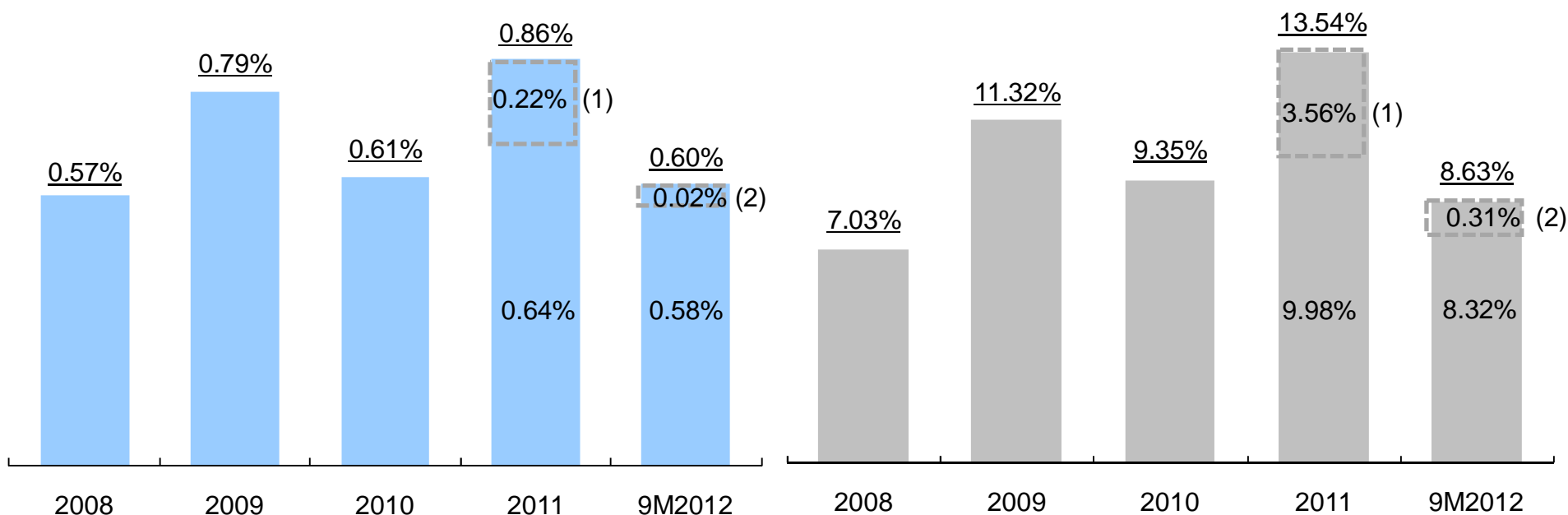


# Fubon Financial – Return on assets and return on equity



## Return on assets

## Return on equity



Note:

(1) Disposal gains of NT\$8,029m of Fubon Multimedia Technology in 2011

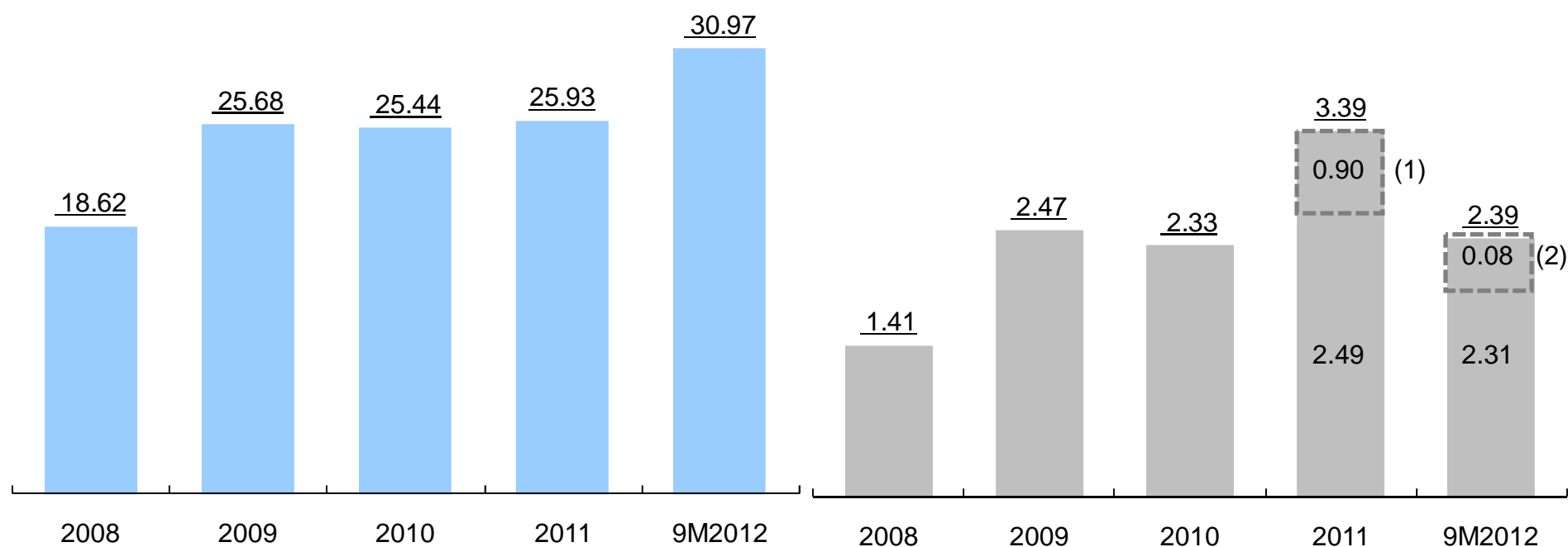
(2) Disposal gains of NT\$810m of Fubon Multimedia Technology in 9M2012

# Fubon Financial – Per share calculations



## Book value per share (NT\$)

## EPS (NT\$)



Note:

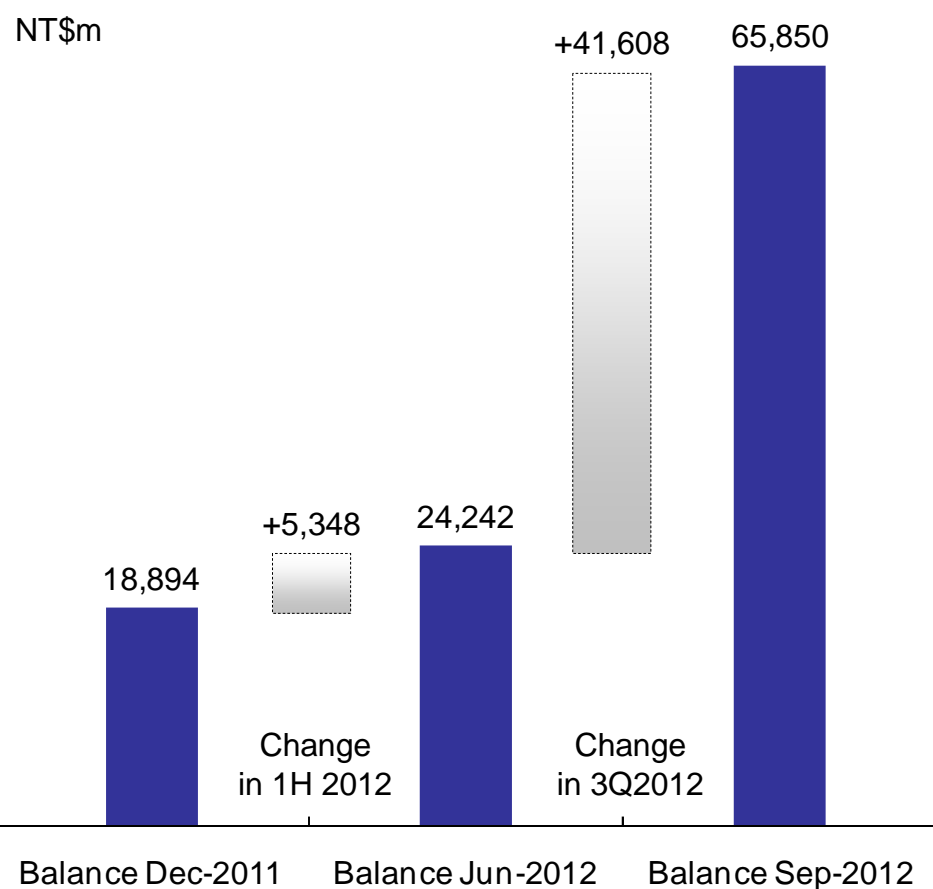
(1) Disposal gains of NT\$8,029m of Fubon Multimedia Technology in 2011

(2) Disposal gains of NT\$810m of Fubon Multimedia Technology in 9M2012

# Available-for-sale movement in shareholder equity



## Fubon FHC



## Constituents of AFS

NT\$m

NT\$ m	Dec-11	Sep-12
Taipei Fubon Bank	2,565	3,496
Fubon Securities	930	1,007
Fubon Insurance	1,674	3,272
Other subsidiaries	(533)	460
Fubon Life	30,856	74,212
Fubon FHC	18,894	65,850

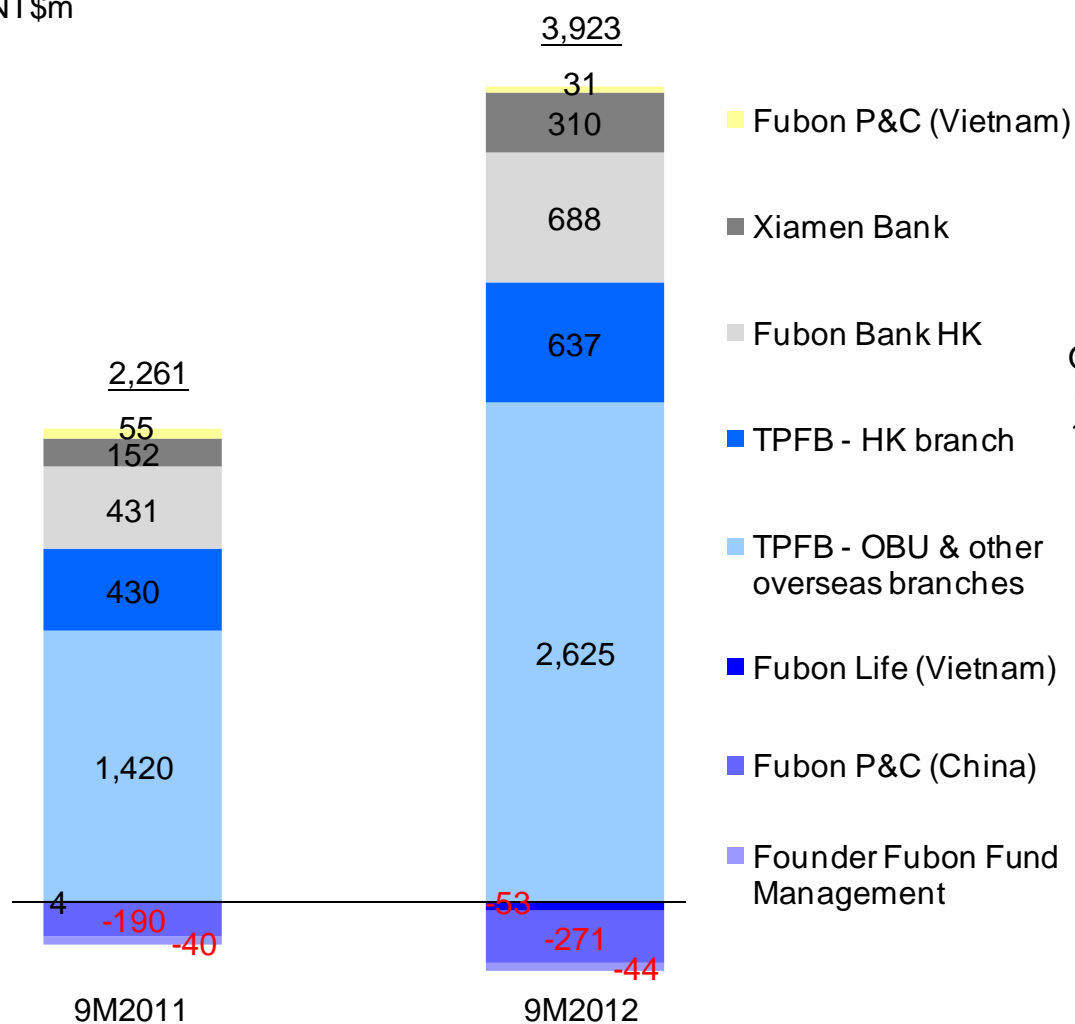
\* Note: The AFS outstanding in Fubon FHC includes deduction of NT\$16.6bn, which is the AFS value carried from ING transaction.



# Contribution from overseas operation

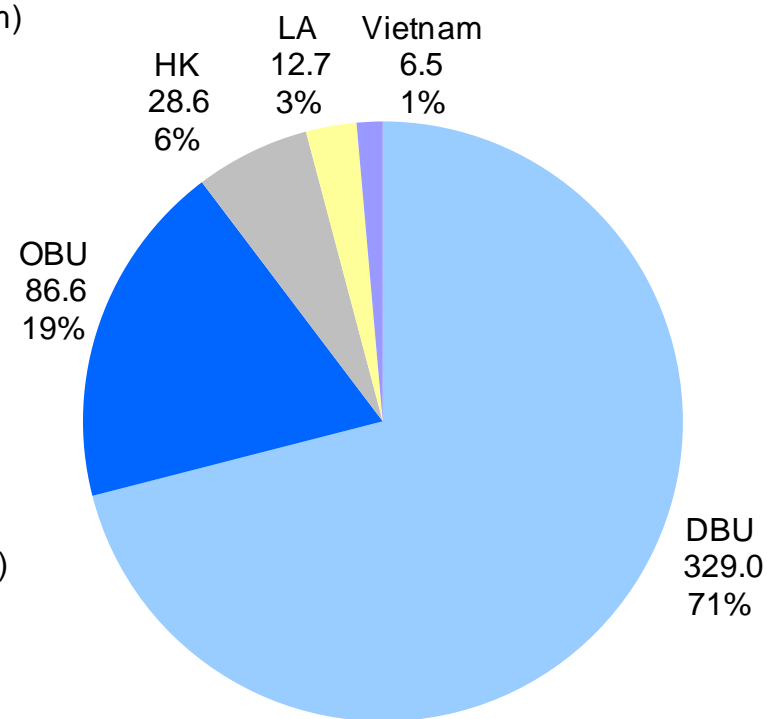
## Fubon FHC's profit contribution from overseas

NT\$m



## Corporate loan breakdown in TPFB

NT\$bn





## Strategic investment in China

NT\$m	Investment amount	Stake holding
Xiamen Bank	3,540	19.99%
Fubon P&C (China)	1,870	100%
Founder Fubon Fund Management	299	33.3%
Total	5,709	

Note: Carrying value of investment in Fubon Bank (HK) is NT\$25,031m as of Sep 2012

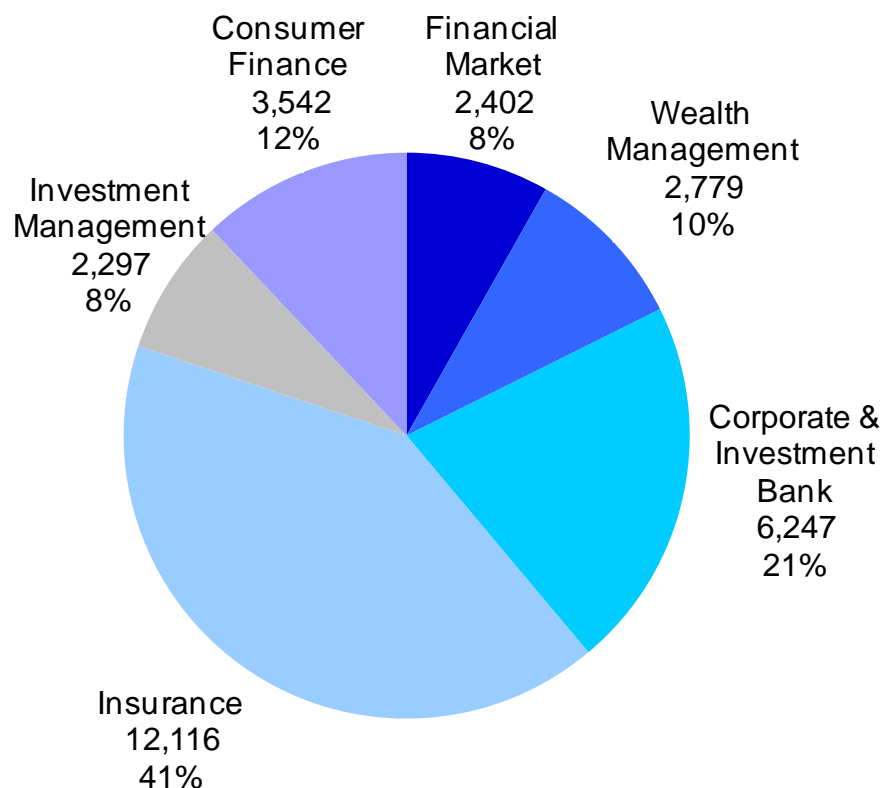


# Fubon Financial – Profit breakdown by business groups



Pretax profit by business groups

NT\$m

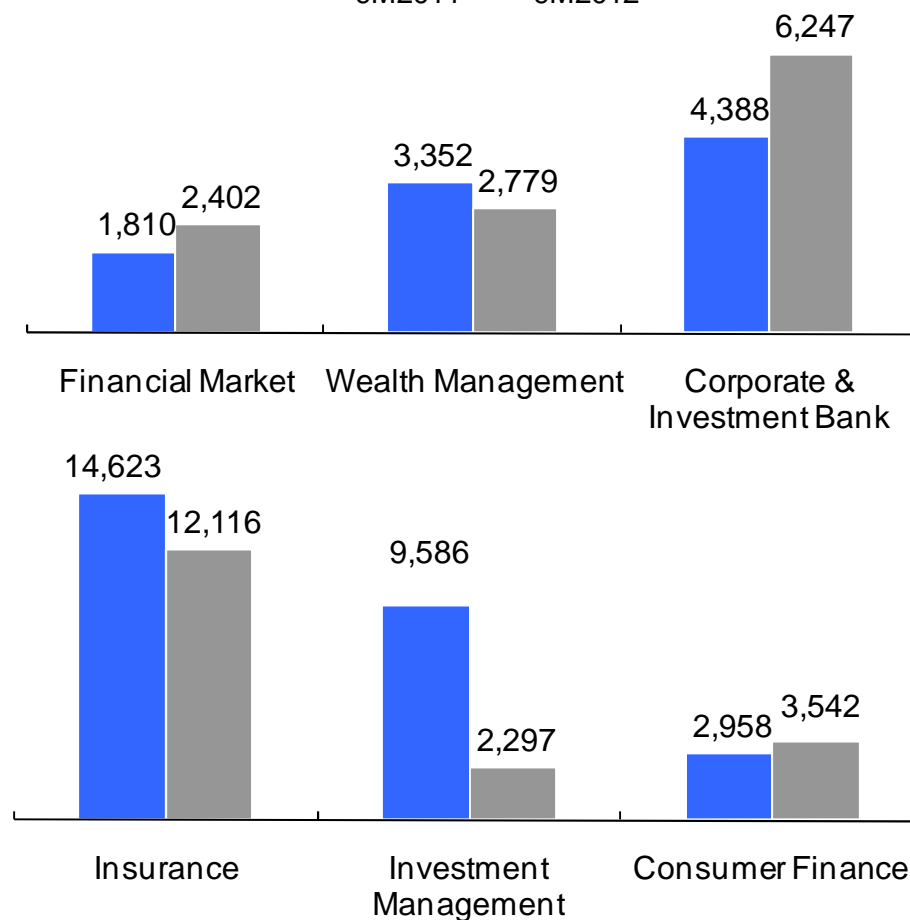


Note:  
Sport Lottery business is excluded in this page

Pretax profit- Business group

NT\$m

■ 9M2011 ■ 9M2012



# Agenda



Performance highlights of the group



***Performance review of banking business***



Performance review of insurance business



Appendix

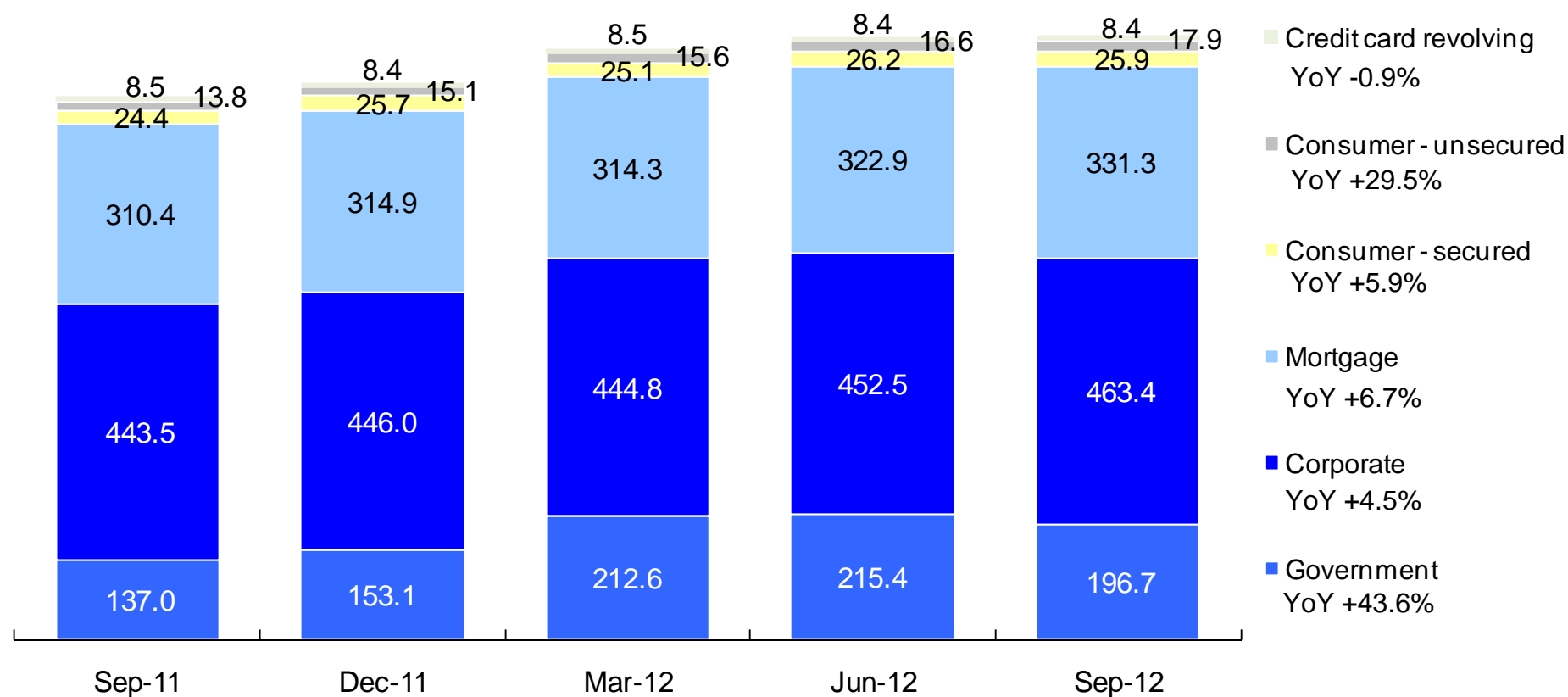
# Taipei Fubon Bank – Loan breakdown



## Total loans <sup>(1)</sup> (NT\$bn)

YoY +11.3%

937.6	963.2	1020.9	1042.1	1,043.6
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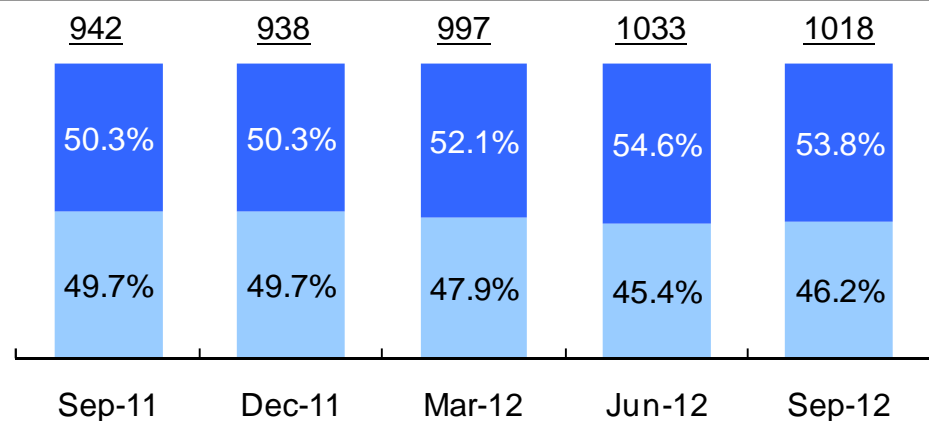


Note: (1) Overdue loans not included.

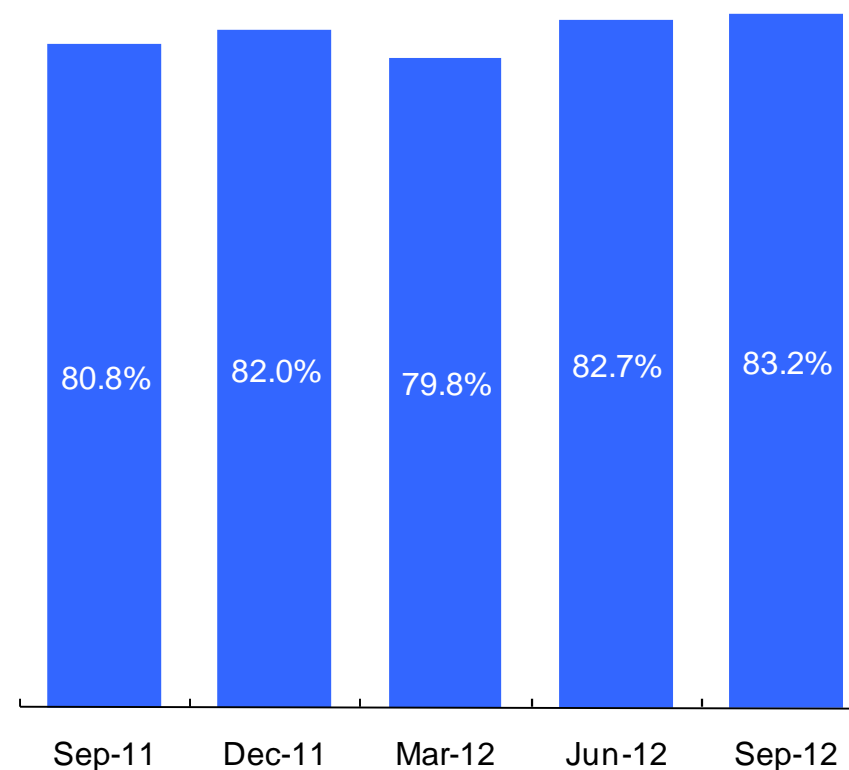
# Taipei Fubon Bank – Loan and deposit



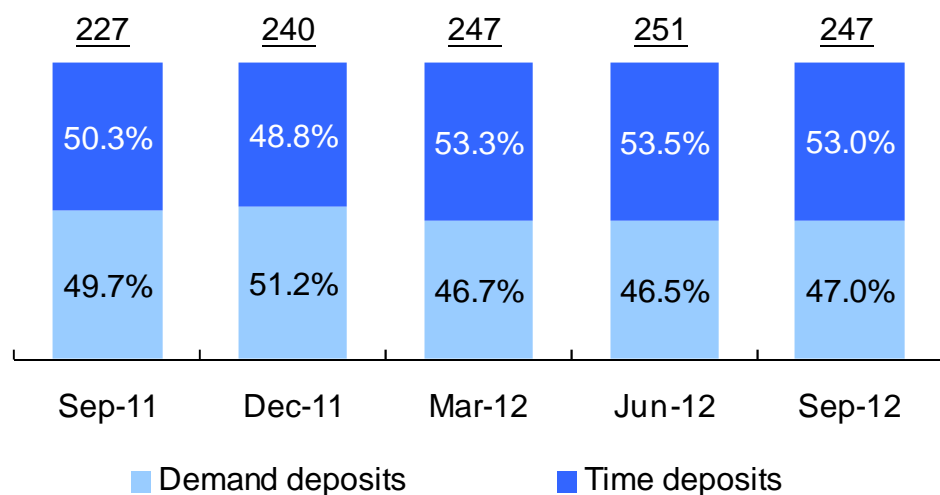
NTD deposit\* mix (NT\$bn)



Loan-to-deposit ratio of the Bank

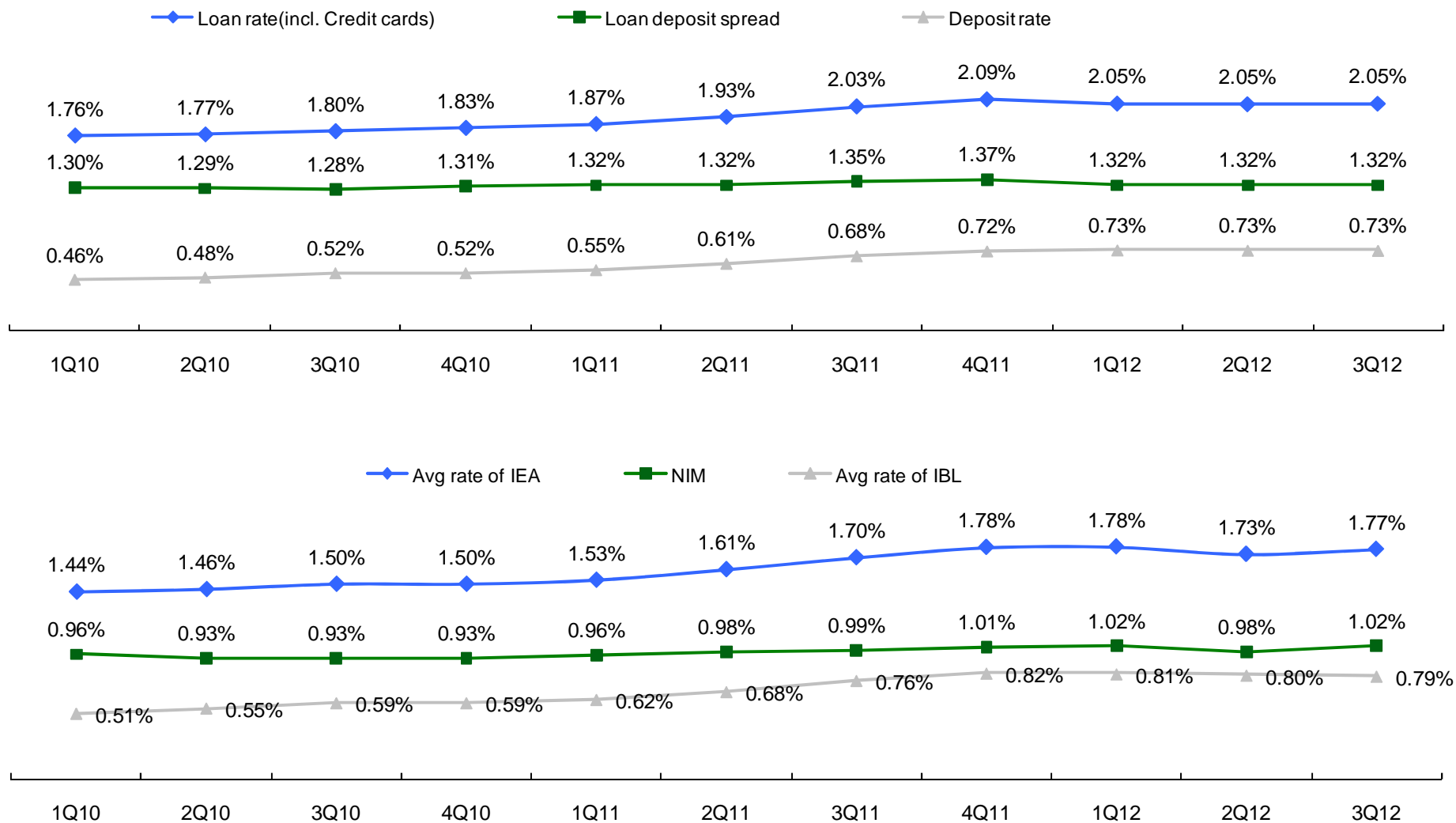


USD deposit\* mix (NT\$bn)



\* Note: The data is on quarterly average basis

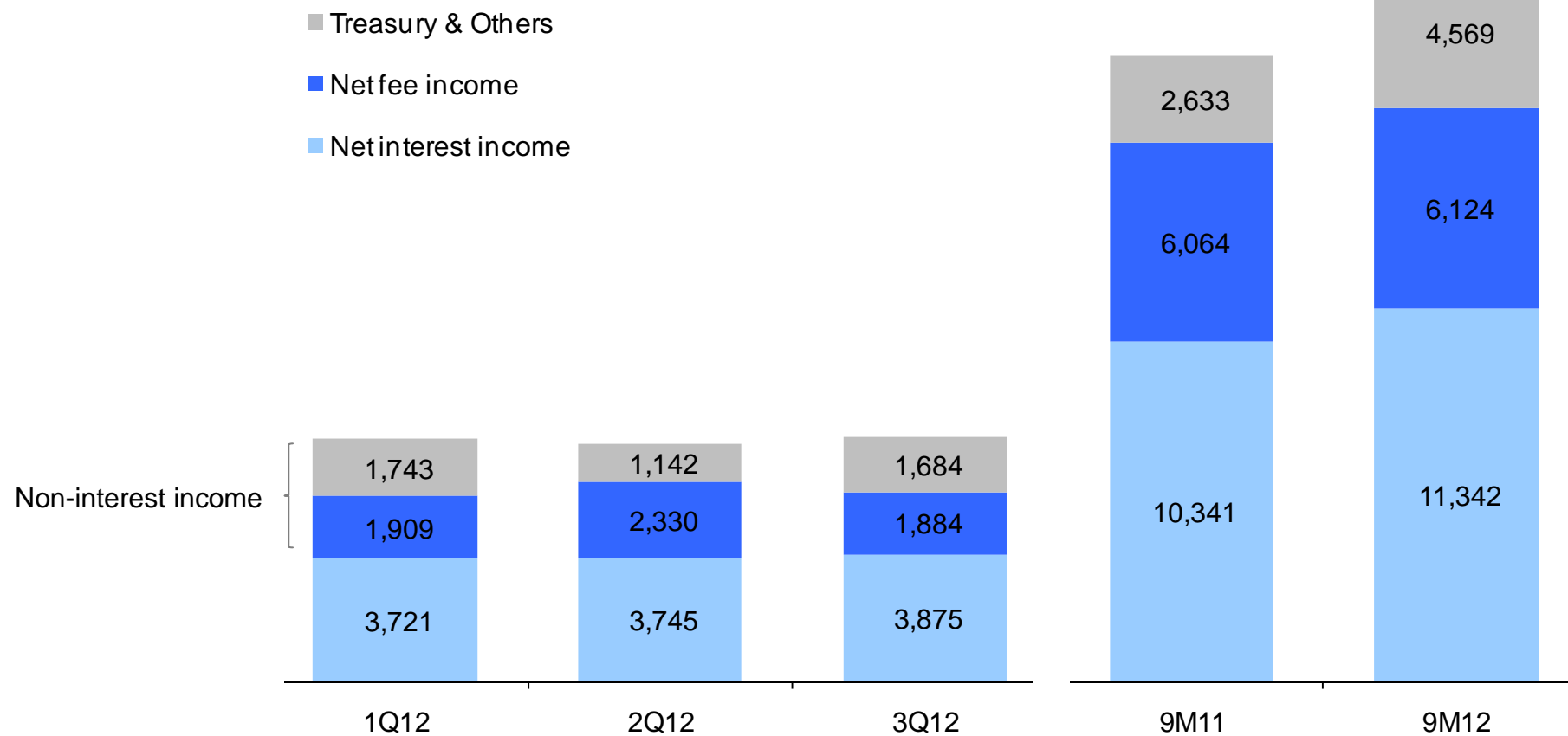
# Taipei Fubon Bank – Interest yields overview



# Taipei Fubon Bank – Revenue breakdown



NT\$m



Total revenue	7,373	7,217	7,444	19,038	22,034
Non-interest income / Total revenue	50%	48%	48%	46%	49%

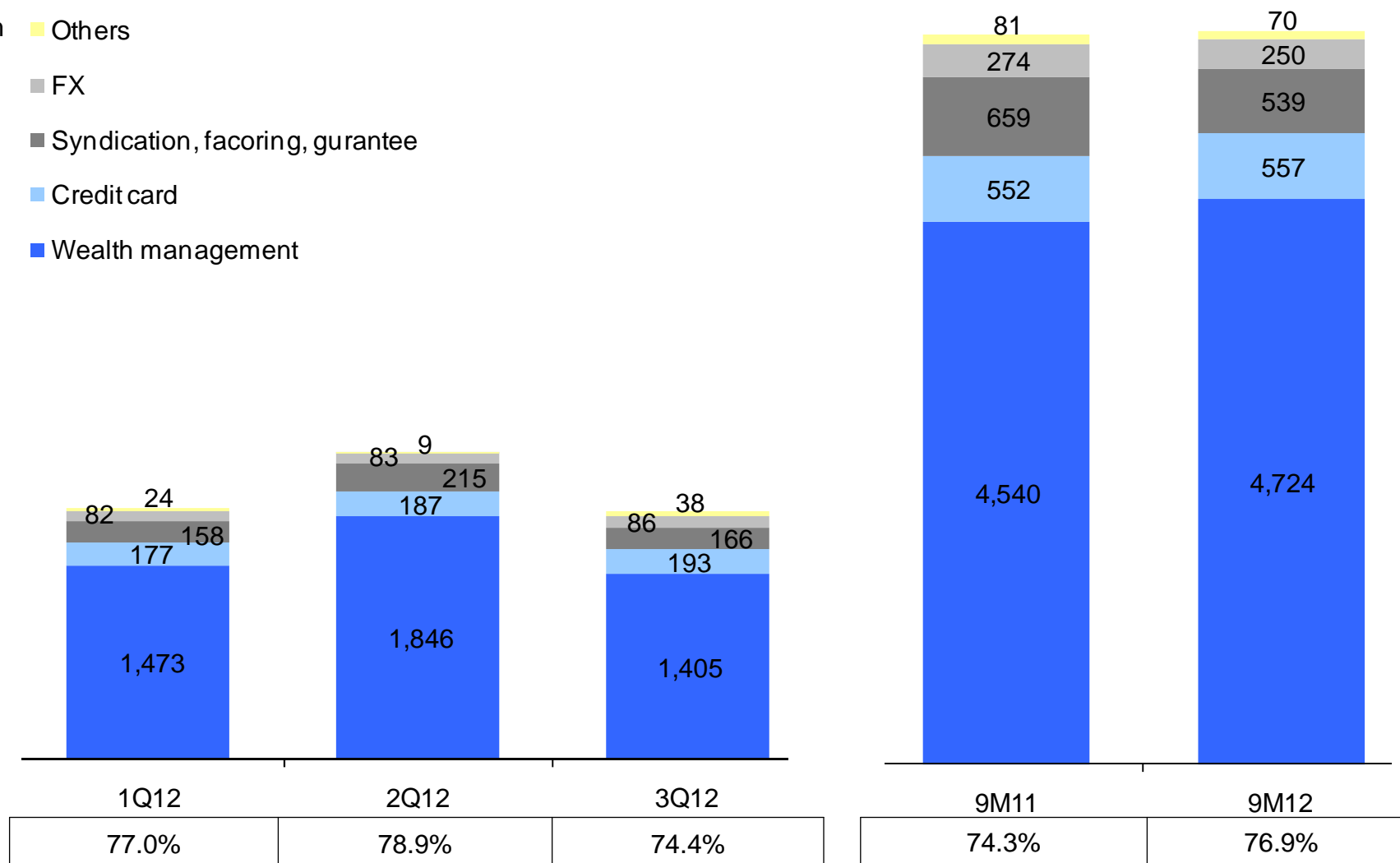
Note: Fees booked under insurance agency subsidiaries are excluded.

# Taipei Fubon Bank – Net fee income breakdown



NT\$m

- Others
- FX
- Syndication, factoring, guarantee
- Credit card
- Wealth management



WM fee as % of total banking fee

Note: Please refer to attachment 4 for definition

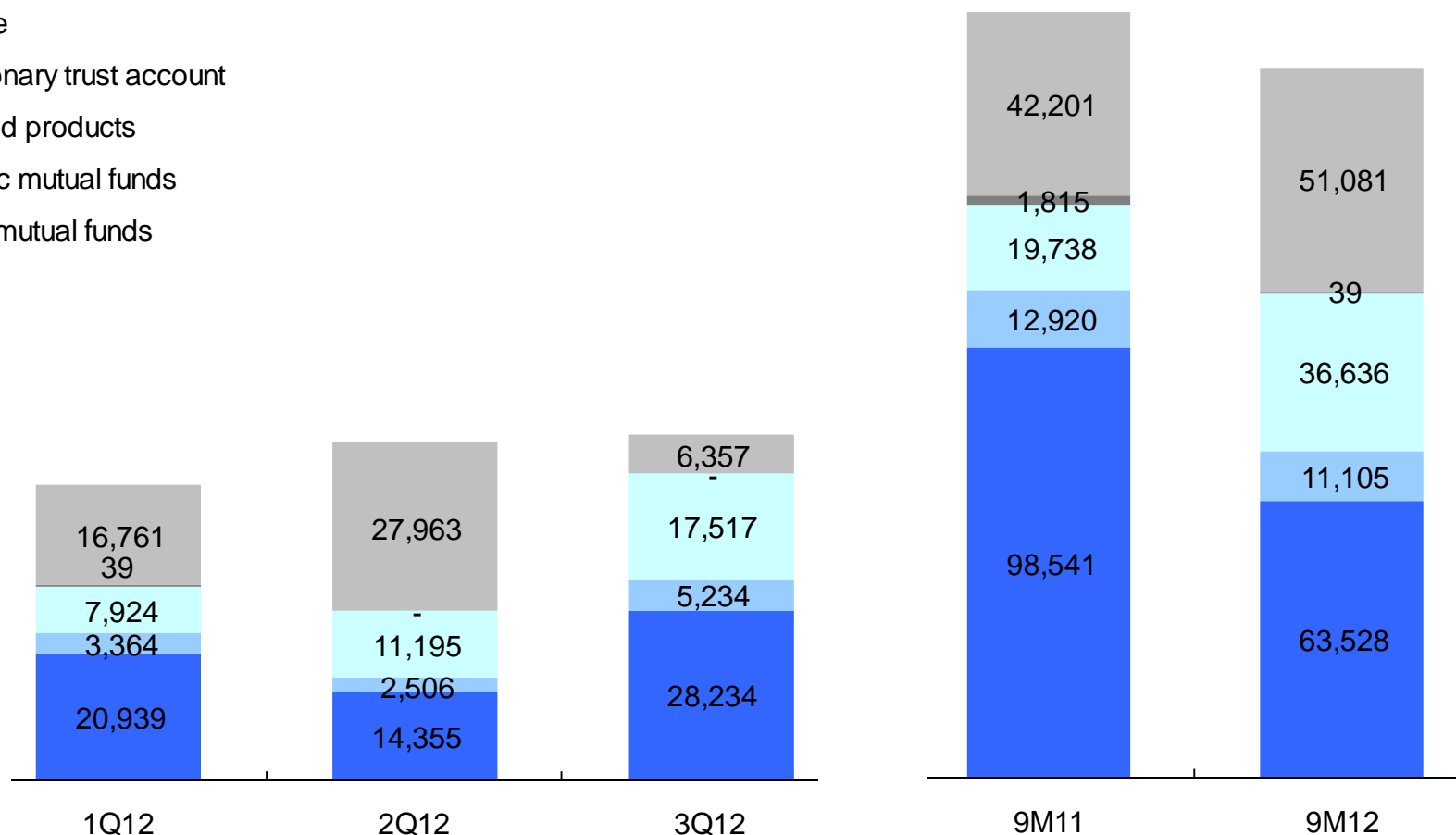
# Taipei Fubon Bank – Wealth management business



## Wealth management sales breakdown

NT\$m

- Insurance
- Discretionary trust account
- Structured products
- Domestic mutual funds
- Foreign mutual funds



Total Wealth Management Fees (NT\$m)

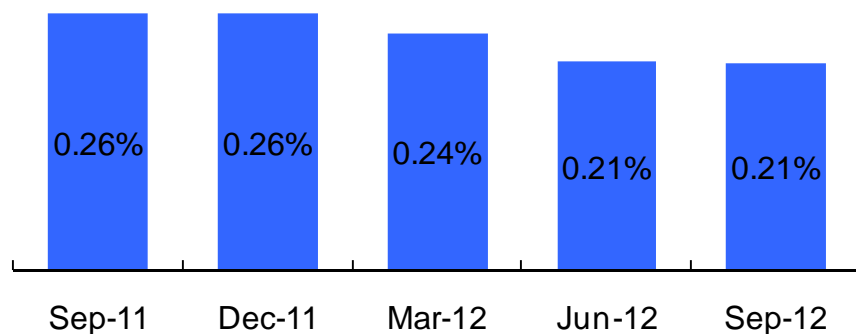
1Q12	2Q12	3Q12	9M11	9M12
1,473	1,846	1,405	4,540	4,724



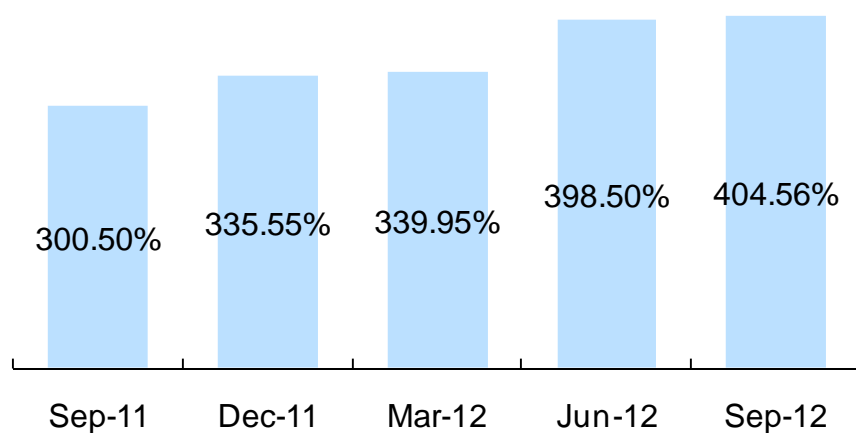
# Taipei Fubon Bank – Loan book quality



## NPL ratio



## Coverage ratio



## Loan loss reserve & credit cost

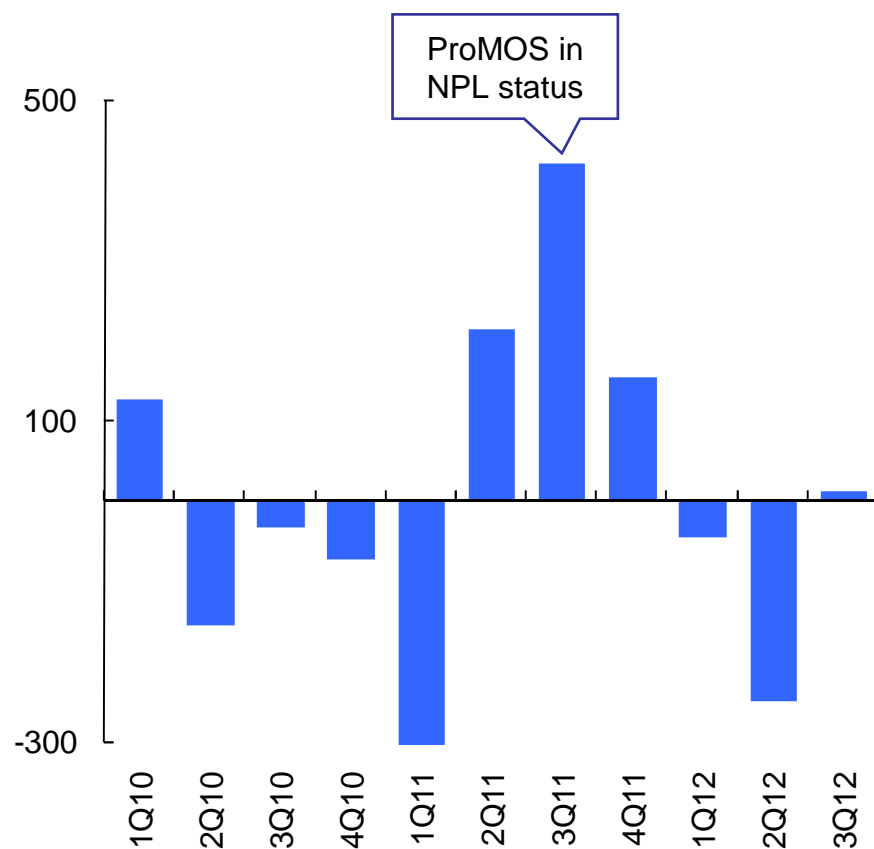
NT\$m	2010	2011	9M2011	9M2012
Provision	1,020	1,060	203	(765)
Write-Off	(2,305)	(712)	(609)	(357)
Recovery	1,646	2,183	1,829	1,395
Others	135	44	51	(35)
Reserve	7,123	9,697	8,598	9,936
Provision as of average loan*				
Annualized credit cost	0.12%	0.11%	0.03%	-0.07%

\* Note: Credit card revolving and guarantee reserve included.

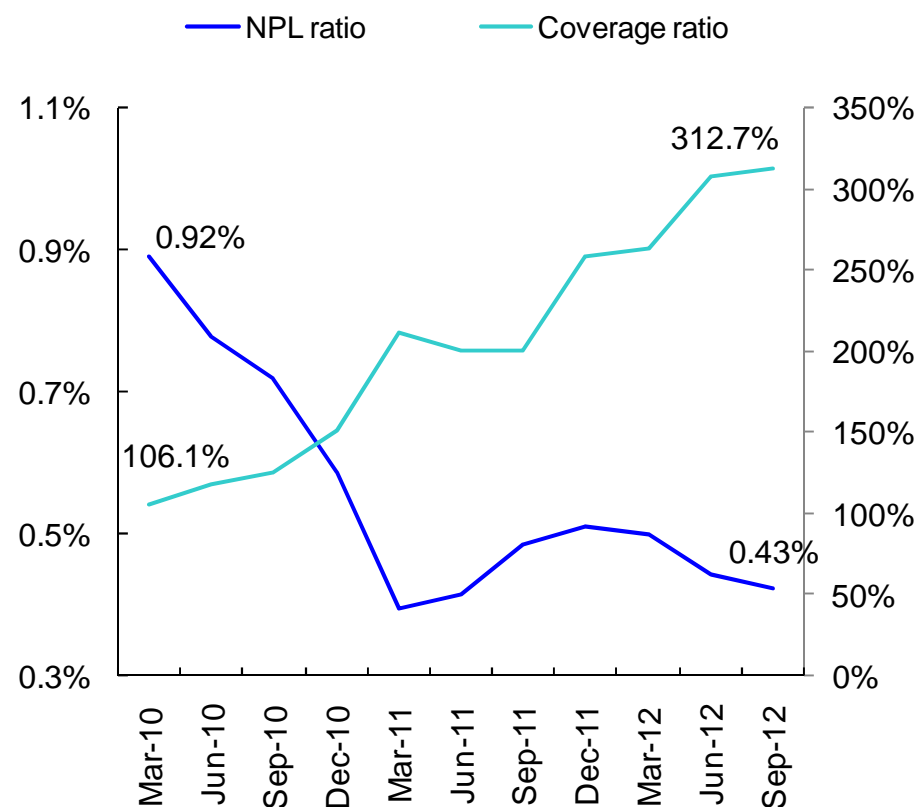


# Corporate loan quality update

## Net NPL formation of corporate loans



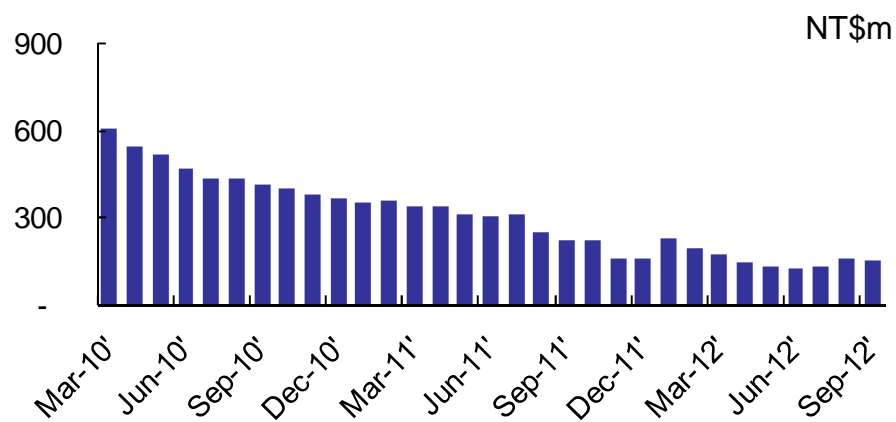
## NPL ratio and coverage of corporate loans



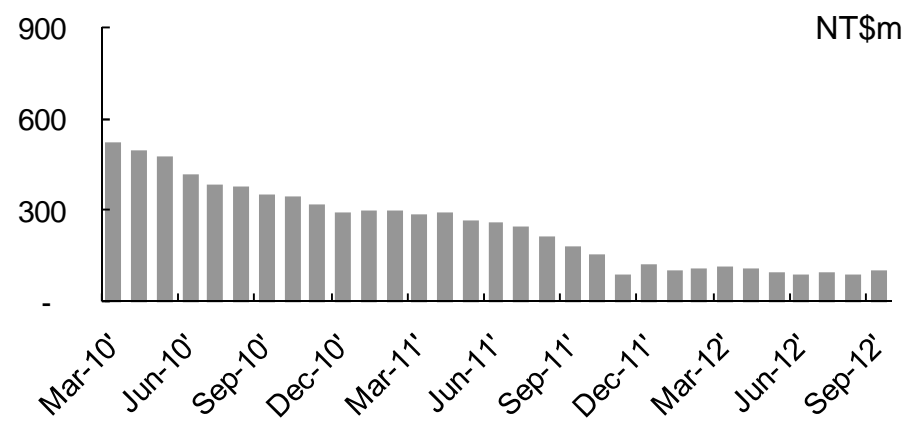


# Mortgage quality: NPL amount and NPL ratio

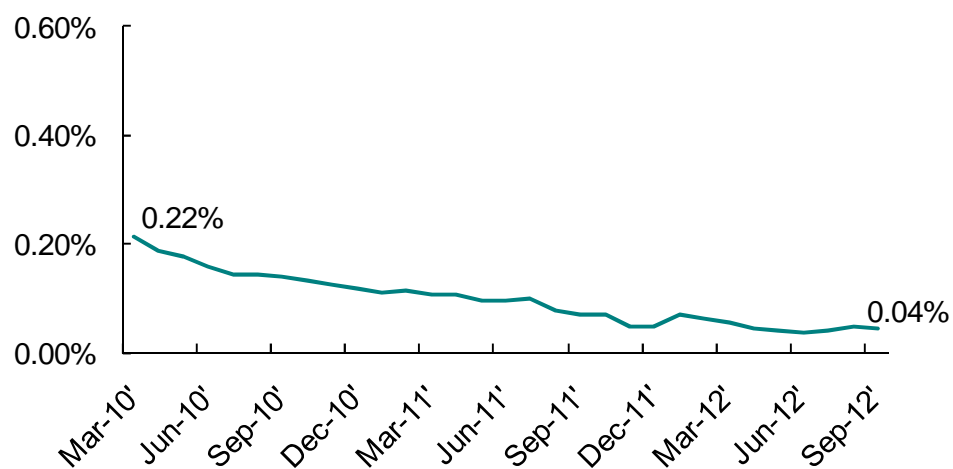
## Overdue 30+ days loans



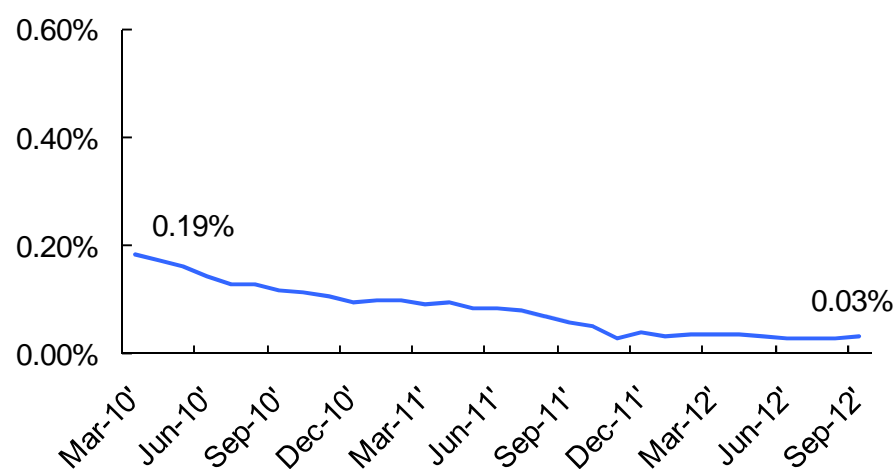
## Overdue 90 day+ loans



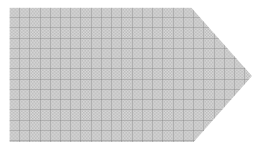
## Overdue ratio: 30+ day



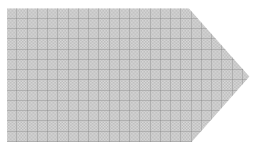
## Overdue ratio: 90+ days



# Agenda



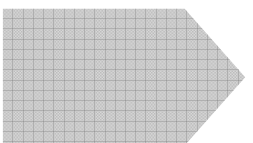
Performance highlights of the group



Performance review of banking business



***Performance review of insurance business***



Appendix

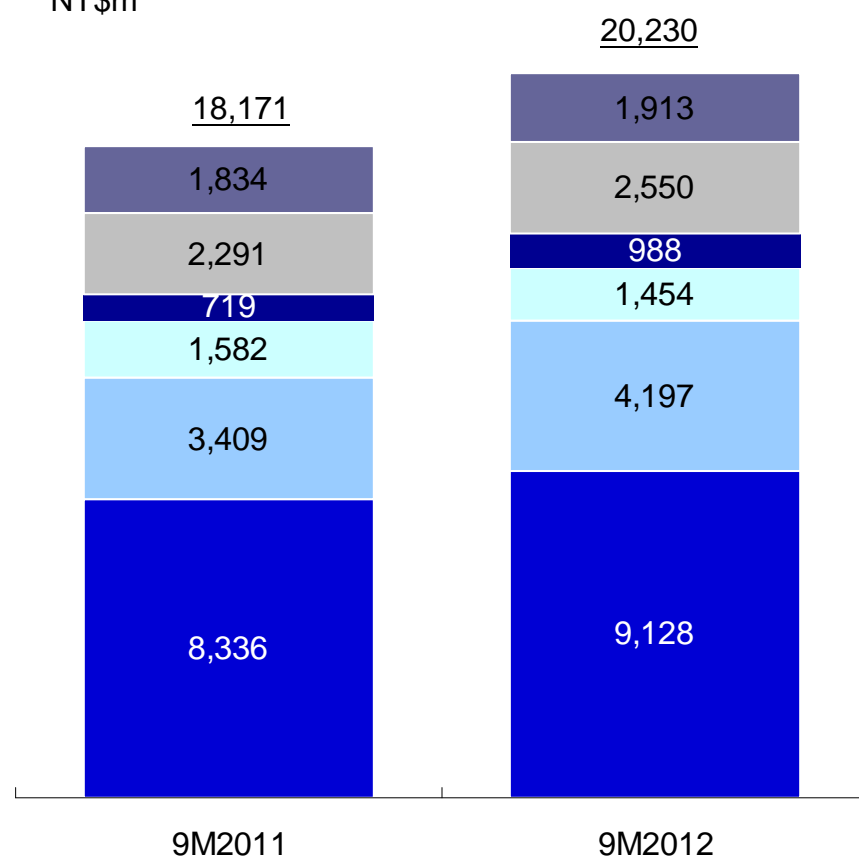
# Fubon Insurance – Operating snapshot



## Direct written premium breakdown

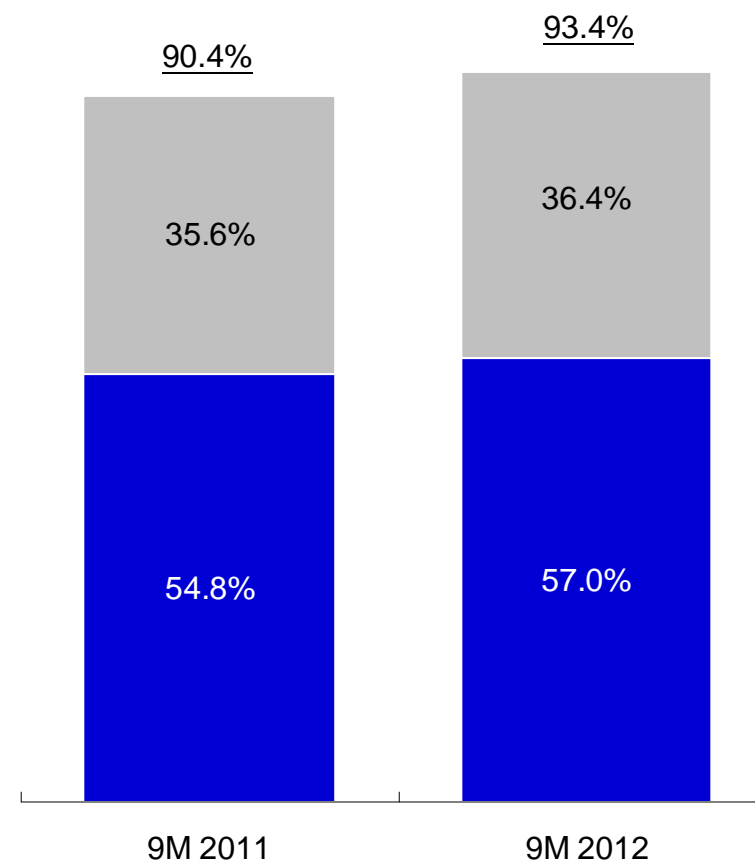
■ Auto ■ Fire ■ Marine ■ Engineering ■ Health/Injury ■ Others

NT\$m

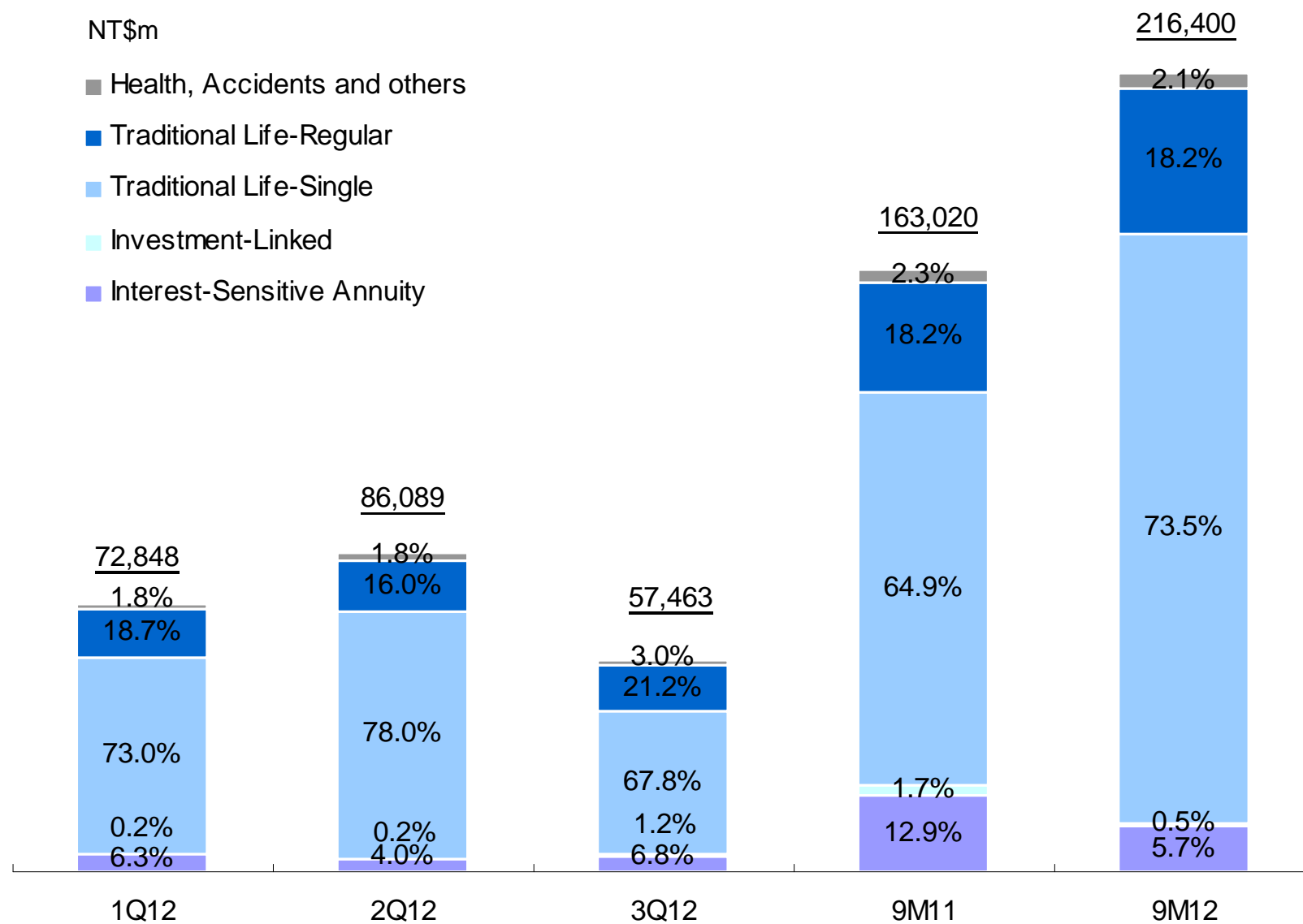


## Net combined ratio

■ Net claim ratio ■ Net expense ratio



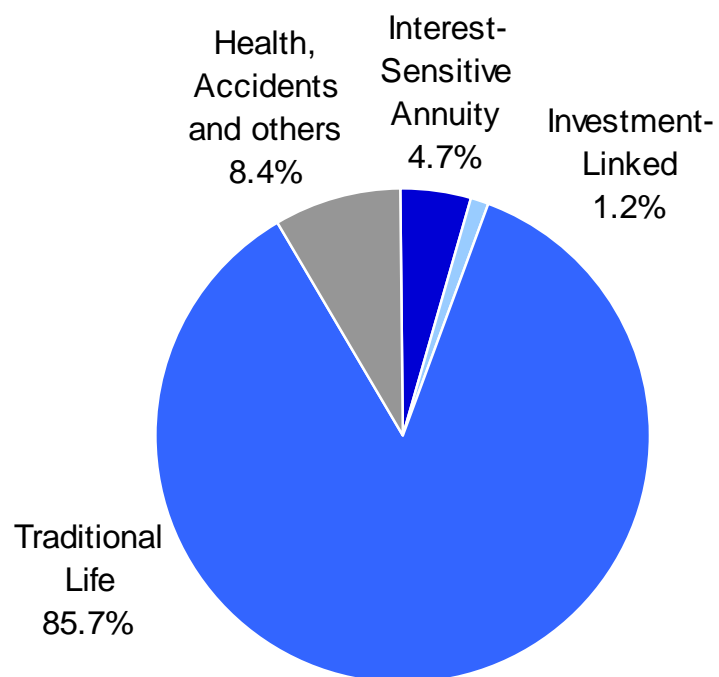
# Fubon Life- FYP trend



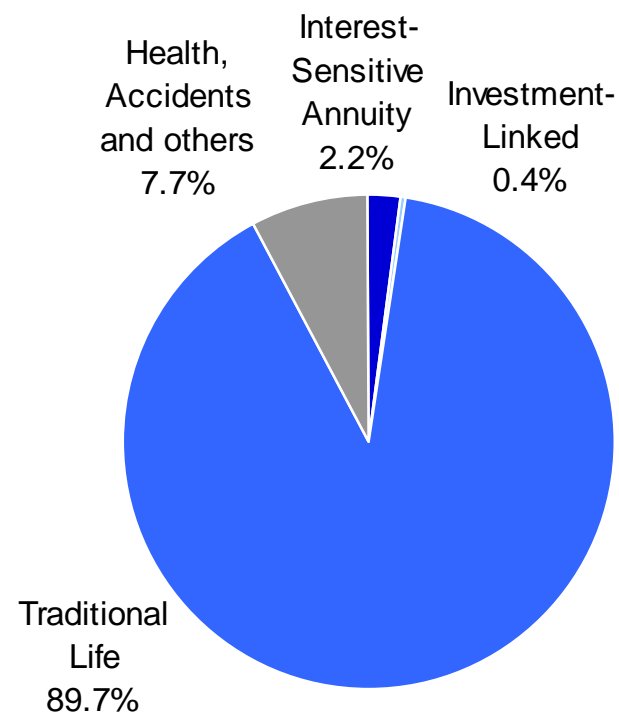
# Fubon Life- FYPE breakdown by products



9M11 FYPE = NT\$44,534 million



9M12 FYPE = NT\$56,070 million

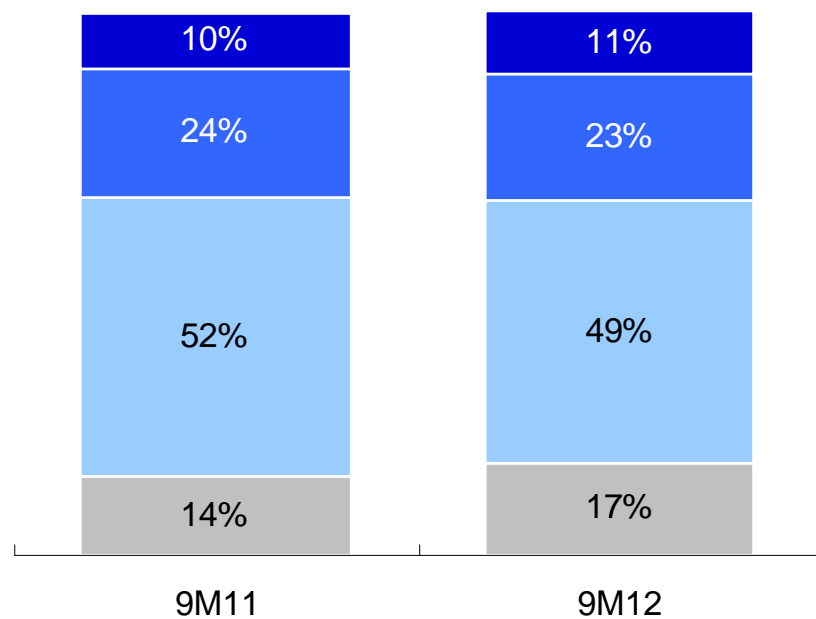


# Fubon Life- Breakdown by channels

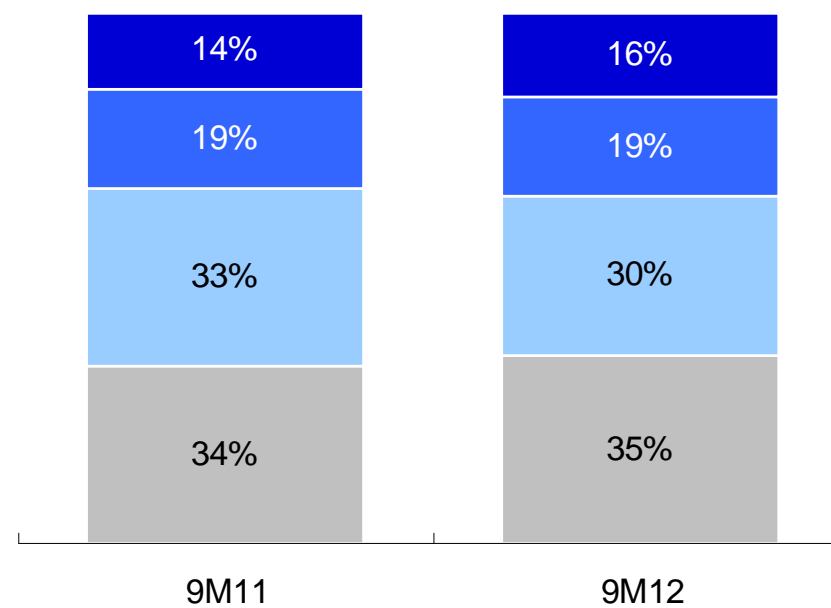


## Breakdown by FYP

- Other
- Bancassurance-TPFB
- Bancassurance-External
- Tied agents



## Breakdown by FYPE



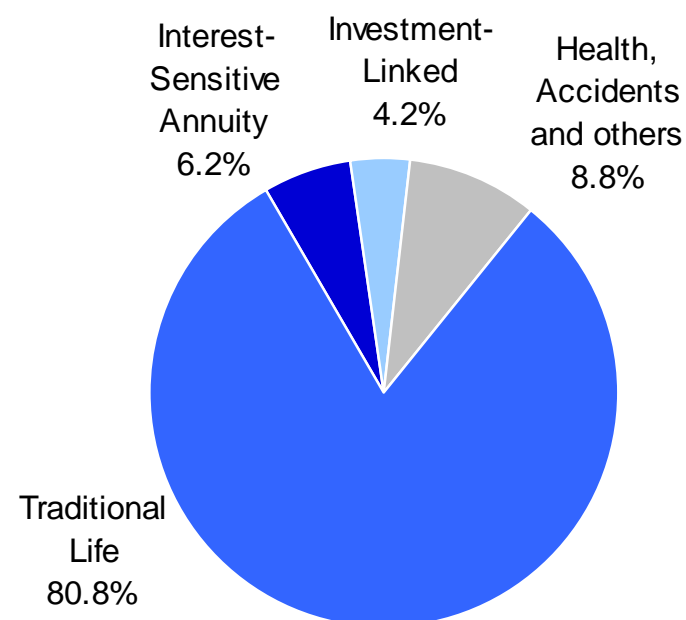
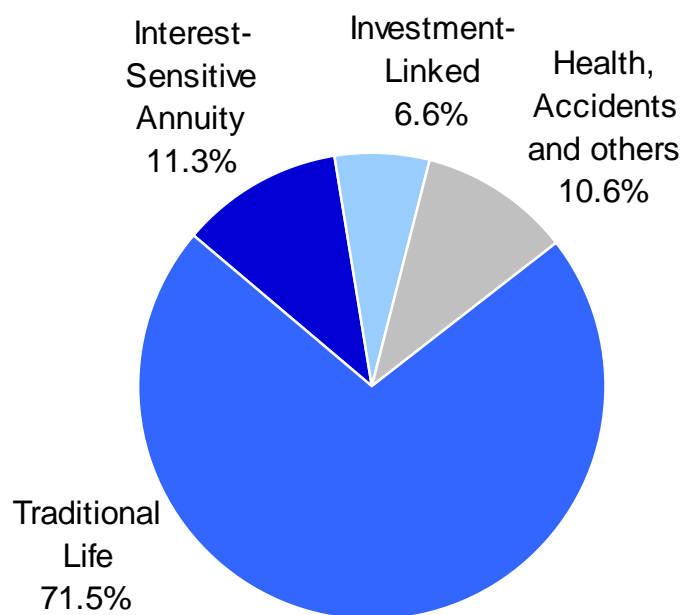


# Fubon Life- Total premium breakdown by products



9M11 Total premium = NT\$264,973 million

9M12 Total premium = NT\$337,306 million



# Investment portfolio



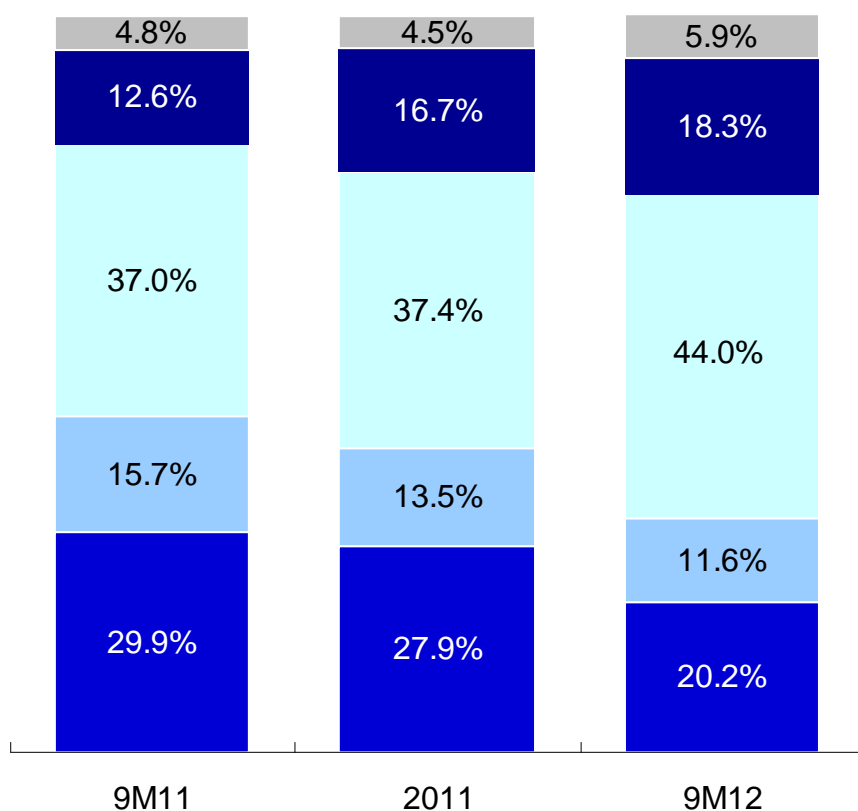
	2011/12/31		2012/6/30		2012/9/30	
( NT\$bn )	Amount	%	Amount	%	Amount	%
Deposit and Cash equivalents	176.9	11.2%	178.2	10.2%	145.5	7.7%
Domestic fixed income	542.6	34.5%	585.8	33.4%	607.6	32.2%
Overseas fixed income	547.3	34.8%	635.9	36.3%	744.5	39.4%
Domestic equity	139.6	8.9%	170.1	9.7%	191.4	10.1%
Overseas equity	14.5	0.9%	26.8	1.5%	31.3	1.7%
Mortgage loans	33.5	2.1%	34.4	2.0%	35.2	1.9%
Policy loans	45.8	2.9%	46.1	2.6%	46.7	2.5%
Real estate	73.0	4.7%	76.3	4.3%	84.4	4.5%
<b>Total Investments</b>	<b>1,573.2</b>	<b>100.0%</b>	<b>1,753.6</b>	<b>100.0%</b>	<b>1,886.6</b>	<b>100.0%</b>
Domestic	1,011.3	64.3%	1,090.9	62.2%	1,110.8	59.0%
Overseas	561.9	35.7%	662.7	37.8%	775.8	41.0%

# Overseas fixed income portfolio



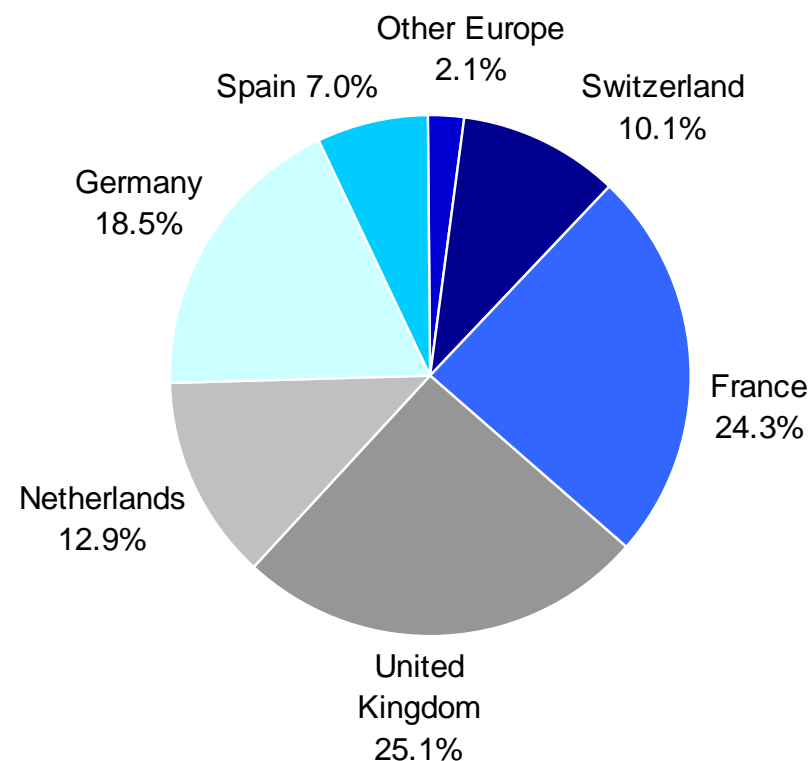
## Overseas fixed income by region

■ Eurozone ■ Non-eurozone Europe ■ US ■ Asia ■ Other



## European fixed income by country

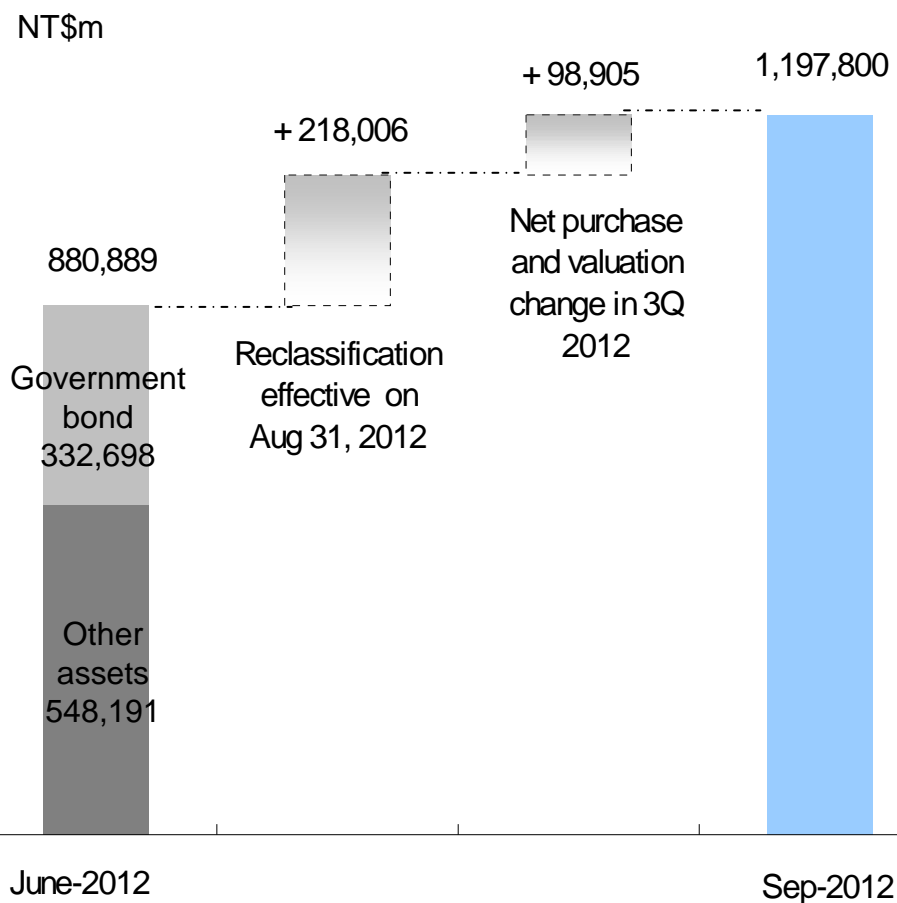
- 44% of Spain government bond is disposed; outstanding balance €181m as of Sep 2012.



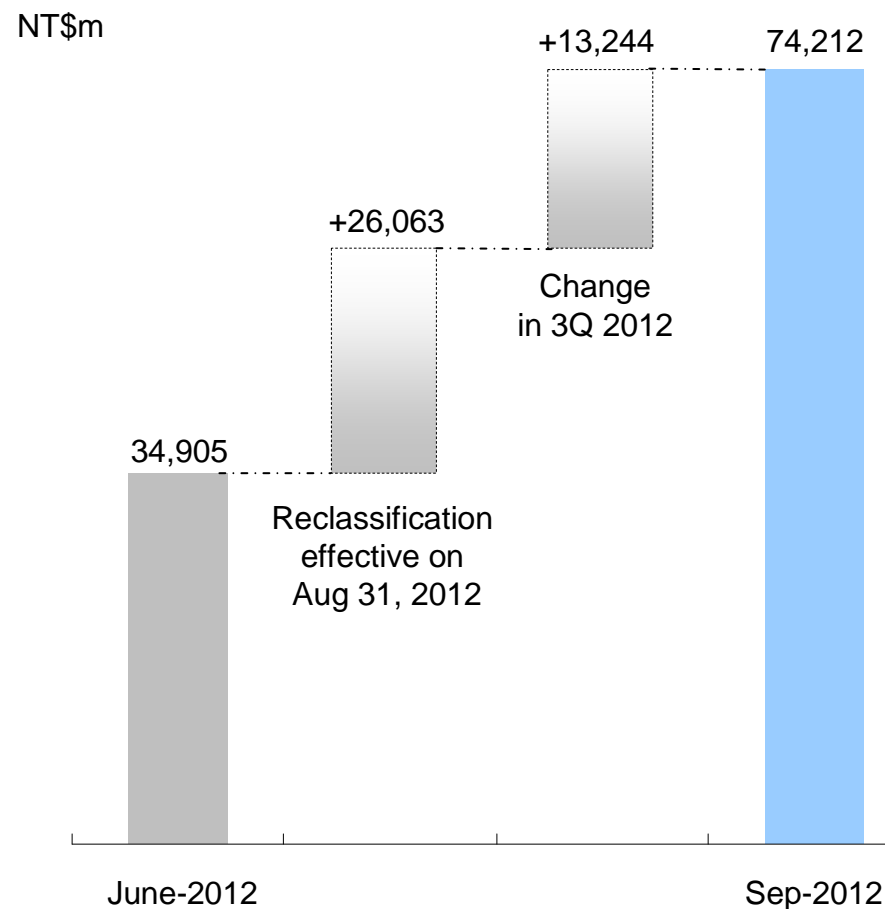
# Asset reclassification in Fubon Life



## Changes in AFS assets



## Changes in unrealized gains under AFS assets



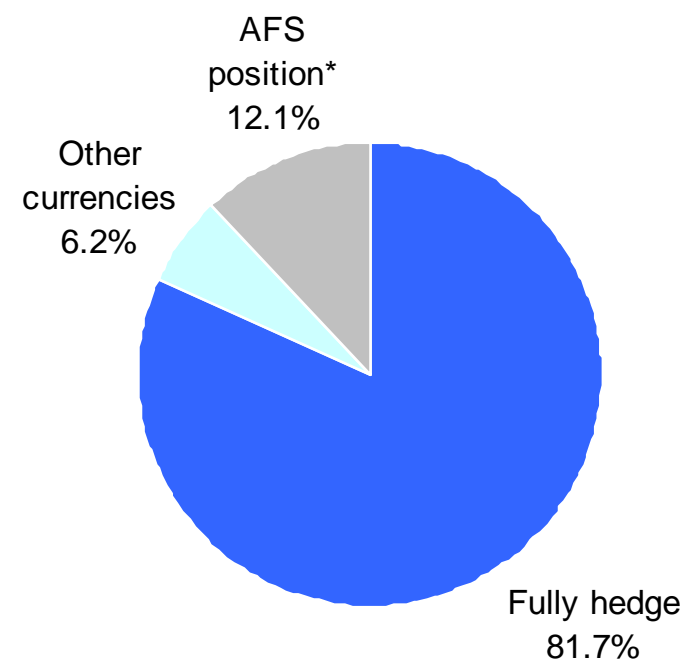
# Hedging cost and composition



	2011	1Q12	2Q12	3Q12	9M12
(NT\$bn)					
Hedging cost	-4.43	-0.91	-0.74	-0.67	-2.32
FX gain/ loss <sup>(1)</sup>	-0.67	-1.47	-0.54	-0.54	-2.56
FX gain/ loss <sup>(2)</sup>	-	-0.81	-0.51	-0.43	-1.75
(In bps)					
Hedging cost	-81bps	-61bps	-45bps	-37bps	-47bps
Hedging cost including FX gain/loss <sup>(1)</sup>	-94bps	-160bps	-79bps	-66bps	-99bps
Hedging cost including FX gain/loss <sup>(2)</sup>	-	-116bps	-77bps	-60bps	-82bps

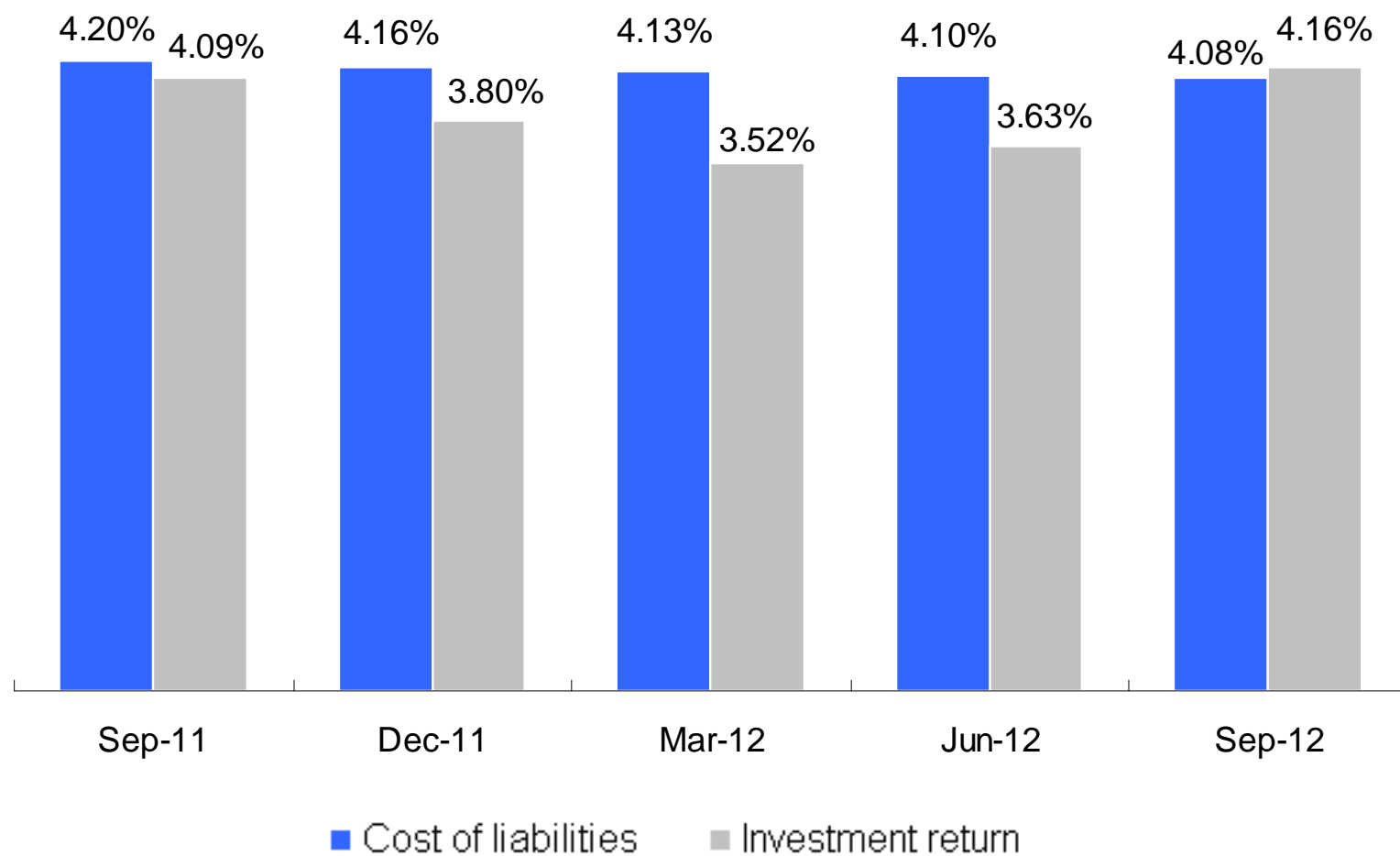
Note: (1) without FX reserve mechanism; (2) Including FX reserve mechanism

Composition as of 30 Sep, 2012



\*Note: Oversea equities plus mutual funds

# Cost of liability & Investment return





**Thank you**

## Fubon Financial -- Income statement

(NT\$ million)	TPFB	P&C	Fubon Life	Sec	FHC Stand alone	FHC Consolidate
<b>Revenues</b>						
Insurance premiums	-	14,269	318,706	-	-	332,976
Commissions and fees	6,124	-	271	2,308	-	8,703
Loan interest	15,187	-	-	672	-	15,859
Other interest and dividends	5,689	1,401	46,507	490	651	54,737
<b>Principal transactions</b>	<b>3,893</b>	<b>230</b>	<b>4,819</b>	<b>460</b>	<b>(380)</b>	<b>9,021</b>
Realized gains (losses) -- Debt	186	14	6,426	0	(15)	6,611
Realized gains (losses) -- Equity	33	296	3,548	173	-	4,049
Other gains (losses)	3,675	(80)	(5,155)	286	(366)	(1,640)
<b>Other income</b>	<b>17</b>	<b>(0)</b>	<b>1,520</b>	<b>374</b>	<b>23,812</b>	<b>2,299</b>
Total revenues	30,910	15,899	371,823	4,305	24,083	423,594
Interest expense	8,876	4	7	12	442	9,341
<b>Total revenues, net of interest expense</b>	<b>22,033</b>	<b>15,896</b>	<b>371,815</b>	<b>4,294</b>	<b>23,641</b>	<b>414,253</b>
<b>Benefits, claims, and credit losses</b>						
Provisions for benefits and claims	-	8,129	332,379	-	-	340,508
Provision for credit losses	(765)	32	-	-	-	(733)
<b>Total benefits, claims and credit losses</b>	<b>(765)</b>	<b>8,161</b>	<b>332,379</b>	<b>-</b>	<b>-</b>	<b>339,775</b>
Operating expenses	10,314	4,779	29,706	3,335	405	48,539
<b>Net operating profit</b>	<b>12,484</b>	<b>2,955</b>	<b>9,731</b>	<b>959</b>	<b>23,236</b>	<b>25,939</b>
Net non-operating income	75	(55)	259	82	6	368
<b>Pretax income</b>	<b>12,559</b>	<b>2,901</b>	<b>9,990</b>	<b>1,041</b>	<b>23,242</b>	<b>26,307</b>
Income taxes	1,774	410	814	66	435	3,500
Accumulative effect of accounting changes	-	-	-	-	-	-
<b>Net income</b>	<b>10,785</b>	<b>2,491</b>	<b>9,175</b>	<b>975</b>	<b>22,807</b>	<b>22,807</b>

### Memo:

- Commissions and fees: **net of fee expenses** for banks and insurers.
- Other interest: including interest for credit card revolving, interbank lending & bonds, and gains from money market paper. For insurance companies, cash dividends and rental income are also included.
- Other gains (losses): FX and derivatives gains/losses.
- Other income: mainly income recognized under equity method for TPFB bank and FHC.
- Operating expenses: including provision for special reserves



# Fubon Financial - Financial summary

NT\$ millions, except for percentages	Full Year				9M results		2012		Change	
	2008	2009	2010	2011	9M 2011	9M 2012	2Q	3Q	9M YoY	QoQ
<b><u>Income Statement Data</u></b>										
Revenues :										
Insurance premiums	145,874	297,020	431,161	344,026	240,797	332,976	121,747	97,072	38.3%	-20.3%
Net commissions and fees	10,303	10,862	12,718	12,502	9,523	8,703	3,102	2,660	-8.6%	-14.3%
Interest and dividends	53,962	56,257	67,024	80,262	61,492	65,187	20,729	25,153	6.0%	21.3%
Principal transactions	354	11,410	5,810	6,700	6,653	9,021	3,361	2,096	35.6%	-37.6%
Others *	2,231	3,230	4,741	9,835	10,849	2,299	834	159	-78.8%	-81.0%
Total revenues	212,724	378,779	521,455	453,325	329,314	418,185	149,773	127,139	27.0%	-15.1%
Interest expense	20,567	9,729	8,165	10,290	7,546	9,341	3,181	3,099	23.8%	-2.6%
Total revenues, net of interest expense	192,157	369,049	513,290	443,035	321,767	408,844	146,592	124,040	27.1%	-15.4%
Benefits, claims and provision for loan losses	148,260	300,070	434,588	346,971	242,929	339,775	124,262	99,714	39.9%	-19.8%
Total operating expenses	31,911	47,112	55,613	61,344	44,429	48,539	16,889	16,671	9.3%	-1.3%
Net non-operating income	(232)	(273)	(1,316)	(213)	418	368	166	142	-12.1%	-14.6%
Income before tax	11,754	21,593	21,772	34,507	34,827	20,897	5,607	7,798	-40.0%	39.1%
Net Income	10,875	19,938	19,905	30,543	31,489	22,807	4,096	11,848	-27.6%	189.3%
<b><u>Balance Sheet Data</u></b>										
Total assets	2,006,720	3,060,253	3,450,747	3,618,135	3,570,178	4,028,264	3,903,390	4,028,264	12.8%	3.2%
Shareholders' equity	143,715	208,468	217,390	233,683	232,068	295,008	241,241	295,008	27.1%	22.3%
<b><u>Summary ratios</u></b>										
Double leverage	111%	108%	109%	112%	110%	109%	111%	109%		
Equity / Assets	7.2%	6.8%	6.3%	6.5%	6.5%	7.3%	6.2%	7.3%		
Return on average assets	0.57%	0.79%	0.61%	0.86%	1.20%	0.79%	0.44%	1.24%		
Return on average equity	7.03%	11.32%	9.35%	13.54%	18.68%	11.47%	6.90%	17.93%		
Cash dividend per share	NT\$0.00	NT\$2.00	NT\$1.00	NT\$1.00						

Note: (1)"Others" reflects income recognized for subsidiaries & elimination for consolidation purpose .

(2) annualized basis

# Taipei Fubon Bank - Financial summary

NT\$ millions, except for percentages	Full Year				9M results		2012		Change	
	2008	2009	2010	2011	9M 2011	9M 2012	2Q	3Q	9M YoY	QoQ
<b>Income statement data</b>										
Interest income	37,755	20,335	19,333	23,526	17,349	20,217	6,758	6,844	16.5%	1.3%
Interest expense	19,780	8,695	7,122	9,581	7,009	8,876	3,014	2,969	26.6%	-1.5%
Net interest income	17,975	11,640	12,210	13,944	10,341	11,341	3,745	3,875	9.7%	3.5%
Net fee income	5,331	4,733	7,310	8,144	6,064	6,124	2,330	1,884	1.0%	-19.1%
Other income	2,269	5,603	3,683	3,530	2,633	4,569	1,142	1,684	73.5%	47.5%
Total revenue	25,576	21,975	23,203	25,619	19,038	22,033	7,217	7,444	15.7%	3.1%
SG&A expense	12,677	12,419	13,628	13,891	9,890	10,314	3,466	3,534	4.3%	2.0%
Pre-provision profits	12,899	9,557	9,576	11,728	9,148	11,719	3,750	3,909	28.1%	4.2%
Provision for credit losses	5,512	3,937	1,020	1,060	203	(765)	(184)	(124)	N.M	33.0%
Net non-operating income / (expenses)	441	27	(647)	(163)	250	75	24	47	-70.0%	96.3%
Income before tax	7,829	5,647	7,909	10,505	9,195	12,559	3,958	4,080	36.6%	3.1%
Net income	6,021	5,222	7,280	9,054	7,783	10,785	3,255	3,615	38.6%	11.1%
<b>Balance sheet data</b>										
Gross loans	758,269	835,739	861,674	961,096	936,061	1,040,691	1,038,228	1,040,691	11.2%	0.2%
Credit card revolving loans	14,639	11,183	9,664	8,364	8,523	7,751	7,870	7,751	-9.1%	-1.5%
NPL (incl. loans under surveillances)	6,013	4,457	2,734	2,496	2,398	2,186	2,180	2,186	-8.8%	0.3%
Allowance for loan losses	4,422	4,975	5,424	8,377	7,206	8,845	8,687	8,845	22.8%	1.8%
Total assets	1,228,059	1,356,995	1,482,753	1,504,860	1,490,594	1,616,959	1,611,930	1,616,959	8.5%	0.3%
Deposits <sup>(1)</sup>	967,533	1,092,305	1,180,659	1,182,749	1,169,083	1,260,366	1,265,570	1,260,366	7.8%	-0.4%
Shareholders' equity	79,422	81,397	85,074	92,089	90,367	103,620	99,428	103,620	14.7%	4.2%
<b>Summary ratios</b>										
Loan-to-Deposit spread (incl. credit cards)	2.02%	1.23%	1.29%	1.34%	1.33%	1.32%	1.32%	1.32%		
Loan-to-Deposit spread	1.75%	1.04%	1.15%	1.23%	1.21%	1.23%	1.23%	1.23%		
Net interest margin	1.61%	0.96%	0.94%	0.99%	0.97%	1.01%	0.98%	1.02%		
Net fee income / Total revenue	20.8%	21.5%	31.5%	31.8%	31.85%	27.8%	32.3%	25.3%		
Cost-to-Income ratio	49.6%	56.5%	58.7%	54.2%	51.95%	46.8%	48.0%	47.5%		
Return on average assets	0.5%	0.4%	0.5%	0.6%	0.7%	0.9%	0.8%	0.9%		
Return on average equity	7.8%	6.5%	8.7%	10.2%	11.8%	14.7%	13.6%	14.8%		
NPLs / Gross loans	0.79%	0.53%	0.32%	0.26%	0.26%	0.21%	0.21%	0.21%		
Allowance / Gross loans	0.6%	0.6%	0.6%	0.9%	0.8%	0.8%	0.8%	0.8%		
Allowance / NPLs	73.6%	111.6%	198.4%	335.5%	300.5%	404.6%	398.5%	404.6%		
Equity / Assets	6.5%	6.0%	5.7%	6.1%	6.1%	6.4%	6.2%	6.4%		
Gross loan to deposit ratio (incl. credit cards)	79.9%	77.5%	73.8%	82.0%	80.8%	83.2%	82.7%	83.2%		
Gross loan to deposit ratio	78.4%	76.5%	73.0%	81.3%	80.1%	82.6%	82.0%	82.6%		

Note: (1) Due to the regulation change, structured deposits are classified as other financial liabilities instead of deposits starting from 2011.

## Taipei Fubon Bank - Fee income breakdown & credit card statistics

### Net Fee Income Breakdown

(NT\$ m)	1Q 2012		2Q 2012		3Q 2012		9M 2011		9M 2012	
FX	82	4.3%	83	3.5%	86	4.5%	274	4.5%	250	4.1%
Agency	10	0.5%	0	0.0%	28	1.5%	89	1.5%	39	0.6%
Guarantee	55	2.9%	56	2.4%	50	2.7%	169	2.8%	161	2.6%
Syndication	53	2.8%	103	4.4%	51	2.7%	329	5.4%	208	3.4%
Factoring	50	2.6%	56	2.4%	65	3.4%	160	2.6%	170	2.8%
Wealth management										
Insurance commission <sup>(1)</sup>	884	46.2%	1,330	56.9%	711	37.6%	2,078	34.0%	2,925	47.6%
Custodian fees	27	1.4%	28	1.2%	28	1.5%	94	1.5%	83	1.4%
Trust	29	1.5%	26	1.1%	20	1.1%	121	2.0%	75	1.2%
Mutual funds	529	27.6%	453	19.4%	643	34.1%	2,206	36.1%	1,624	26.5%
Insurance agency	5	0.2%	9	0.4%	3	0.2%	42	0.7%	17	0.3%
Credit card	177	9.2%	187	8.0%	193	10.2%	552	9.0%	557	9.1%
Other	14	0.7%	8	0.4%	9	0.5%	-8	-0.1%	32	0.5%
<b>Total net fee income</b>	<b>1,914</b>	<b>100.0%</b>	<b>2,339</b>	<b>100.0%</b>	<b>1,887</b>	<b>100.0%</b>	<b>6,106</b>	<b>100.0%</b>	<b>6,140</b>	<b>100.0%</b>
<b>Of which, Wealth management</b>	<b>1,473</b>	<b>77.0%</b>	<b>1,846</b>	<b>78.9%</b>	<b>1,405</b>	<b>74.4%</b>	<b>4,540</b>	<b>74.3%</b>	<b>4,724</b>	<b>76.9%</b>

Note:

(1) The insurance commissions include incomes from insurance brokerage company and in Taipei Fubon bank company

(2) Corporate banking fees include FX, agency, custody, guarantee, factoring and syndication

(3) Wealth management fees include mutual funds, insurance and trust.

Credit Card Statistics	Mar-12	Jun-12	Sep-12
Cards in force	2,028,666	2,045,974	2,075,087
Active cards	1,405,940	1,391,572	1,402,347
Outstanding revolving balance (NT\$m)	7,925	7,867	7,749
YTD spending (NT\$m)	30,633	60,615	91,504
Avg per-card spending per mo. (NT\$)	5,016	4,956	4,967
90-day DLQ	0.11%	0.10%	0.10%
30-day DLQ	0.39%	0.38%	0.40%

# Fubon Insurance - Financial summary

NT\$ millions, except for percentages	Full Year				9M results		2012		Change	
	2008	2009	2010	2011	9M 2011	9M 2012	2Q	3Q	9M YoY	QoQ
<b><u>Income statement data</u></b>										
Gross written premium	23,130	22,412	23,096	25,108	18,765	21,058	7,425	6,577	12.2%	-11.4%
Net written premium	15,588	15,444	16,802	18,224	13,585	14,820	4,951	4,854	9.1%	-2.0%
Net earned premium	15,566	15,351	16,288	17,689	13,175	14,269	4,697	4,871	8.3%	3.7%
Net claims and claims adjustments	7,324	7,623	8,522	10,108	7,222	8,129	2,558	2,834	12.6%	10.8%
Underwriting & operating expense	5,736	5,406	6,185	6,742	4,829	5,395	1,739	1,916	11.7%	10.1%
Underwriting profit	1,772	1,674	1,366	807	975	872	406	212	-10.5%	-47.6%
Total investment income	1,460	1,458	2,500	2,077	1,814	1,626	387	742	-10.4%	92.0%
Net non-operating income	(742)	(771)	(765)	704	312	402	92	93	28.8%	1.4%
Income before tax	2,490	2,360	3,101	3,588	3,101	2,901	884	1,048	-6.5%	18.5%
Net income	2,045	1,371	2,676	3,078	2,760	2,491	718	918	-9.8%	27.9%
<b><u>Balance sheet data</u></b>										
Fixed income assets	20,532	23,669	22,800	28,007	27,012	23,252	21,892	23,252	-13.9%	6.2%
Investment assets	42,780	47,564	49,418	52,382	51,075	48,981	45,819	48,982	-4.1%	6.9%
Total assets	59,047	63,368	65,615	69,487	68,467	68,685	67,031	68,846	0.3%	2.7%
Reserves for operations and liabilities	34,094	35,673	36,616	38,828	38,638	39,477	39,774	39,477	2.2%	-0.7%
Total liabilities	41,677	41,043	42,968	46,296	45,985	48,005	48,172	48,036	4.4%	-0.3%
Shareholders' equity	17,370	22,325	22,647	23,191	22,482	20,680	18,859	20,810	-8.0%	10.3%
<b><u>Summary ratios</u></b>										
Net claim ratio	47.1%	49.7%	52.3%	57.1%	54.8%	57.0%	54.5%	58.2%		
Net expense ratio	36.8%	35.0%	36.8%	36.9%	35.6%	36.4%	35.1%	39.5%		
Net combined ratio	83.8%	84.7%	89.1%	94.0%	90.4%	93.4%	89.6%	97.6%		
Total investment return	3.4%	3.2%	5.2%	4.1%	4.8%	4.3%	3.2%	5.9%		
Solvency margin (NWP / Equity)	89.7%	69.2%	74.2%	78.6%	80.6%	95.3%	105.0%	93.3%		
Retention ratio	67.4%	68.9%	72.7%	72.6%	72.4%	70.4%	66.7%	73.8%		
Return on average assets	3.6%	2.2%	4.1%	4.6%	5.5%	4.8%	4.2%	5.3%		
Return on average equity	10.6%	6.9%	11.9%	13.4%	16.3%	15.1%	13.7%	16.7%		

## Fubon Life - Financial summary

NT\$ millions, except for percentages	Full Year				9M results		2012		Change	
	2008	2009	2010	2011	9M 2011	9M 2012	2Q	3Q	9M YoY	QoQ
<b>Income statement data</b>										
First year premium(excl. seperated accounts)	117,795	190,847	306,307	222,190	162,505	216,231	86,029	57,420	33.1%	-33.3%
Total earned premium (net)	208,517	290,488	414,873	326,337	227,622	318,706	117,051	92,201	40.0%	-21.2%
Total investment income	24,717	39,878	44,418	54,726	43,743	51,318	15,293	22,584	17.3%	47.7%
Recurring investment income	32,275	34,542	43,199	52,003	40,150	46,499	13,095	21,321	15.8%	62.8%
Other investment income	(7,558)	5,337	1,219	2,723	3,592	4,819	2,198	1,263	34.1%	-42.6%
Other income	10,925	2,779	1,662	2,071	1,542	1,791	629	623	16.2%	-1.0%
Total operating revenue	244,159	333,145	460,952	383,134	272,906	371,815	132,973	115,408	36.2%	-13.2%
Claim and benefit expense	92,787	83,580	155,201	173,195	133,572	91,252	34,369	24,855	-31.7%	-27.7%
Net commission expense	11,567	12,066	16,635	20,367	14,508	16,844	6,115	5,905	16.1%	-3.4%
Net provision in policy reserve	125,279	213,665	269,822	162,601	101,899	241,127	87,513	72,130	136.6%	-17.6%
General and administrative expense	12,194	10,868	11,412	12,760	9,305	10,995	3,904	3,590	18.2%	-8.0%
Other expenses	409	1,229	1,404	2,572	1,917	1,868	539	725	-2.6%	34.5%
Total operating expense	242,236	321,408	454,474	371,496	261,203	362,084	132,440	107,204	38.6%	-19.1%
Net non-operating income / (expenses)	139	133	105	(69)	108	259	102	92	138.6%	-9.6%
Income before tax	2,062	11,871	6,583	11,569	11,812	9,990	635	8,296	-15.4%	1205.7%
Net income	1,612	10,870	6,626	10,104	10,836	9,175	439	7,598	-15.3%	1629.3%
<b>Balance sheet data</b>										
Fixed income assets	837,156	1,030,338	1,225,806	1,419,109	1,373,601	1,663,967	1,556,587	1,663,967	21.1%	6.9%
Investment assets	894,578	1,133,189	1,379,589	1,573,223	1,522,972	1,886,718	1,753,567	1,886,718	23.9%	7.6%
U-linked assets	113,874	157,219	161,857	143,579	145,967	146,115	141,493	146,115	0.1%	3.3%
Total assets <sup>(1)</sup>	936,444	1,184,187	1,454,366	1,647,794	1,590,937	1,940,294	1,833,904	1,940,294	22.0%	5.8%
Policy reserve <sup>(1)(4)</sup>	825,319	1,038,127	1,307,472	1,492,630	1,432,733	1,727,217	1,660,355	1,727,217	20.6%	4.0%
Total reserve <sup>(1)</sup>	838,315	1,052,463	1,323,746	1,511,771	1,451,151	1,745,794	1,678,486	1,745,794	20.3%	4.0%
Total liabilities <sup>(1)</sup>	870,071	1,088,650	1,352,941	1,545,935	1,489,639	1,780,945	1,721,439	1,780,945	19.6%	3.5%
Shareholders' equity	66,373	95,533	101,425	101,859	101,298	159,349	112,465	159,349	57.3%	41.7%
Note(1) :excl. seperated accounts										
<b>Summary ratios</b>										
Claims and benefits ratio	44.5%	28.8%	37.4%	53.1%	58.7%	28.6%	29.4%	27.0%		
Expense ratio	5.8%	3.7%	2.8%	3.9%	4.1%	3.4%	3.3%	3.9%		
Persistency ratio - 13th month	88.2%	87.4%	92.9%	95.4%	94.7%	97.0%	96.5%	97.0%		
Return on average assets	0.2%	1.0%	0.5%	0.7%	0.9%	0.7%	0.1%	1.7%		
Return on average equity	2.6%	13.4%	6.7%	9.9%	14.3%	9.3%	1.6%	23.3%		
Total investment return	3.16%	4.06%	3.78%	3.80%	4.09%	4.16%				

Note: (1) Exclude seperated accounts

(2) Assets under separate accounts are not included in ROA calculation.

(3) 2007-2009 data are on a pro forma basis.

(4) Policy reserve and premium are under new definition of accounting principle No. 40 starting from 2011.

# Fubon Securities - Financial summary

<i>NT\$ millions, except for percentages</i>	Full Year				9M results		2012		Change	
	2008	2009	2010	2011	9M 2011	9M 2012	2Q	3Q	9M YoY	QoQ
<b><u>Income statement data</u></b>										
Brokerage commissions	3,291	4,382	4,385	3,764	3,018	2,203	623	669	-27.0%	7.4%
Net interest income	1,344	1,021	1,391	1,351	1,065	730	243	229	-31.5%	-5.8%
Fee income	165	244	243	274	190	162	78	34	-14.7%	-56.1%
Net principal transactions	261	1,387	910	1,435	1,478	559	55	451	-62.2%	718.5%
Net financial products gains	168	57	140	(75)	(115)	315	54	49	N.M	-9.2%
Other income	62	47	34	26	18	16	5	5	-11.0%	-10.2%
Total operating revenue	5,290	7,138	7,103	6,774	5,655	3,986	1,059	1,437	-29.5%	35.7%
Total operating expense	4,194	4,664	5,070	5,073	3,746	3,335	1,108	1,084	-11.0%	-2.2%
Net non-operating income / (expenses)	253	277	246	1,107	1,087	390	103	76	-64.1%	-26.4%
Income before tax	1,349	2,751	2,278	2,808	2,996	1,041	54	429	-65.3%	692.7%
Net income	1,199	2,408	2,051	2,666	2,826	975	59	424	-65.5%	617.2%
<b><u>Balance sheet data</u></b>										
Margin loans	8,510	21,128	25,398	14,260	17,155	14,173	16,988	14,173	-17.4%	-16.6%
Total assets	46,390	47,507	59,507	44,872	52,974	42,929	54,639	42,929	-19.0%	-21.4%
Current liabilities	13,373	15,867	27,949	12,037	20,140	12,791	16,040	12,791	-36.5%	-20.3%
Total liabilities	13,809	16,370	28,377	12,309	20,375	13,074	17,356	13,074	-35.8%	-24.7%
Total shareholders' equity	32,581	31,137	31,130	32,563	32,598	29,855	37,283	29,855	-8.4%	-19.9%
<b><u>Summary ratios</u></b>										
<i>Consolidated data</i>										
Total expenses / Total revenues	79.3%	65.3%	71.4%	74.9%	66.2%	83.7%	104.7%	75.4%		
Return on average assets	2.2%	5.1%	3.8%	5.1%	6.7%	3.0%	0.5%	3.9%		
Return on average equity	3.6%	7.6%	6.6%	8.4%	11.8%	4.2%	0.7%	5.4%		
Margin loans / Total assets	18.3%	44.5%	42.7%	31.8%	32.4%	33.0%	31.1%	33.0%		
Margin loans / Shareholders' equity	26.1%	67.9%	81.6%	43.8%	52.6%	47.5%	45.6%	47.5%		
Equity / Total assets	70.2%	65.5%	52.3%	72.6%	61.5%	69.5%	68.2%	69.5%		
<i>Other Data - Unconsolidated</i>										
Revenue / Employee	2.4	3.2	3.0	3.8	3.2	2.4	2.2	2.4		
Commission / Broker	2.7	3.5	3.2	3.4	2.7	2.1	2.1	2.1		
Compensation / Revenue	38%	32%	34%	33%	30%	38%	40%	38%		

## Outstanding Shares

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As of Sep 30, 2012

(million shares)

<b>Issued shares :</b>	<b>9,527</b>
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<b>Treasury shares :</b>	<b>(1)</b>
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<b>Outstanding shares</b>	<b>9,525</b>
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### Preliminary monthly net profits of December 2012

Fubon Financial Holding reported unaudited net profits of NT\$2,071 million for the month of December 2012. Cumulative earnings for full year reached NT\$28,600million, translating into NT\$3.01 dollar per share, including committed compensation cost to government regarding sports lottery business at NT\$2,703 millions. Excluding one-off disposal gains in Fubon Multimedia Technology<sup>1</sup>, the Company reported underlying profits growth of 23% yoy, as a result of decent earning performance from both Taipei Fubon Bank and Fubon Life. A table of earnings by subsidiaries is below for your reference:

NT\$million	Dec 2012		Year to Dec 2012		
	Pretax profits	Net profits	Pretax profits	Net profits	Earnings per share (NT\$)
Fubon Financial Holdings	2,424	2,071	33,465	28,600	3.01
Taipei Fubon Bank	544	452	15,168	12,949	2.25
Fubon Life Insurance	2,481	2,283	14,203	13,034	4.55
Fubon Insurance	100	80	3,564	2,984	6.16
Fubon Securities	12	12	1,034	968	0.58

\*Note: Year-to-date EPS of the Holding Company and Fubon Life would be NT\$2.92 and NT\$4.27 respectively, without factoring in FX reserve mechanism.

Earnings highlight of major subsidiaries:

#### Taipei Fubon Bank

- Taipei Fubon Bank reported net profits of NT\$452 million in December. Cumulative net profits for full year reached NT\$12,949 million, representing 43% yoy growth.
- The Bank made provision expense of NT\$231 million in December. Asset quality remains benign, NPL ratio was 0.12% and coverage ratio rose to 696%.
- Taipei Fubon Bank's PPoP was NT\$775 million in December. Cumulative PPoP growth rate was 23% yoy.

<sup>1</sup> Disposal gains of NT\$8029m in Fubon Multimedia Technology in 2011, and NT\$810m in 2012.



**Fubon Life**

- Fubon Life reported net profits of NT\$2,283 million in December. Cumulative net profits for full year reached NT\$13,034 million.
- On the underwriting side, FYP reached NT\$250 billion for full year, translating into 25.8% growth yoy.
- On the investment side, dividend income from overseas investment support the earning of the month. FX cost is relatively benign and stable.

**Fubon Insurance**

- Fubon Insurance reported net profits of NT\$80 million in December. Cumulative net profits for full year reached NT\$2,984 million.

**Fubon Securities**

- Fubon Securities reported net profit of NT\$12 million in December. Cumulative net profits for full year reached NT\$968 million.