富邦金控 Fubon Financial

富邦金控 2018年第一季線上法人說明會
暨
富邦人壽2017年隱含價值

2018.05.14

公司聲明

本文件可能包含「前瞻性陳述」，包括但不限於所有本公司對未來可能發生的業務活動、事件或發展的陳述。該等陳述係基於本公司對未來營運之假設，及種種本公司無法控制之政治、經濟、市場等因素所做成，故實際經營結果可能與該等陳述有重大差異。

本文件中所揭露之財務資訊未完全經會計師核閱。

本文件不得視為買賣有價證券或其他金融商品的要約或要約之引誘。

簡報大綱

- 富邦金控營運摘要
- 子公司營運摘要
  - 台北富邦銀行
  - 富邦人壽
  - 富邦產險
  - 富邦證券
  - 富邦華一銀行
- 富邦人壽2017年隱含價值

富邦金控 — 2018年第一季營運摘要

- 第一季稅後淨利NT$165億元，較去年同期成長66.5%

台北富邦銀行

- 受惠於放款及有價證券投資動能，淨利息收入穩定成長
- 資產品質維持穩健

富邦人壽

- 經常性投資收入穩定成長，避險成本較去年同期改善
- 負債成本穩定改善，初年度保費(FYP)及初年度等價保費(FYPE)位居市場前三大

富邦產險

- 總保費、個人險、企業險市佔率均為業界第一，著重優質業務
- 優異自留綜合率及投資收益帶動獲利提升

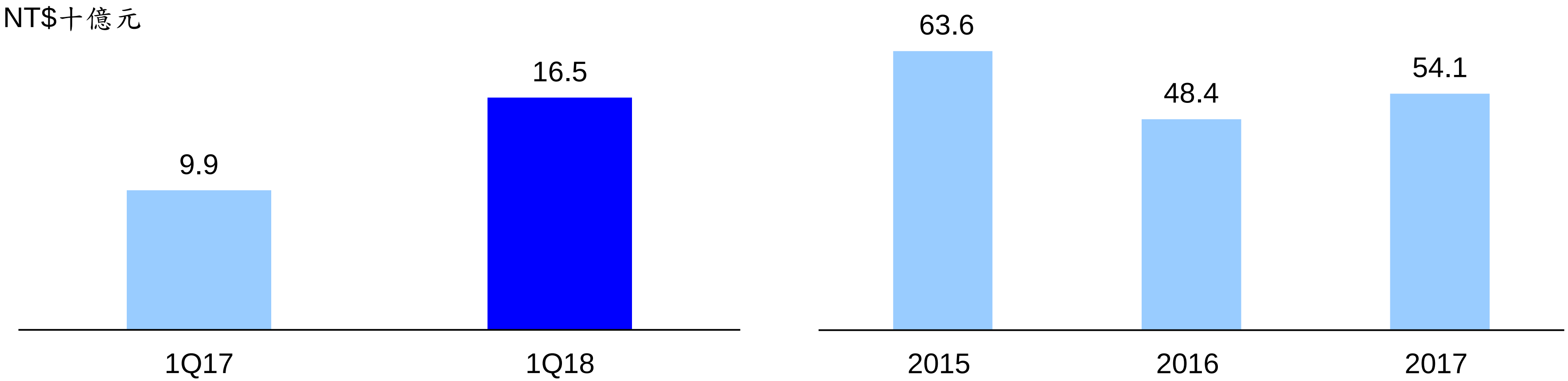
富邦證券

- 經紀業務市佔率提升
- 投信持續深耕區域型ETF產品

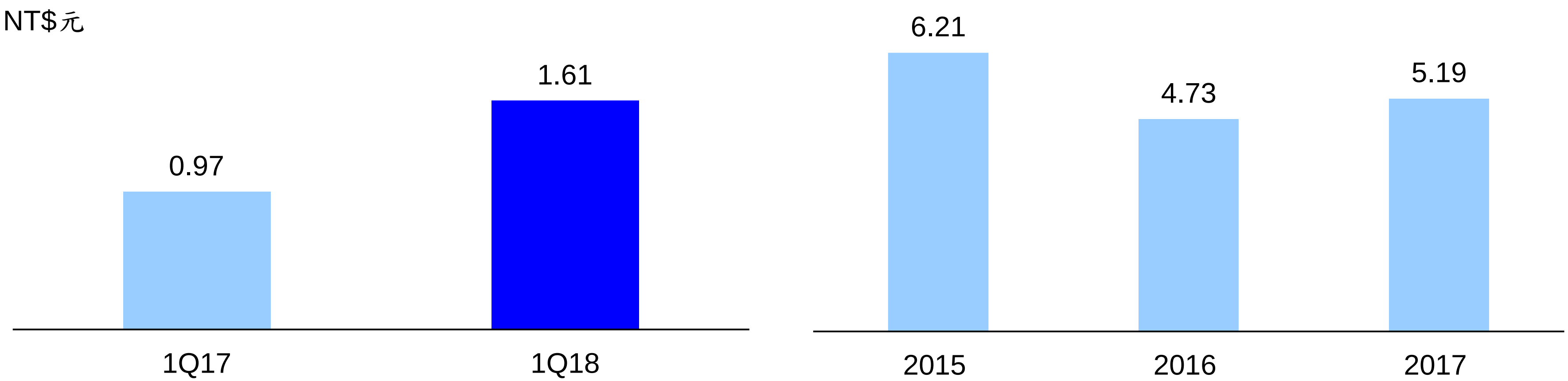
富邦金控 — 獲利摘要

■ 稅後淨利較去年同期成長66.5%，每股盈餘居業界第二

稅後淨利



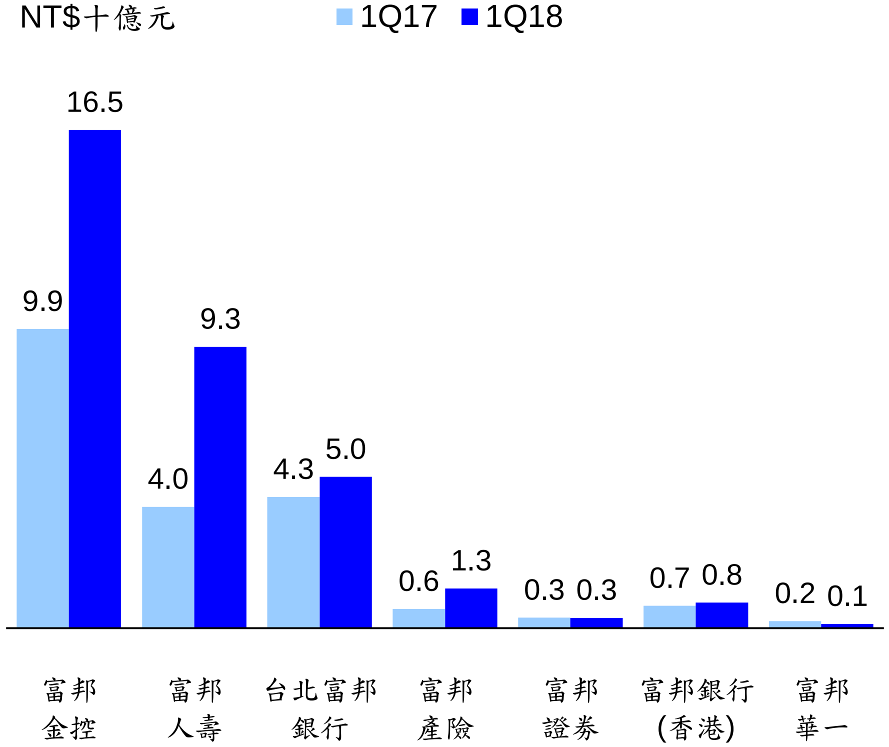
每股盈餘



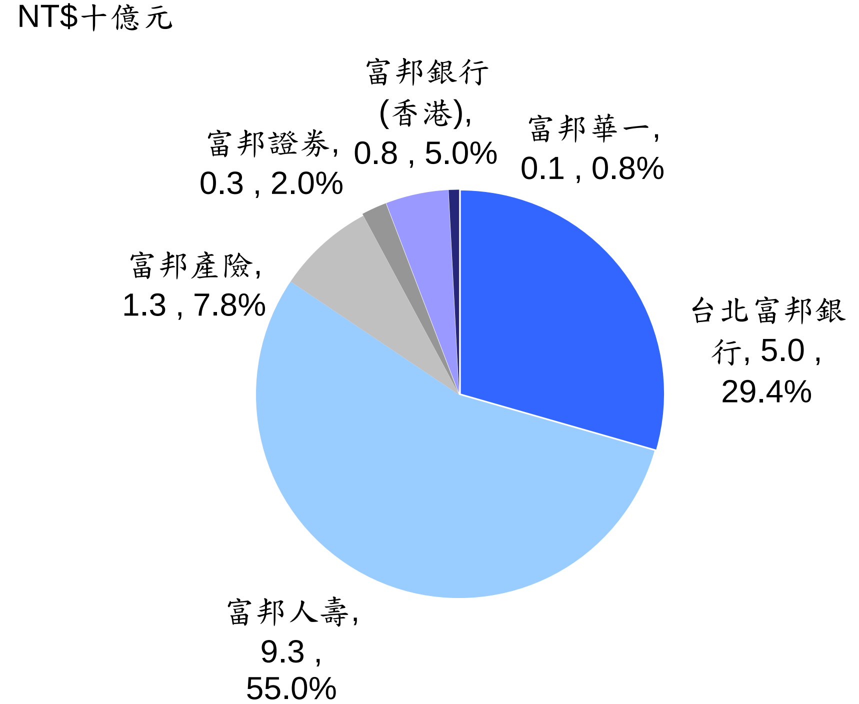
富邦金控 — 各子公司獲利表現

■ 富邦人壽、北富銀及富邦產險獲利皆顯著成長

各子公司獲利成長



2018年第一季獲利貢獻



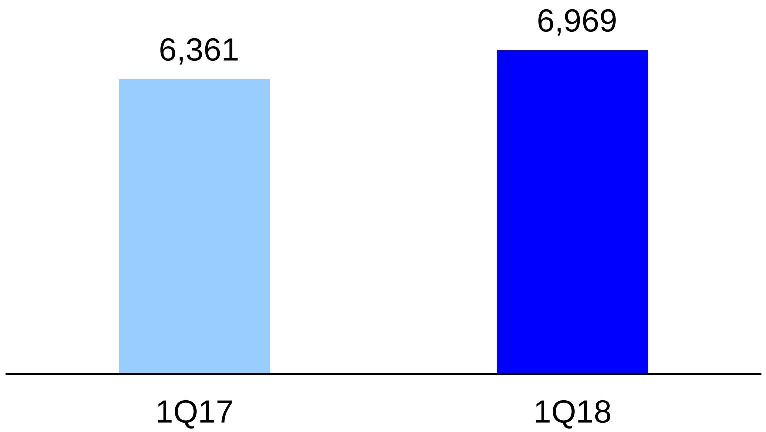
註: (1) 獲利貢獻以合計上述六個主要子公司為計算基礎
(2) 北富銀獲利數為不包含轉投資華一之獲利數字

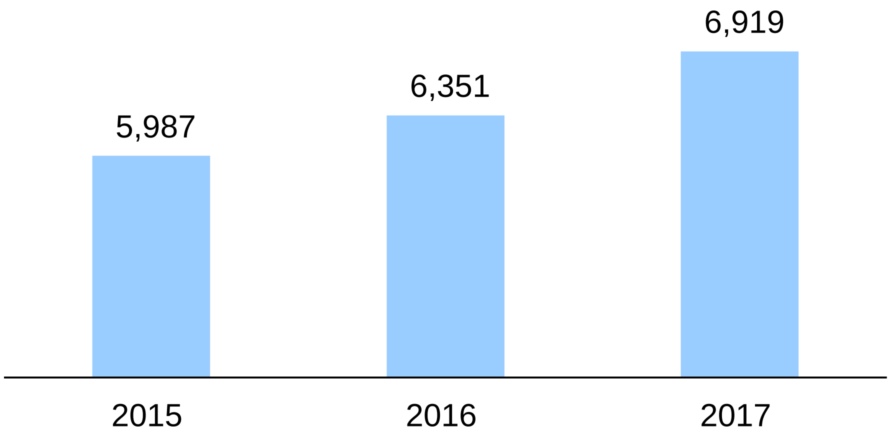
富邦金控－資產與淨值

■ 資產年成長9.6%、淨值年成長20.4%受惠於特別股發行及獲利貢獻挹注

總資產

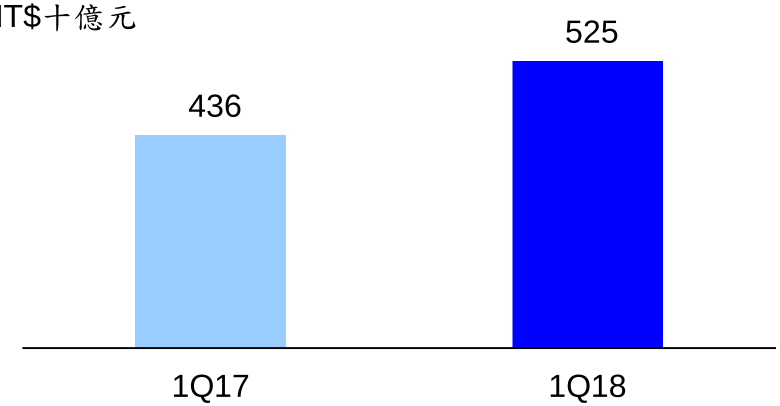
NT$十億元

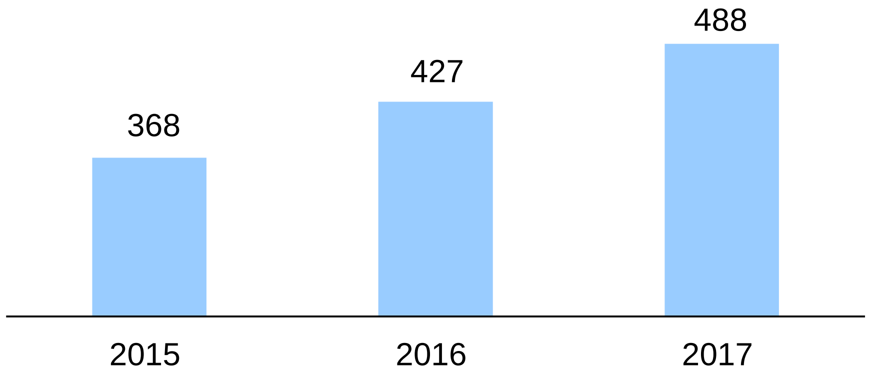




母公司業主權益

NT$十億元

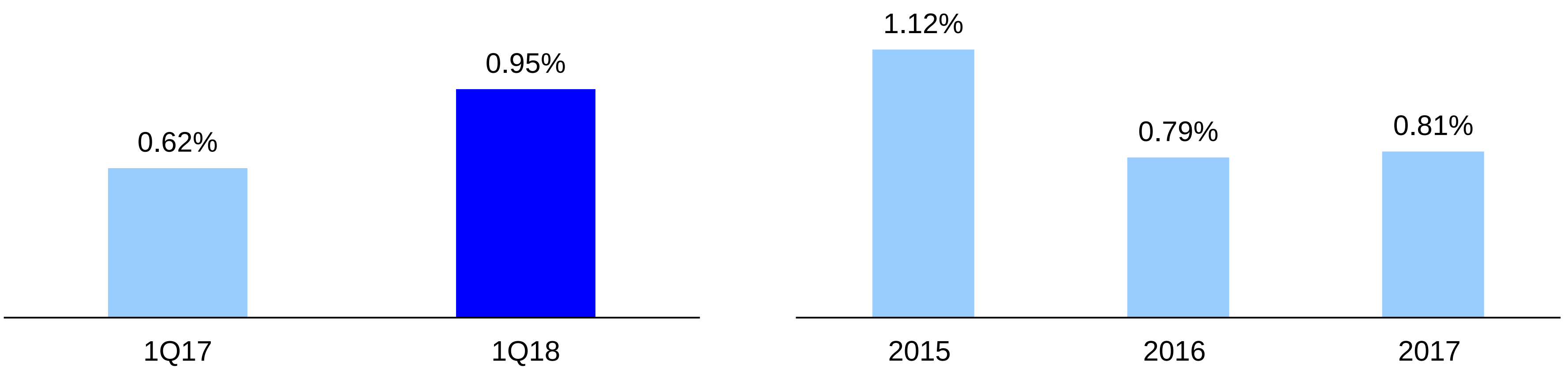




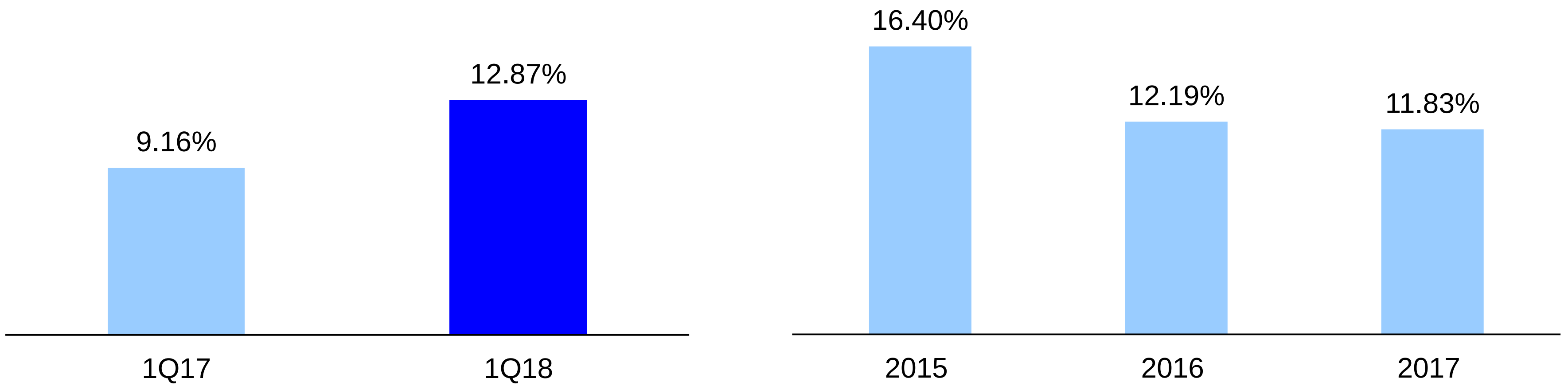
富邦金控 — 資產報酬率與股東權益報酬率

■ 獲利成長帶動資產報酬率及股東權益報酬率，較去年同期顯著提升

資產報酬率 (ROA)



股東權益報酬率 (ROE)



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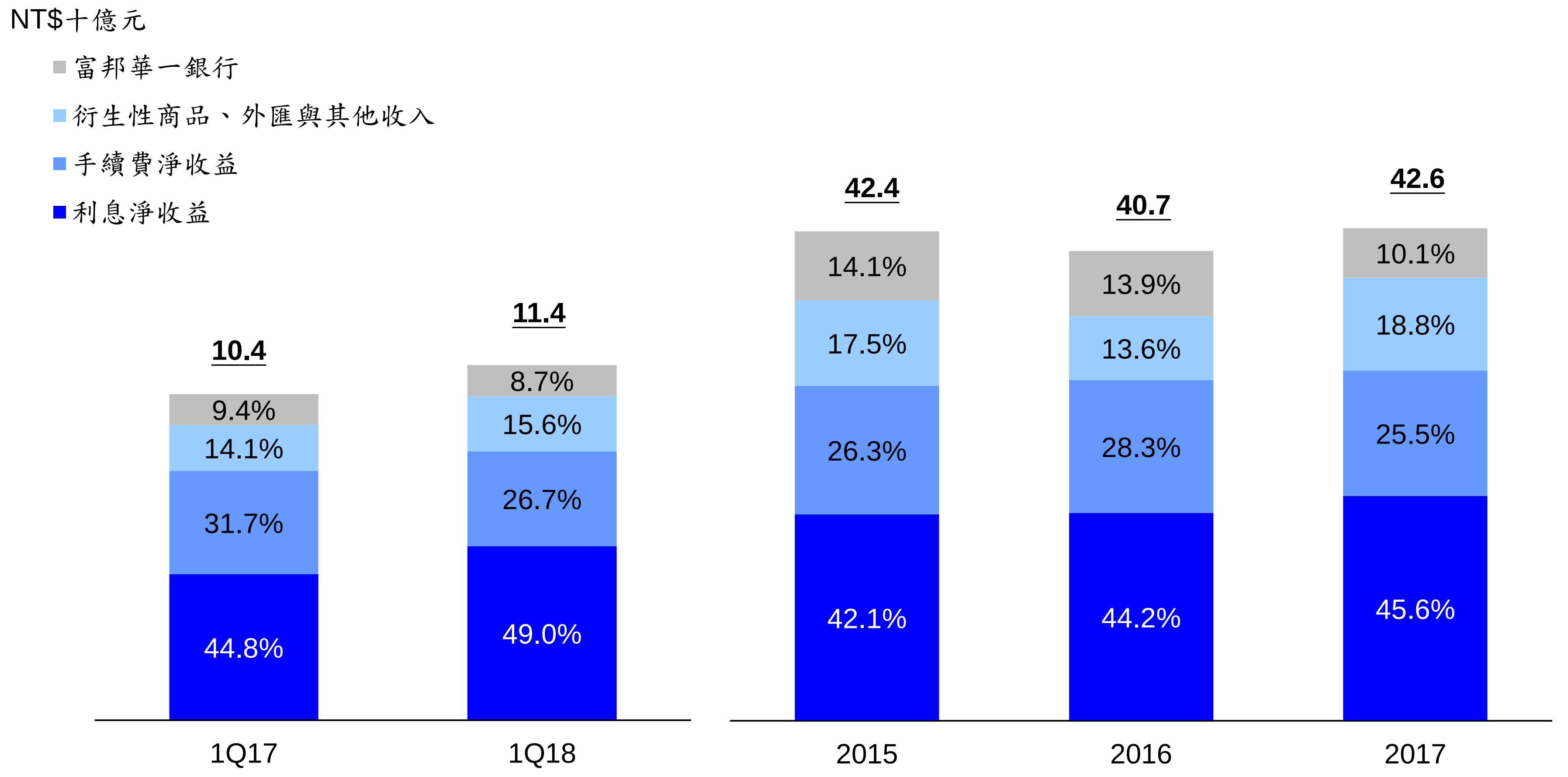
台北富邦銀行 — 淨收益成長

■ 利息淨收益年成長19.2%，佔淨收益比例達49%，帶動淨收益年成長9.0%

台北富邦銀行淨收益組成

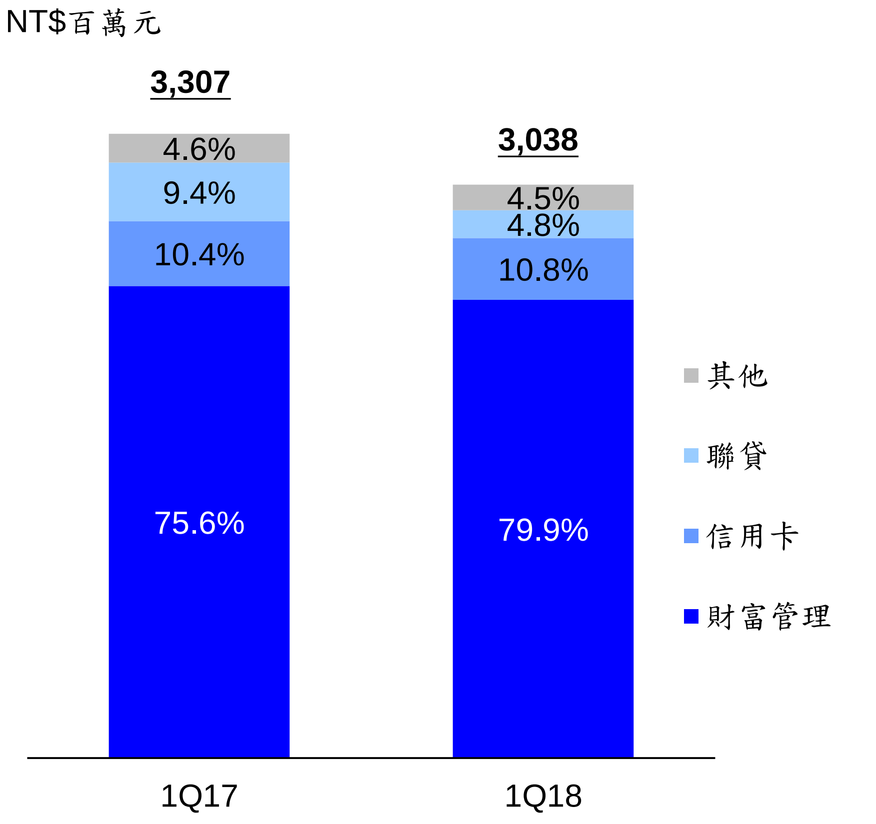


註: 合併基礎

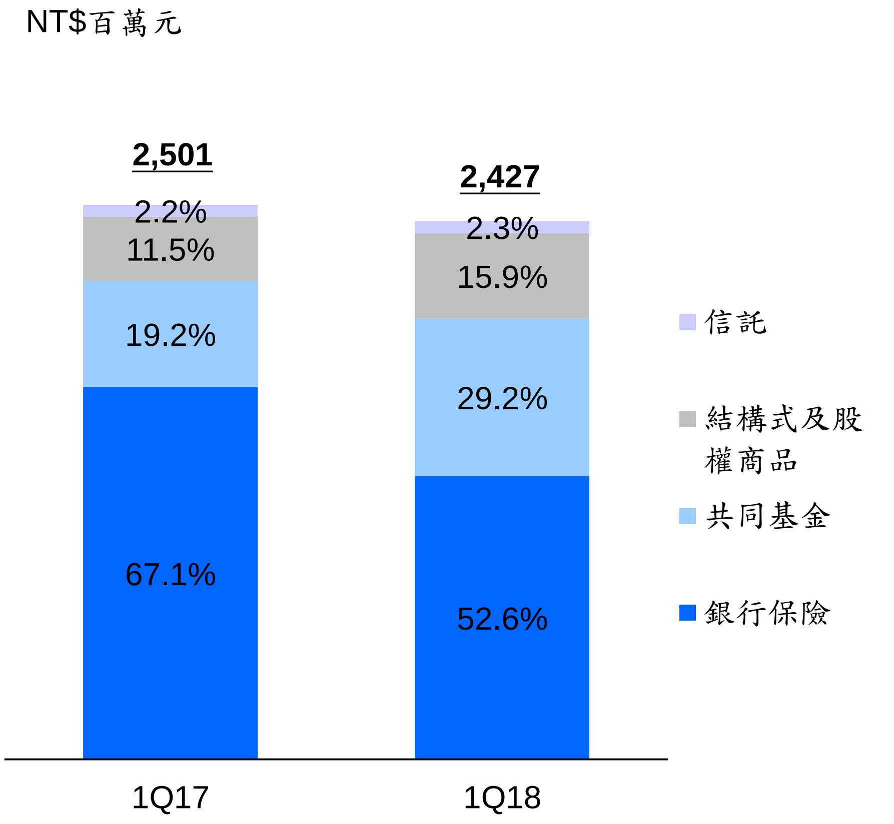
台北富邦銀行 — 手續費淨收益與財富管理業務

- 手續費淨收益較去年同期減少8.1%，聯貸手續費受亞太市場下滑影響
- 財管銷售量年增33%，惟保險商品組合變化，使財管收益略降3%

手續費淨收益來源



財管業務手續費淨收益

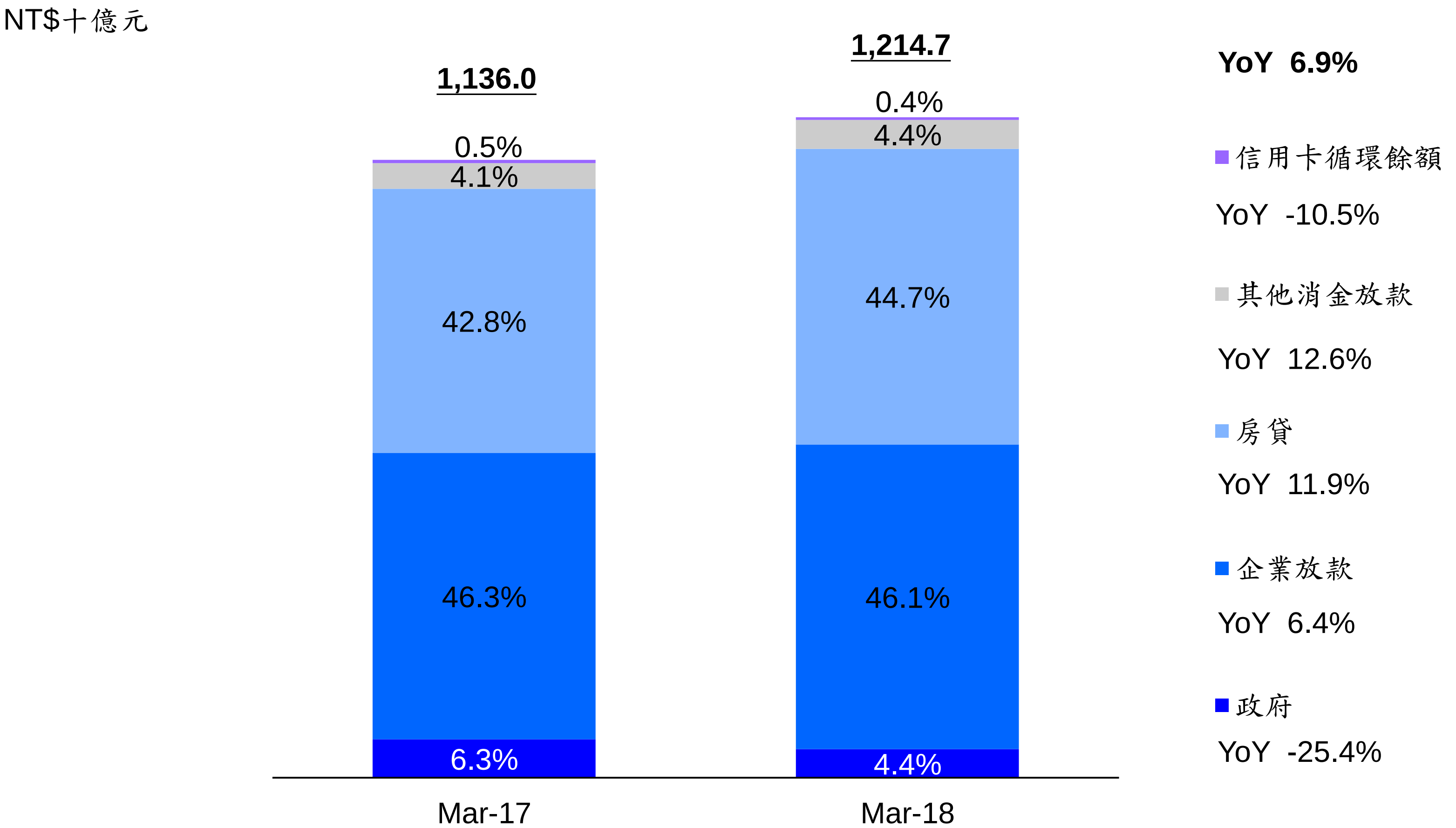


註：第11-16頁均為個體基礎

台北富邦銀行 — 放款組成

- 企業放款穩定成長與個人金融放款雙位數成長帶動，全行放款年成長6.9%
- 房貸餘額成長11.9%優於市場平均

放款餘額組成

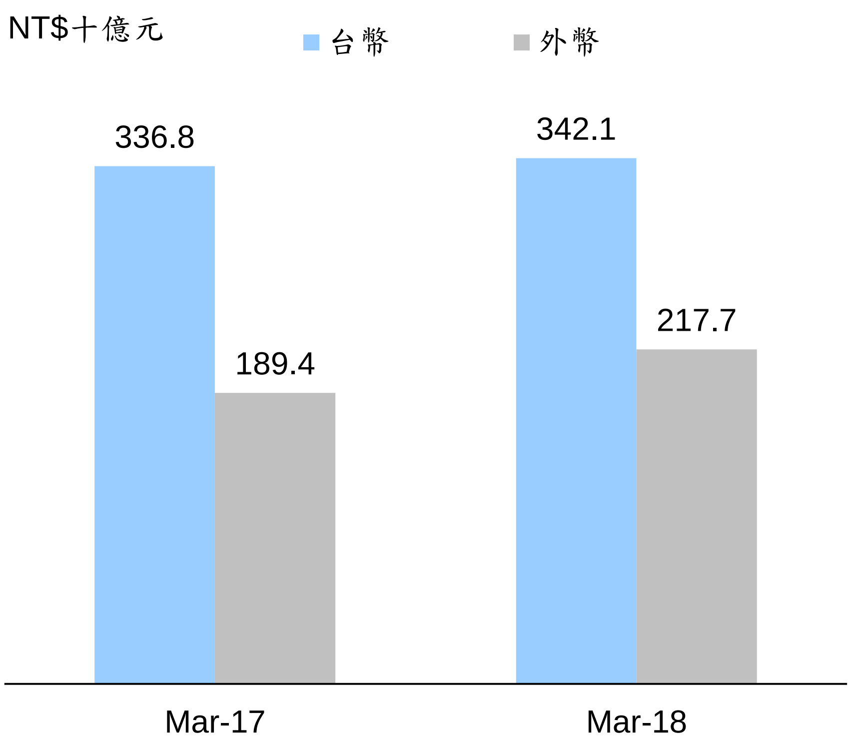


註：期末餘額計

台北富邦銀行 — 企業授信

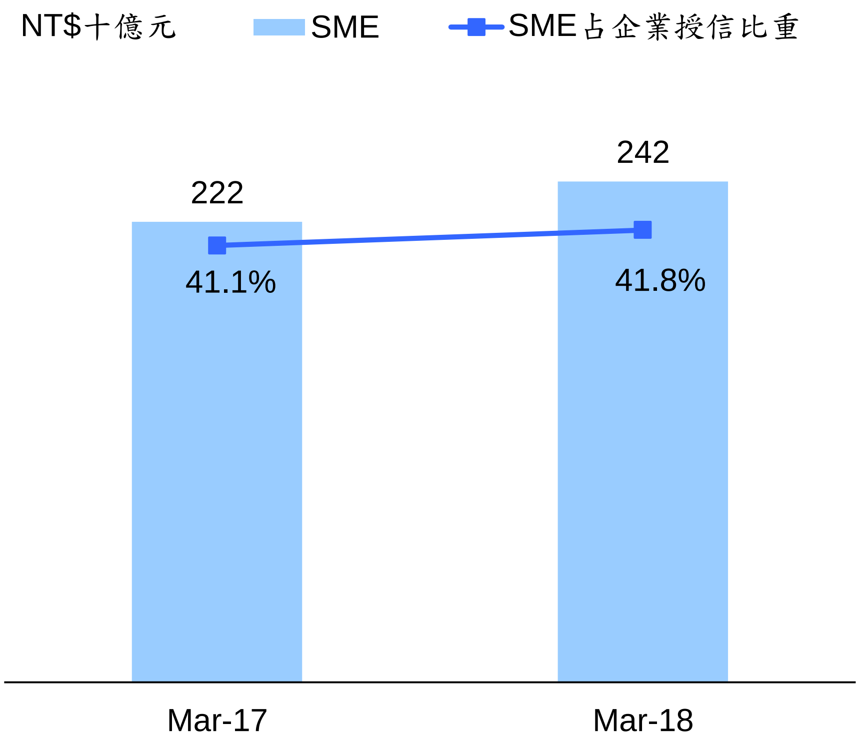
- 外幣放款受海外市場帶動， 餘額年成長14.9%
- 中小企業授信估比穩定提升，餘額年成長8.8%

企業放款年成長率（依幣別）



註：期末餘額計

中小企業授信及其佔比

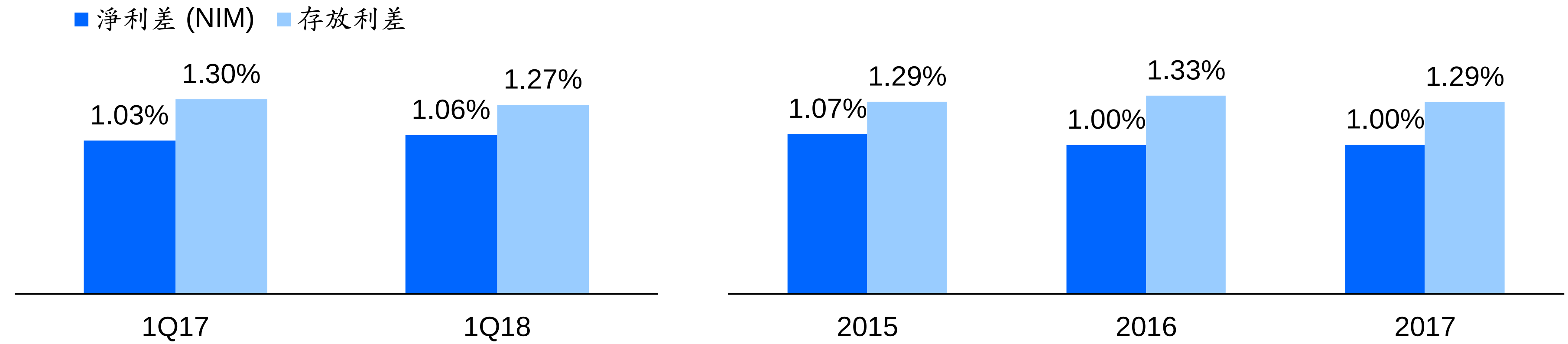


註：企業授信包含放款及貿易融資

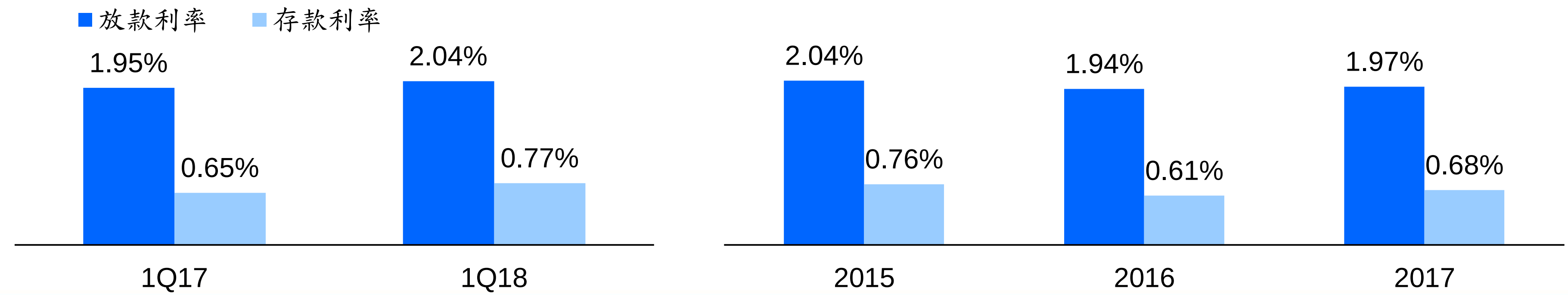
台北富邦銀行 — 放款利率與收益率

- 受惠外幣貸款及債券投資提升，NIM 年增3 bps
- 存放利差較上季持平；因外幣存放款均成長，存款增加較強勁及市場利率上升，存放利差年減3bps

淨利差與存放利差



放款利率與存款利率

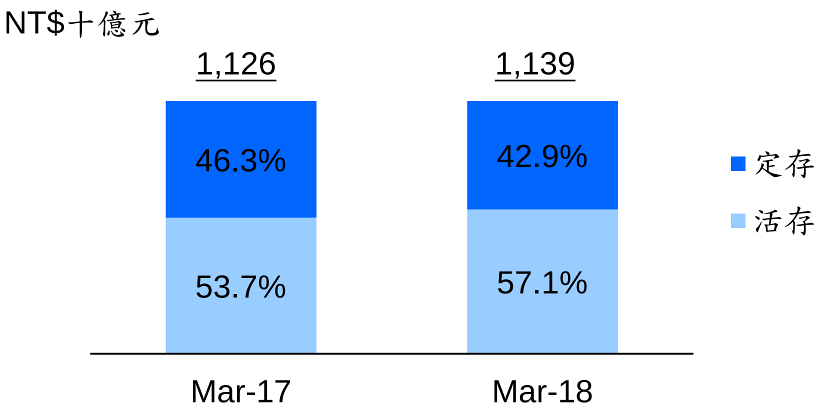


註：放款利率計算包含信用卡循環息

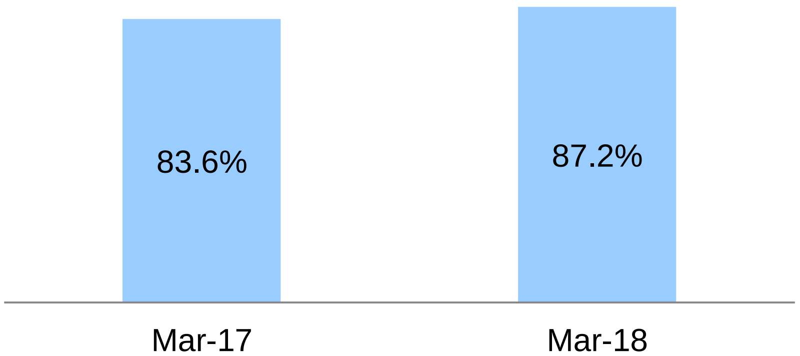
台北富邦銀行 — 存款與存放比

- 台幣活存比持續提升至57.1%，存放比亦提升至87.2%
- 外幣存款年成長24%，透過放款及債券投資提升資金運用效益

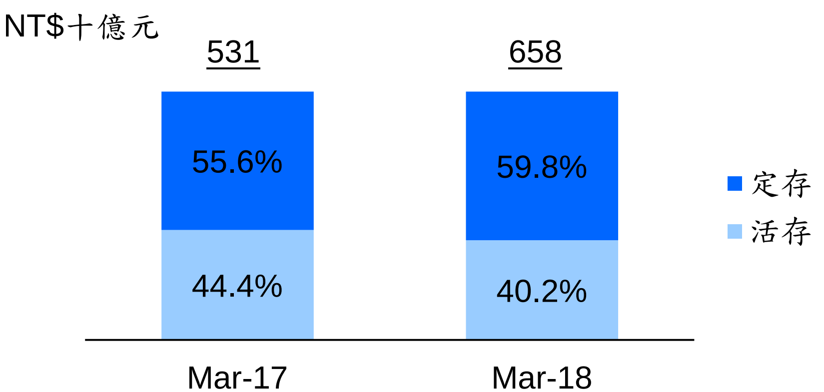
台幣存款組合



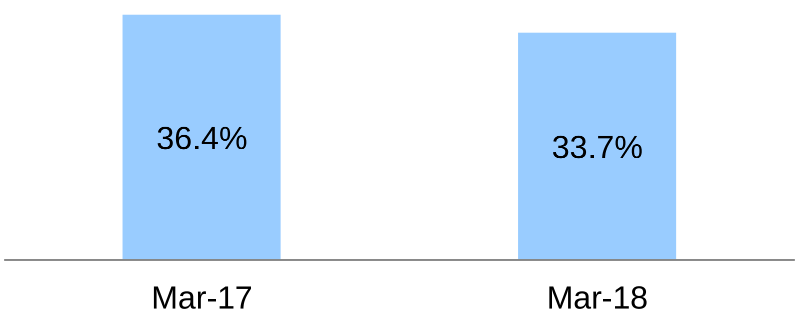
台幣存放比



外幣存款組合



外幣存放比

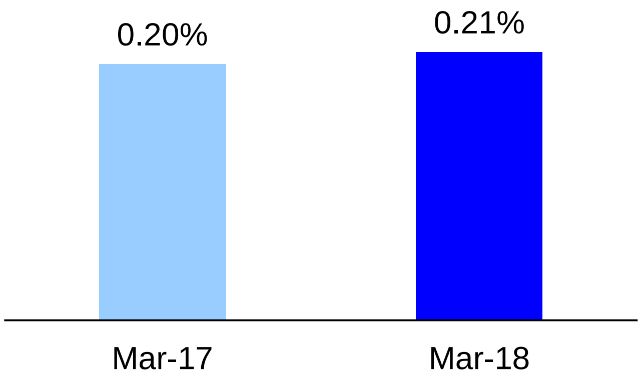


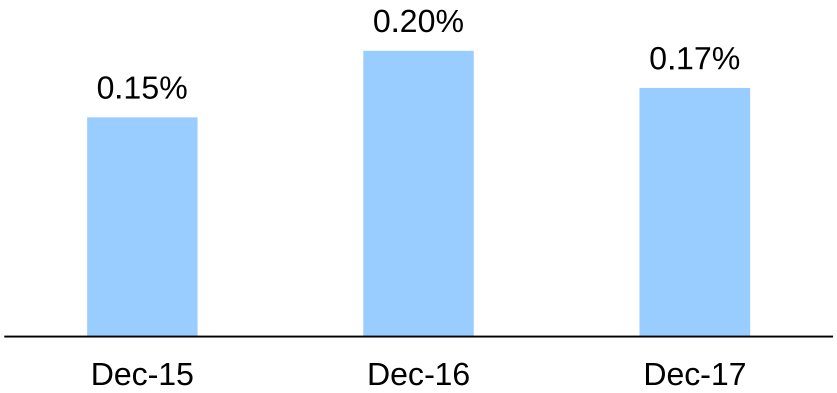
註：期末餘額計

台北富邦銀行 — 資產品質

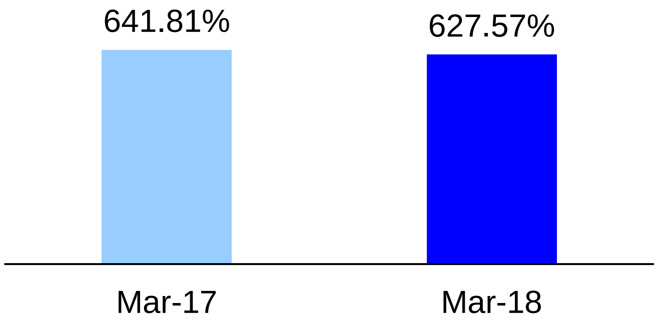
■ 資產品質穩定維持於優異水準

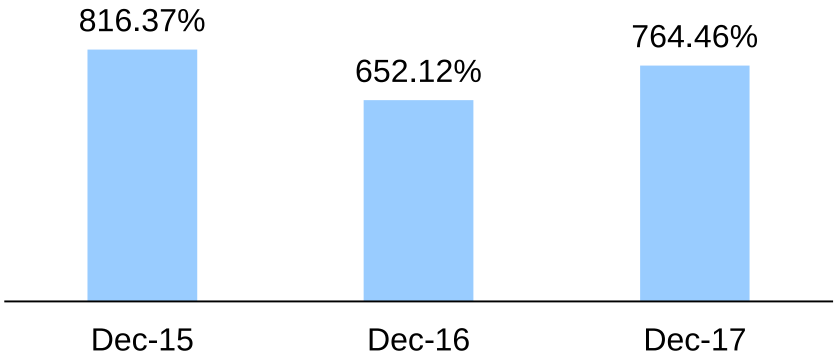
逾放比





備抵呆帳覆蓋率





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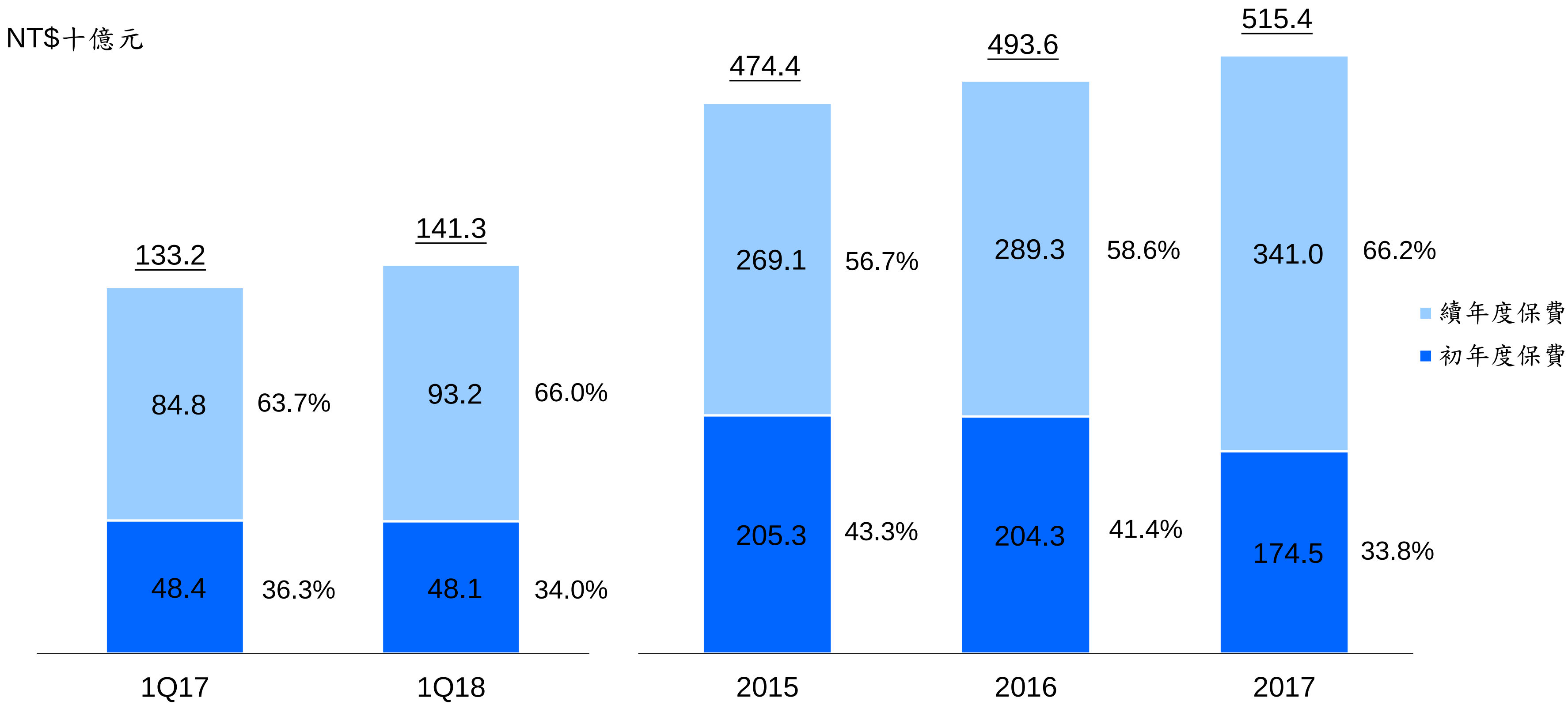
- ***富邦人壽2017年隱含價值***

富邦人壽 — 總保費收入

■ 總保費收入較去年同期成長6%，主要受續年度保費成長10%帶動。續年度保費貢獻度達66%



富邦人壽 — 初年度保費(FYP)收入

- 初年度保費較去年同期微幅下滑0.7%，主因傳統壽險分期繳FYP下滑，受2016年底部分商品停售產生遞延影響，使1Q17基期較高，惟投資型商品市場需求提升，成長率倍增

初年度保費收入組成

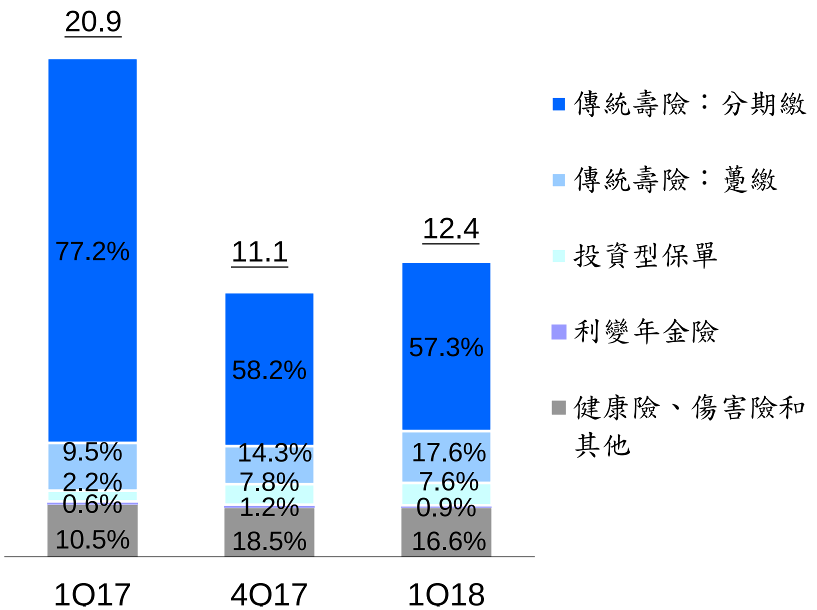
NT$十億元	1Q17	%	1Q18	%	YoY growth	2015	2016	2017
傳統壽險：分期繳	20.5	42.4%	14.0	29.2%	-31.5%	51.2	90.4	59.4
傳統壽險：躉繳	20.0	41.3%	21.8	45.3%	9.0%	107.6	74.7	74.7
利變年金險	1.3	2.8%	1.1	2.3%	-17.8%	19.0	14.7	6.0
投資型保單	4.4	9.0%	9.1	18.9%	108.3%	19.6	13.7	25.9
健康險、傷害險和其他	2.2	4.5%	2.1	4.3%	-6.1%	7.9	10.8	8.4
合計	48.4	100.0%	48.1	100.0%	-0.7%	205.3	204.3	174.5

富邦人壽 —初年度等價保費(FYPE)收入和新契約價值(VNB)

■ FYPE及VNB較去年同期下滑，主因傳統分期繳商品銷售下降；惟較前季成長

初年度等價保費

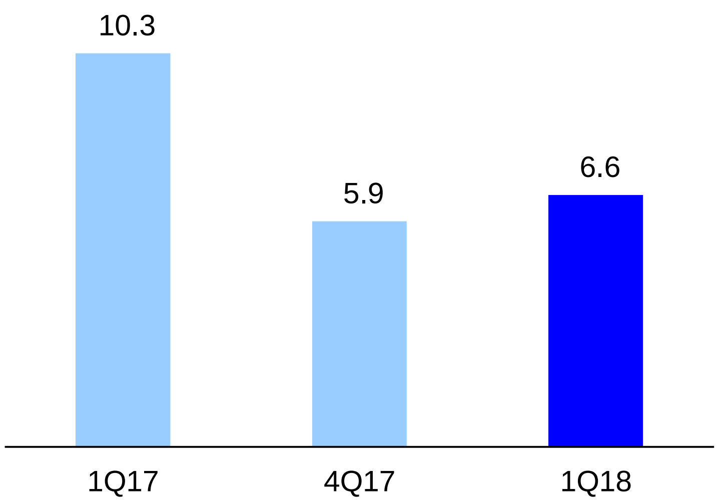
NT$十億元



	1Q17	4Q17	1Q18
FYPE/FYP	43.3%	27.9%	25.8%

新契約價值

NT$十億元



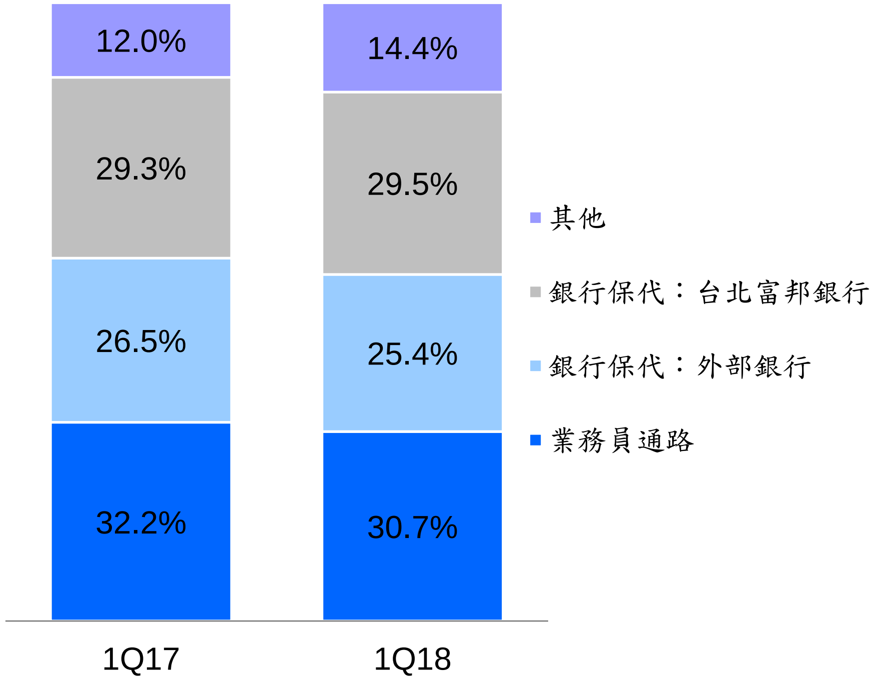
	1Q17	4Q17	1Q18
VNB/FYP	21.2%	14.8%	13.7%
VNB/FYPE	49.0%	52.9%	53.0%

註：VNB採2017年隱含價值假設計算

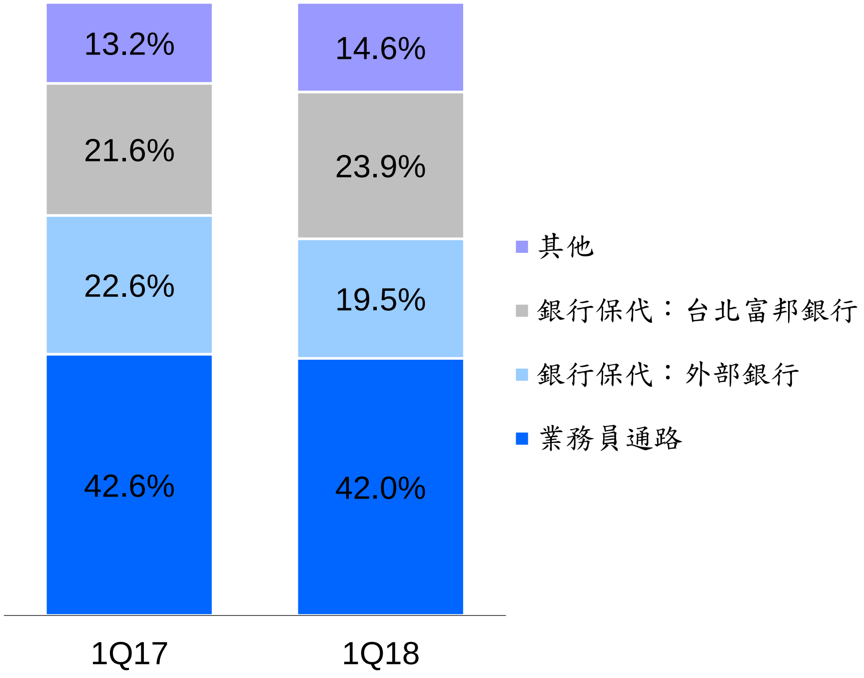
富邦人壽 — 銷售通路

■ 業務員通路貢獻FYPE占比平穩，台北富邦銀行及經代等其他通路貢獻FYPE亦提升

初年度保費依通路別



初年度等價保費依通路別



富邦人壽 — 投資收益組成

- 避險後投資報酬率較去年同期上升，主因資本利得表現良好、外匯損失較去年同期改善
- 掌握市場時機，股票類資本利得表現良好

NT$十億元	1Q17	1Q18	YoY growth	2015	2016	2017
經常性投資收益	23.2	24.8	*6.9%*	101.0	106.1	114.9
利息收入	20.3	22.5	*10.8%*	66.6	77.4	85.0
國內外股票投資現金股利	0.1	0.1	*23.1%*	16.5	14.9	18.8
租金及其他	2.8	2.2	*-21.6%*	17.9	13.8	11.1
債券類資本利得	4.4	4.4	*0.3%*	9.9	23.9	14.1
股票類資本利得	8.6	10.6	*22.4%*	22.6	10.3	25.5
外匯及其他	-10.0	-7.9	*-21.3%*	-3.2	-16.0	-28.9
總投資收入	**26.2**	**31.9**	***21.6%***	**130.3**	**124.3**	**125.6**
總投資資產	**3,118.1**	**3,466.9**	***11.2%***	**2,814.0**	**3,118.4**	**3,386.3**
避險前投資報酬率	**4.70%**	**4.63%**		**5.12%**	**4.84%**	**4.76%**
避險後投資報酬率	**3.45%**	**3.68%**		**4.97%**	**4.30%**	**3.93%**

富邦人壽 — 投資組合

- 投資資產規模穩定成長，年增11.2%
- 投資組合因應市場變化動態調整資產配置

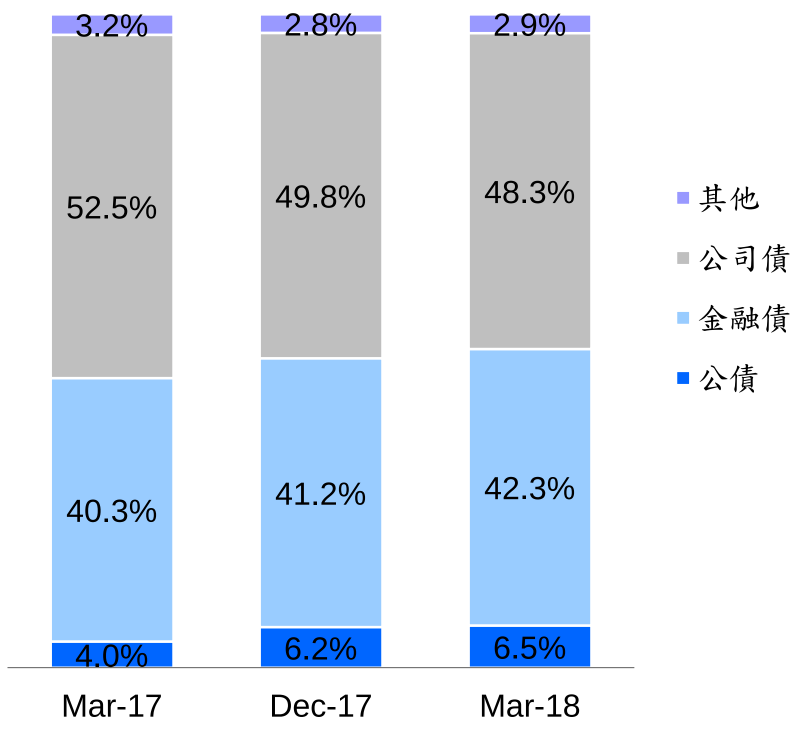
NT$十億	2017/03/31		2017/12/31		2018/03/31	
現金及約當現金	142.8	4.6%	163.5	4.8%	165.3	4.8%
國內債券	445.1	14.3%	414.1	12.2%	437.9	12.6%
國外債券*	1,667.9	53.5%	1,837.5	54.3%	1,897.2	54.7%
國內股票	293.5	9.4%	376.2	11.1%	373.8	10.8%
國外股票	191.6	6.1%	200.4	5.9%	192.4	5.6%
房貸	112.7	3.6%	126.5	3.7%	129.3	3.7%
保單貸款	58.4	1.9%	63.2	1.9%	63.9	1.8%
不動產	206.1	6.6%	204.9	6.1%	207.1	6.0%
總投資資產	**3,118.1**	**100.0%**	**3,386.3**	**100.0%**	**3,466.9**	**100.0%**
國內	1,184.1	38.0%	1,264.3	37.3%	1,281.0	36.9%
國外*	1,934.0	62.0%	2,122.0	62.7%	2,185.9	63.1%

註：*含國際板債券投資；截至2018年3月底，國際板債券投資金額佔總投資資產16.3%

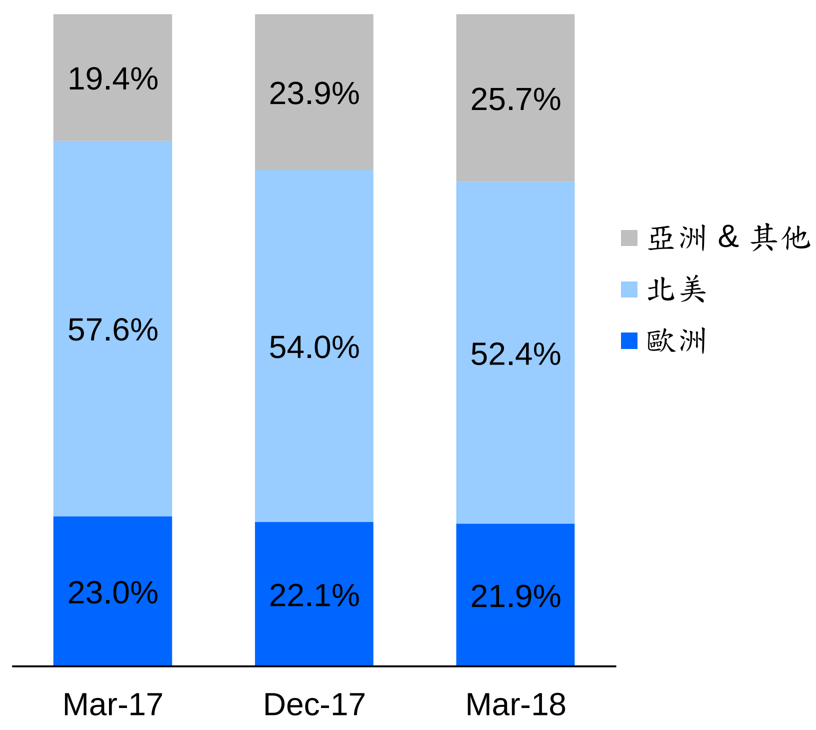
富邦人壽 — 海外固定收益組合

- 海外固定收益配置以投資級的公司債及金融債為主
- 北美為主要投資區域，其它區域動態增加配置

海外固定收益依資產類別



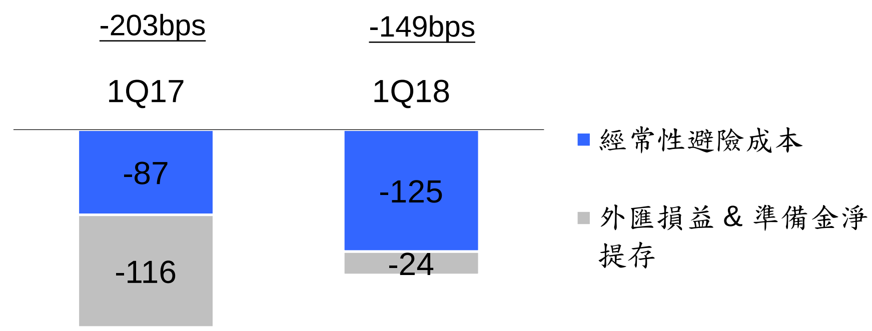
海外固定收益投資依地區類別



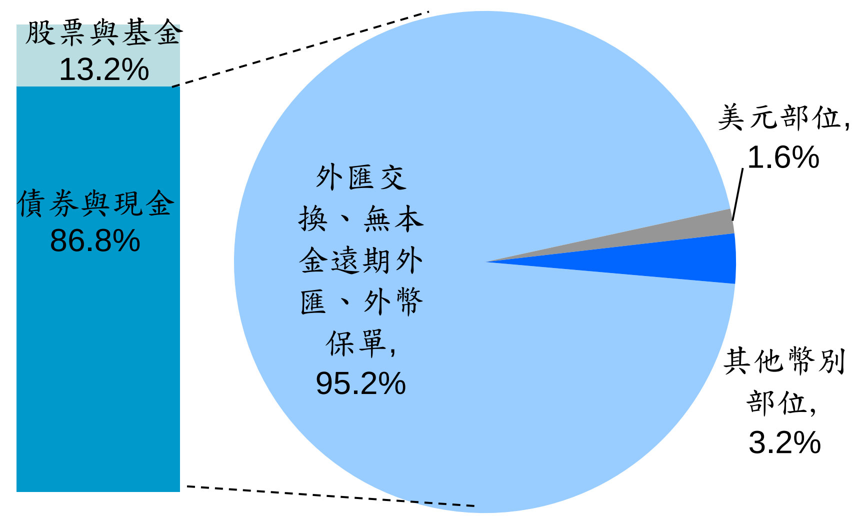
富邦人壽 — 避險組合

- 經常性避險成本較去年同期增加，惟因避險策略運用得宜，降低外匯損益波動影響
- 動態調整完全避險與一籃子貨幣避險之比重，審慎因應國際金融市場變化

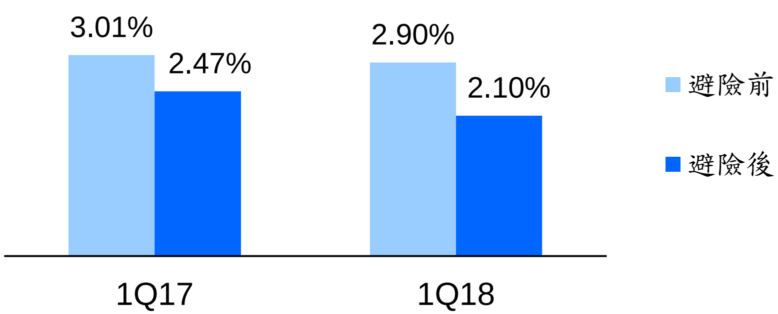
避險成本 & 外匯損益



外幣金融資產



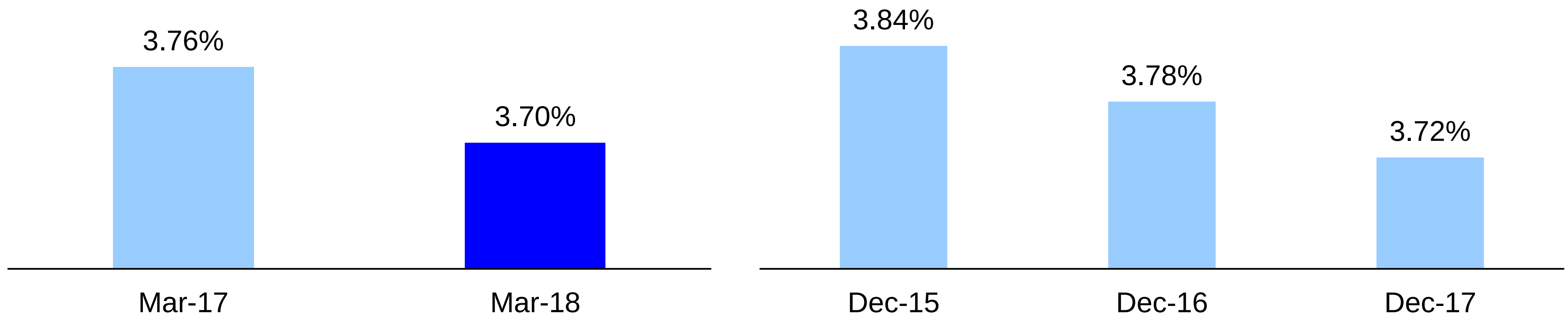
經常性收益



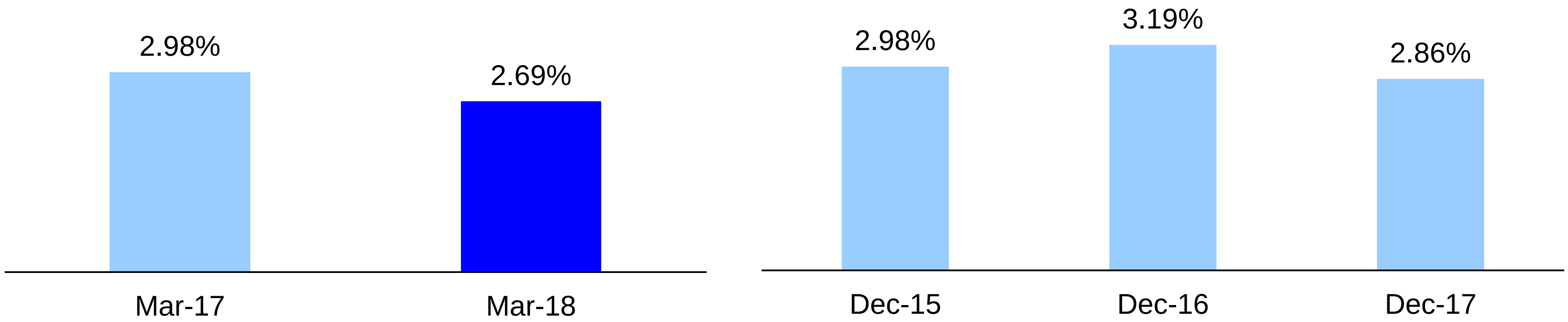
富邦人壽 — 負債成本及損益兩平點

- 負債成本持續改善
- 新契約銷售組成使本季首年成本較少，故損益兩平點下降

負債成本



損益兩平點

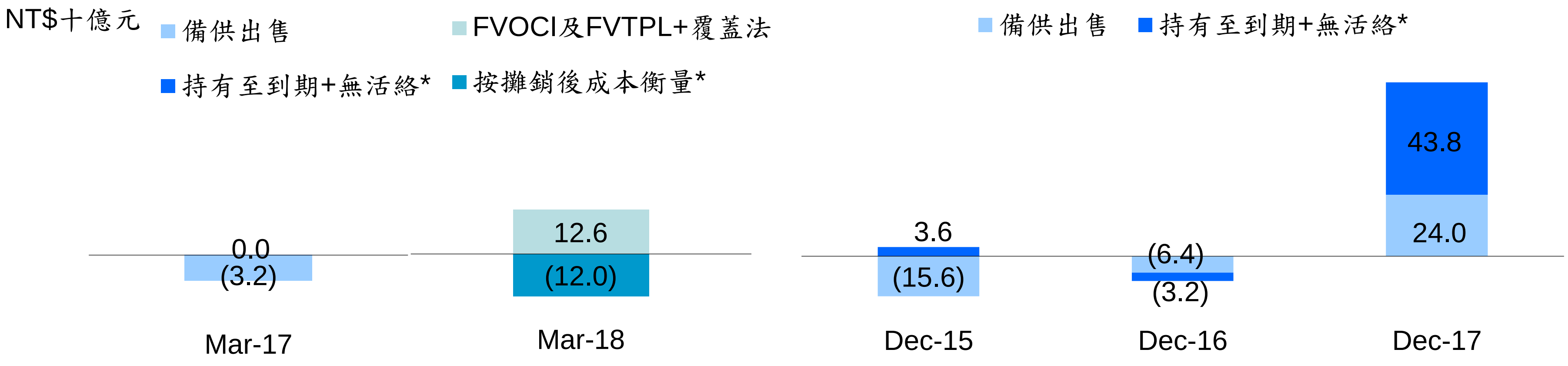


損益兩平點 =（稅前淨利 — 投資收入）／平均投資資產

富邦人壽—投資績效

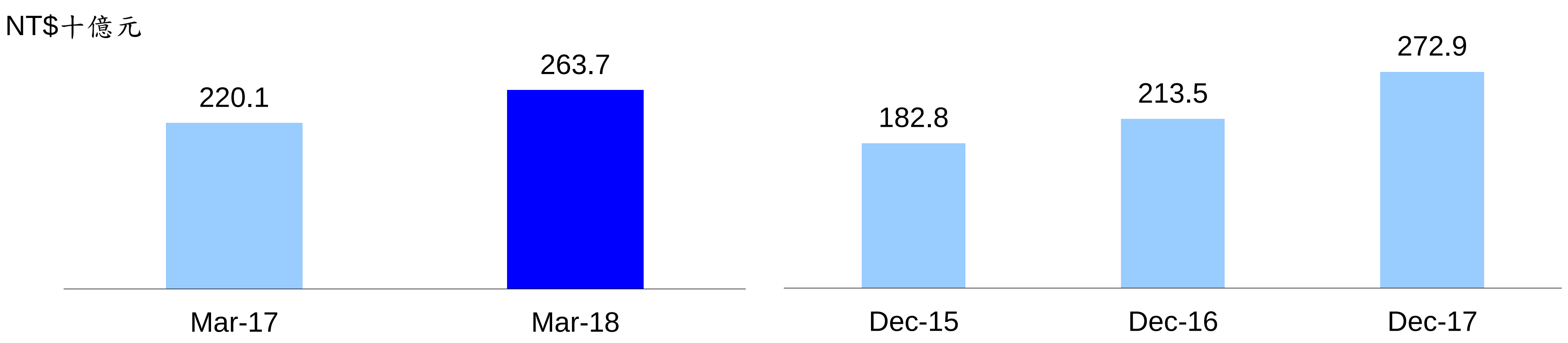
■ 本季金融資產未實現餘額主受市場利率上升影響

金融資產未實現餘額



註：*為稅前數

淨值



簡報大綱

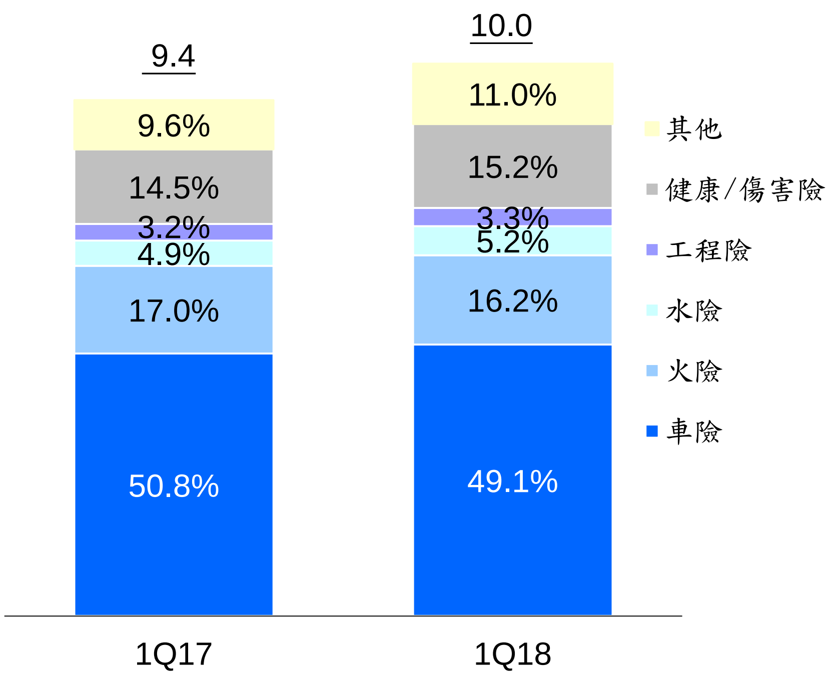
- 富邦金控營運摘要
- 子公司營運摘要
  - 台北富邦銀行
  - 富邦人壽
  - 富邦產險
  - 富邦證券
  - 富邦華一銀行
- 富邦人壽2017年隱含價值

富邦產險 — 營運摘要

- 市佔率23.7%蟬聯產險龍頭
- 簽單保費成長7.1%優於市場成長
- 審慎控制業務品質，自留綜合率低於去年同期

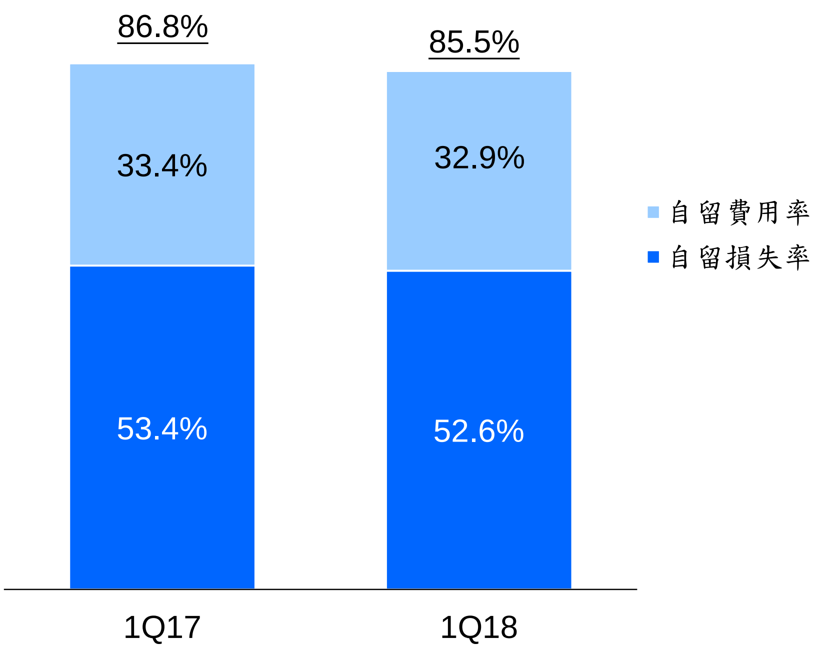
險種別直接簽單保費

NT$十億元



註：為個體報表基礎

自留綜合率



註：不包括汽車強制險，強制險係為無盈無虧之經營

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  - 富邦證券
  - 富邦華一銀行
- 富邦人壽2017年隱含價值

富邦證券 — 營運摘要

- 各項業務維持市場領先地位，經紀市佔率提升至6.04%
- 第一季因認列期貨客戶保證金違約之預期信用減損淨損失，使稅後淨利略降

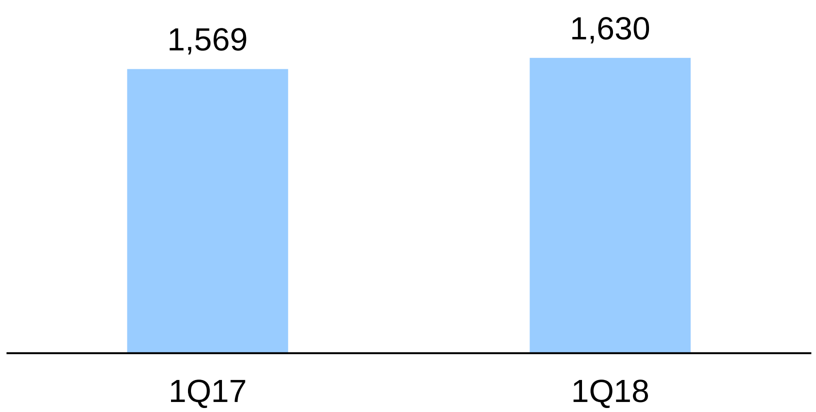
市場排名

	2018年Q1	市場排名	2017年Q1	市場排名
經紀單點市佔率*	0.134%	1	0.122%	1
興櫃交易金額市佔率	27.49%	1	15.99%	2
ETF資產規模 (億)	853	2	650	2
海外ETF資產規模(億)	763	2	612	2
經紀市佔率	6.04%	3	5.87%	3

註：*為前十大券商排名

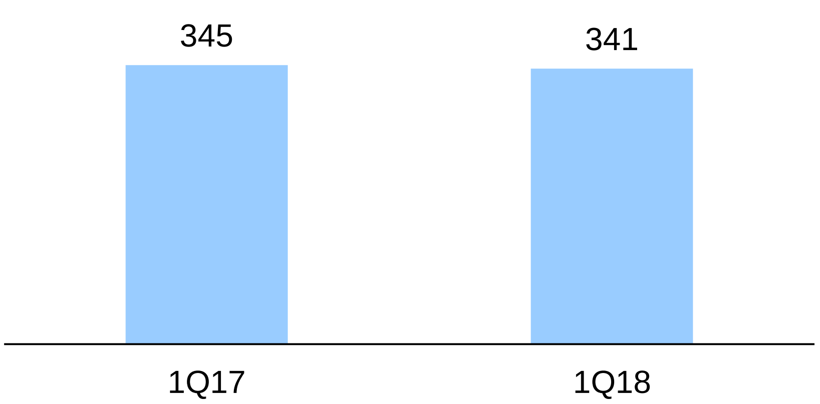
營業收入

NT$百萬元



稅後淨利

NT$百萬元



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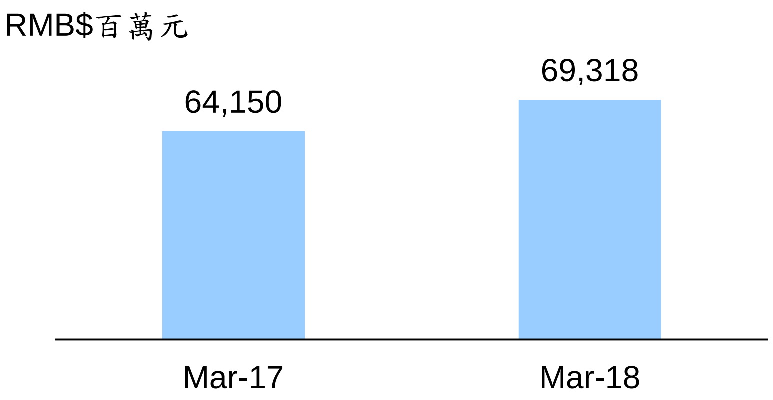
  - *富邦證券*
  - *富邦華一銀行*
- ***富邦人壽 2017 年隱含價值***

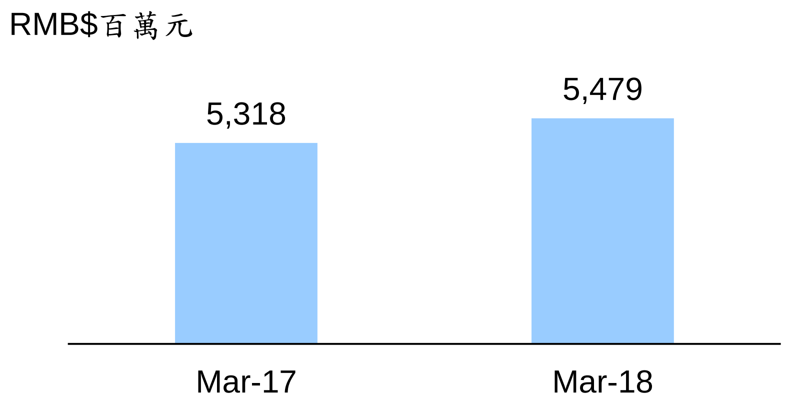
富邦華一銀行 — 資產負債摘要

- 資產與淨值穩定成長
- 調整貸款組成，商業貸款隨客戶基礎擴大年成長7.6%

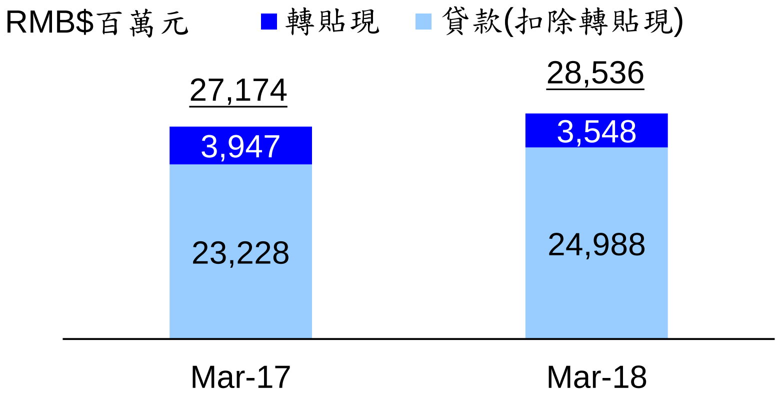
資產



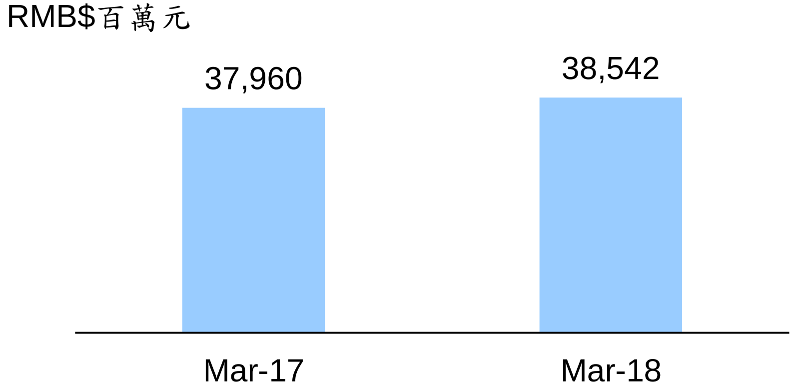
股東權益



貸款



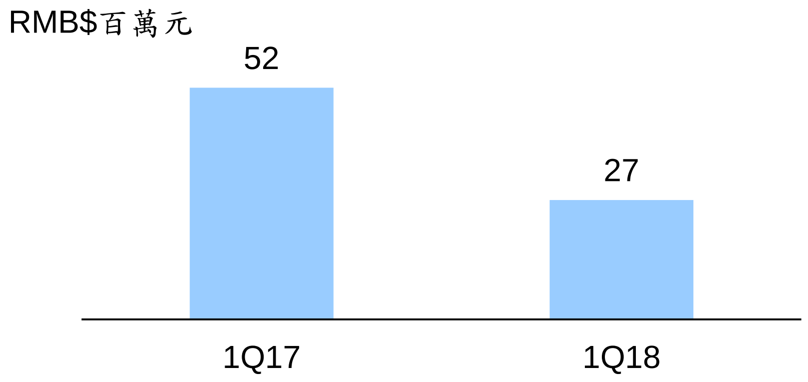
存款



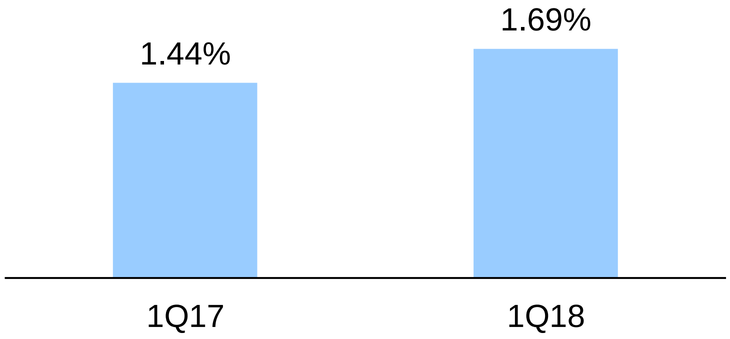
富邦華一銀行 – 營運摘要

- 核心收益持續提升，惟資金操作受人民幣升值之評價損失影響，使獲利下滑
- 嚴控貸款利率及放款結構調整，帶動放款收益率提升，使淨利差年增25bps至1.69%
- 資產品質維持穩定，逾放比降至1.5%

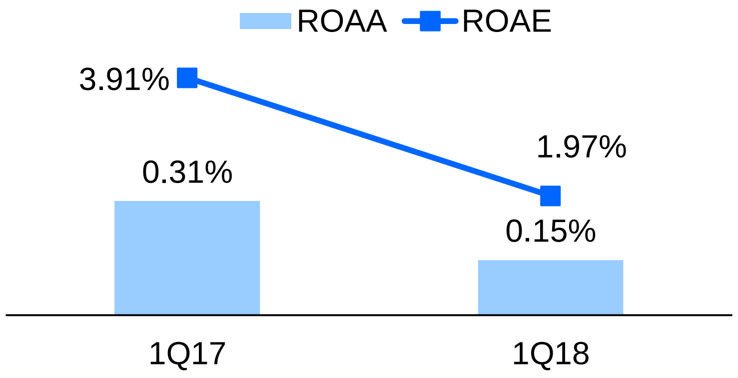
稅後淨利



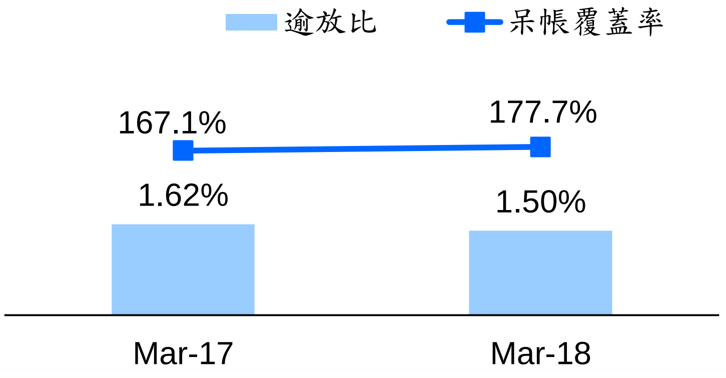
淨利差 (NIM)



資產報酬率&股東權益報酬率



逾放比&備抵呆帳覆蓋率



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  - *富邦華一銀行*
- ***富邦人壽2017年隱含價值***

2017年彙整

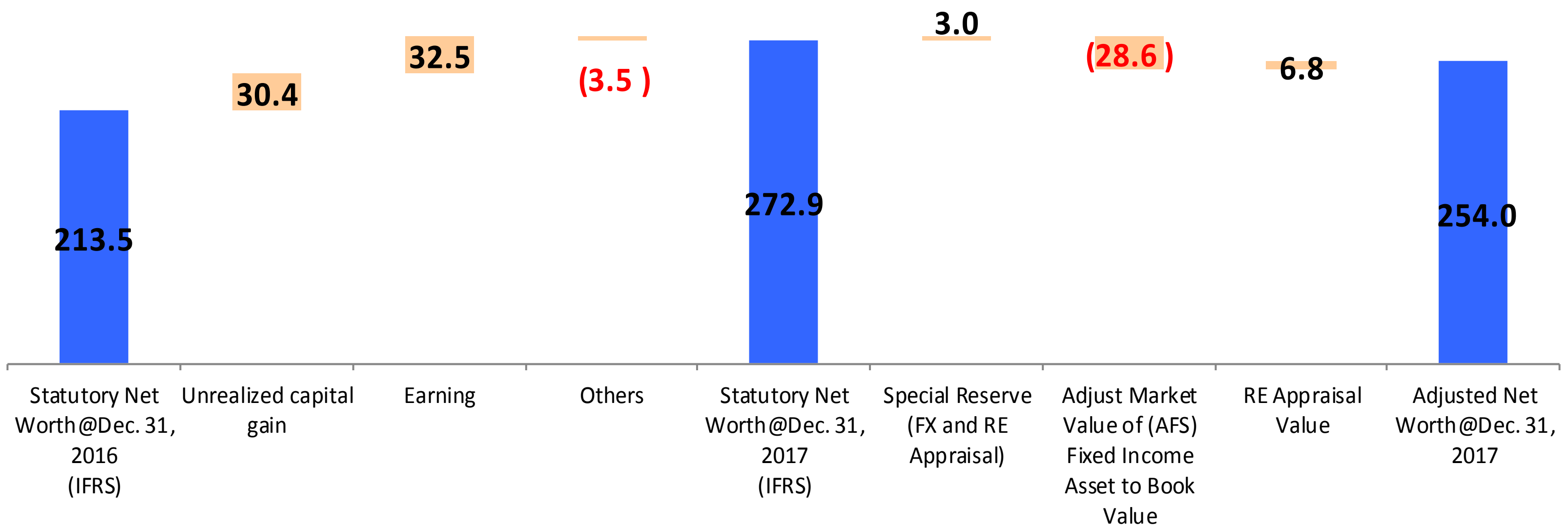
單位: 新台幣十億元

	項目	2016	2017	YoY	Diff	影響
有效契約價值創造	淨值 (帳面價值)	213.5	**272.9**	27.8%	59.4	↑
	調整後淨值	211.7	**254.0**	20.0%	42.3	↑
	有效契約價值 (不含資本成本)	353.8	**380.2**	7.5%	26.4	↑
	資本成本	(101.9)	**(109.9)**	-7.9%	-8.0	↓
	有效契約價值 (含資本成本)	251.9	**270.2**	7.3%	18.4	↑
	隱含價值 (Embedded Value)	463.6	**524.3**	13.1%	60.7	↑
新契約價值創造	初年度保費 (FYP)	204.3	**174.5**	-14.6%	-29.8	↓
	初年度等價保費 (FYPE)	103.5	**56.1**	-45.8%	-47.4	↓
	新契約價值 (VNB, V1NB)	47.3	**28.5**	-39.8%	-18.8	↓
	新契約價值利潤率 (VNB/FYP)	23.2%	**16.3%**	-29.5%	-6.8%	↓
	新契約價值利潤率 (VNB/FYPE)	45.7%	**50.8%**	11.2%	5.1%	↑
精算評估價值 (20年新契約)	新契約乘數	8.8	**8.8**	0.0%	0.0	
	精算評估價值 (Appraisal Value)	881.7	**776.2**	-12.0%	-105.5	↓
每股精算價值 (金控)	在外流通股數 (金控)	10.2	**10.2**	0.0%	0.0	
	每股隱含價值	45.3	**51.2**	13.1%	5.9	↑
	每股精算評估價值	86.2	**75.8**	-12.0%	-10.3	↓
每股精算價值 (人壽)	在外流通股數 (人壽)	6.9	**8.3**	19.5%	1.4	↑
	每股隱含價值	66.8	**63.2**	-5.4%	-3.6	↓
	每股精算評估價值	127.0	**93.5**	-26.3%	-33.4	↓

註: 富邦人壽2017年將未分配盈餘135.37億轉增資發行新股13.537億股，若排除此影響，人壽每股隱含價值較去年成長13%。

價值變動分析：
從淨值 (帳面價值) 至調整後淨值

單位：新台幣十億元

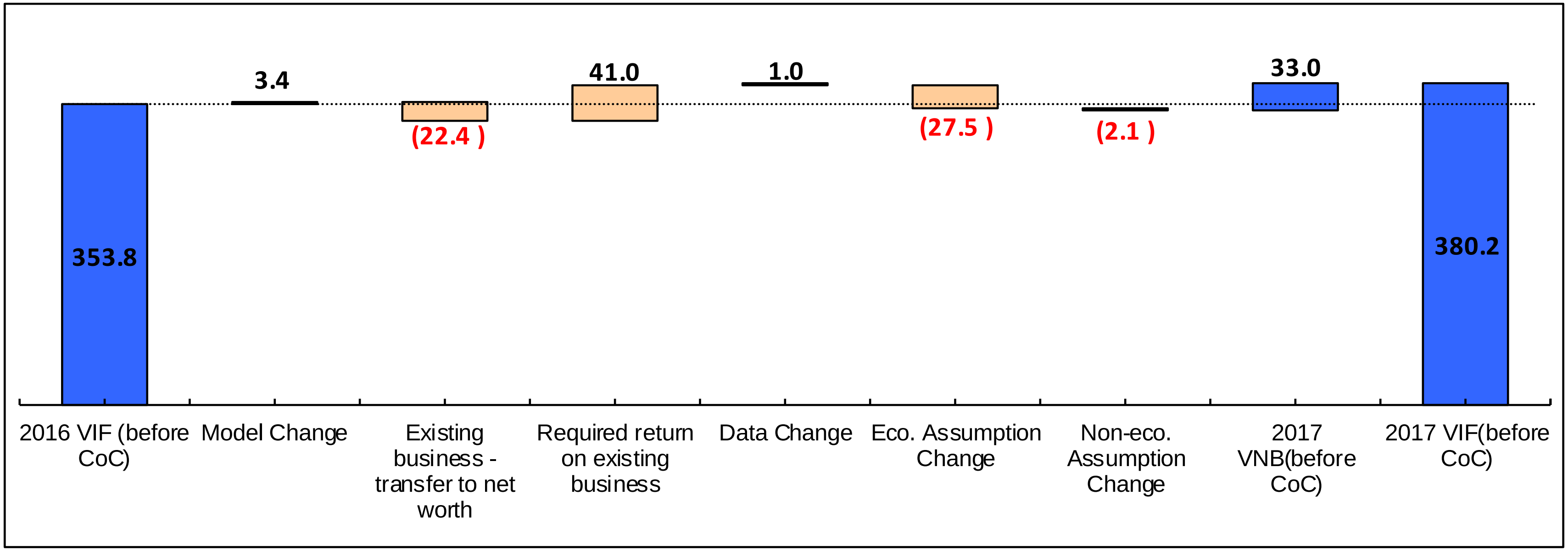


% of change	+ 14.2%	+ 15.2%	-1.6%	+ 27.8%				
Adj. %					+ 1.1%	-10.5%	+ 2.5%	-6.9%

註： Others 主要為普通股股利 -5.2bn (-2.4%)

價值變動分析：
有效契約價值(不含資本成本)

單位：新台幣十億元



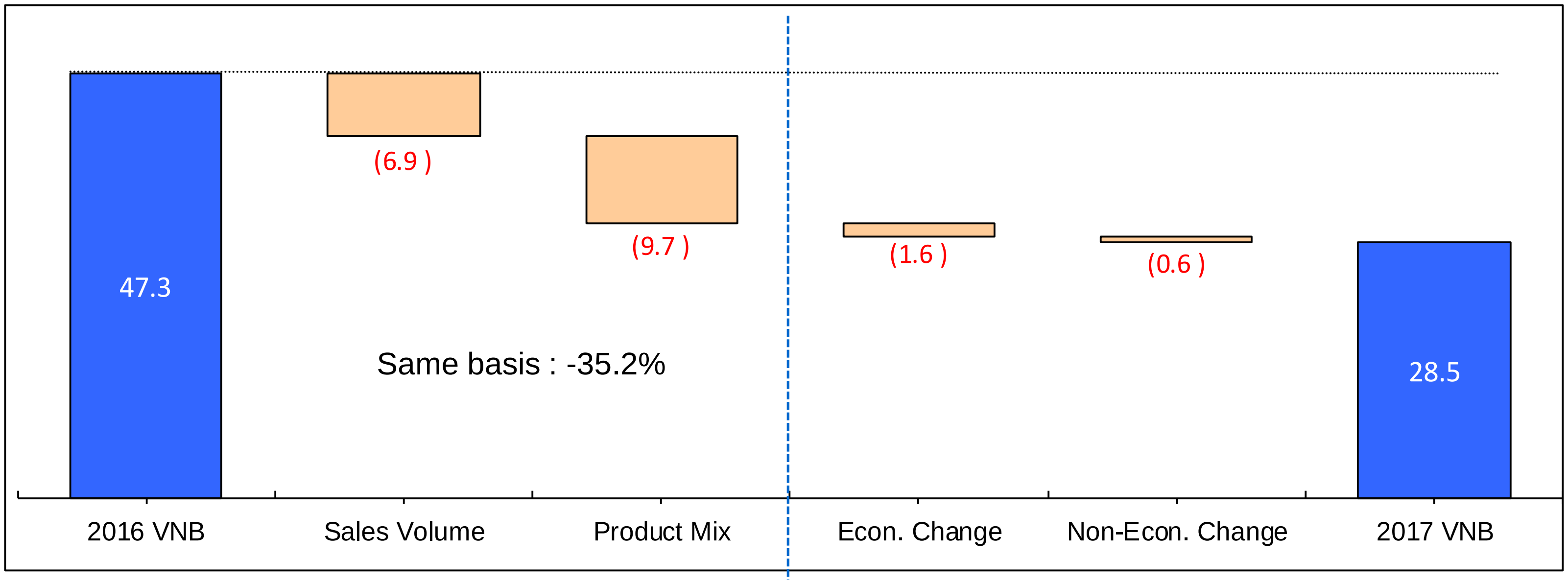
% of change	+ 1.0%	-6.3%	+ 11.6%	+ 0.3%	-7.8%	-0.6%	+ 9.3%	+ 7.5%

註：

1. 經濟假設變動包含匯率變更(-1.3%)及投資報酬率假設調整(-6.5%)。
2. 2016年有效契約價值之等價報酬率為 4.49%，反映rolling over 效果，增加為 4.55%。
3. 2017年有效契約價值之等價報酬率為 4.47% 。
4. 2017 新契約價值(含資本成本)為 285億元。

價值變動分析：新契約價值

單位：新台幣十億元



% of change		**-14.6%**	**-20.6%**	**-3.4%**	**-1.2%**	**-39.8%**
VNB/FYP	**23.2%**	**0.0%**	**-5.6%**	**-0.9%**	**-0.3%**	**16.3%**

註:

1. 2016年新契約價值的等價投資報酬率為 4.30%，反映rolling over 效果及2017年新銷售保單商品組合，等價投資報酬率上升到4.40%。
2. 2017年新契約價值的等價投資報酬率為 4.36%。

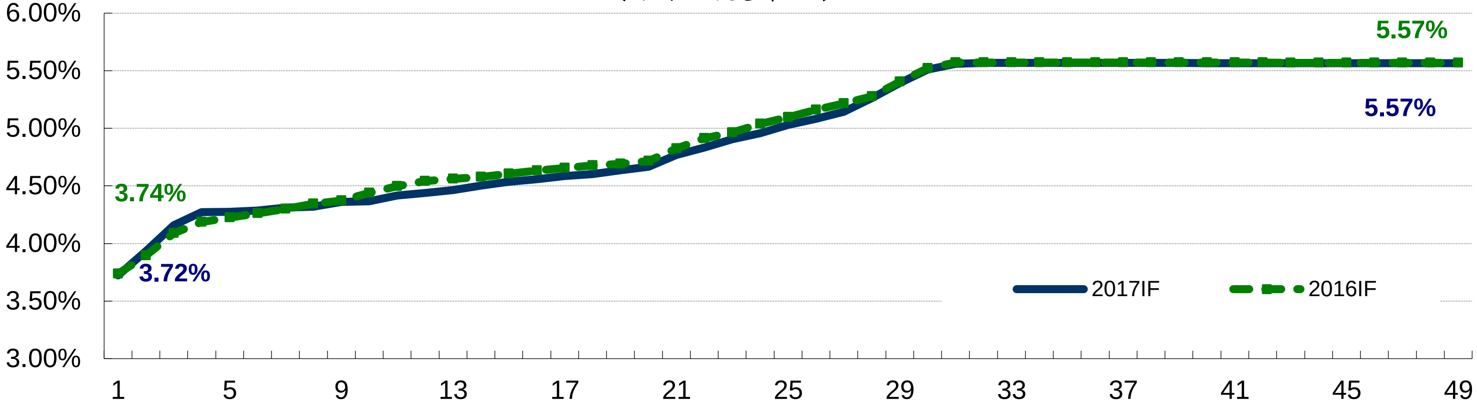
經濟假設

	2016 年	2017 年
投資報酬率假設	有效契約價值 台幣保單: 2017年 至 2047年 為 3.74%~5.57%(2048+) 美元保單: 2017年 至 2042年 為 4.65%~5.96%(2043+) 一年新契約價值 台幣傳統保單： 2016年 至 2049年 為 3.30%~5.56%(2050+) 美元保單： 2016年 至 2046年 為 4.01%~5.96%(2047+) 利變年金 平均利差益約50~100bps.	有效契約價值 台幣保單: 2018年 至 2049年 為 3.72%~5.57%(2050+) 美元保單: 2018年 至 2043年 為 4.44%~5.96%(2044+) 一年新契約價值 台幣傳統保單： 2017年 至 2049年 為 3.08%~5.54%(2050+) 美元保單： 2017年 至 2046年 為 3.85%~5.96%(2047+) 利變年金 平均利差益約50~100bps.
貼現率	有效契約價值：11.0% 新契約價值 ：10.5%	有效契約價值：11.0% 新契約價值 ：10.5%
等價投資報酬率	有效契約價值：4.49% 新契約價值 ：4.30%	有效契約價值：4.47% 新契約價值 ：4.36%
評價日之殖利率 (10年期)期初/長期	台幣：1.51% / 3.50% 美元：2.34% / 5.25%	台幣：1.17% / 3.50% 美元：2.40% / 5.25%

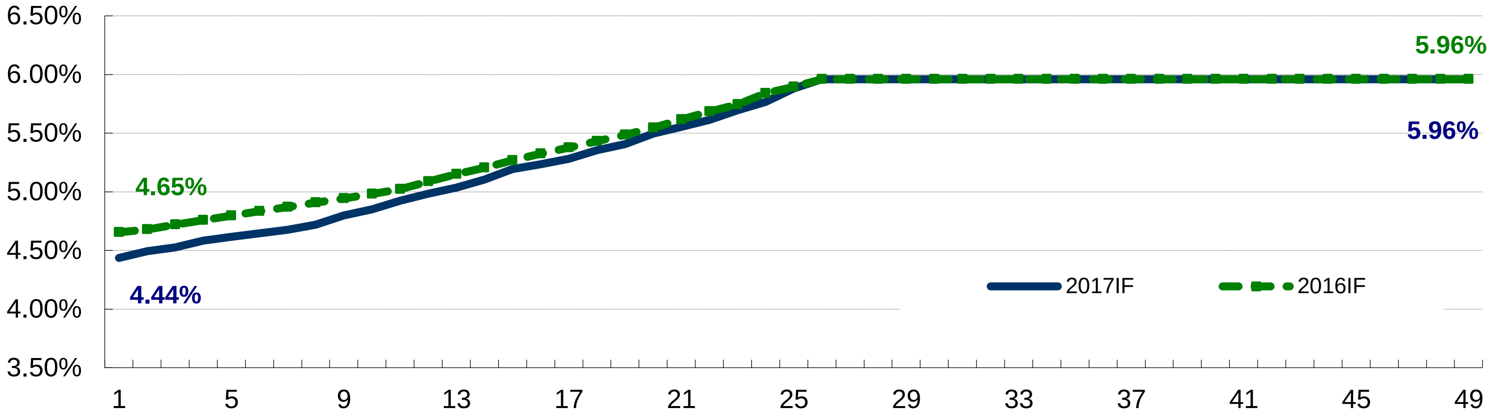
- 外匯價格準備金於2012年3月實施，其相關成本反映於投資報酬率假設。

經濟假設：有效契約投資報酬率

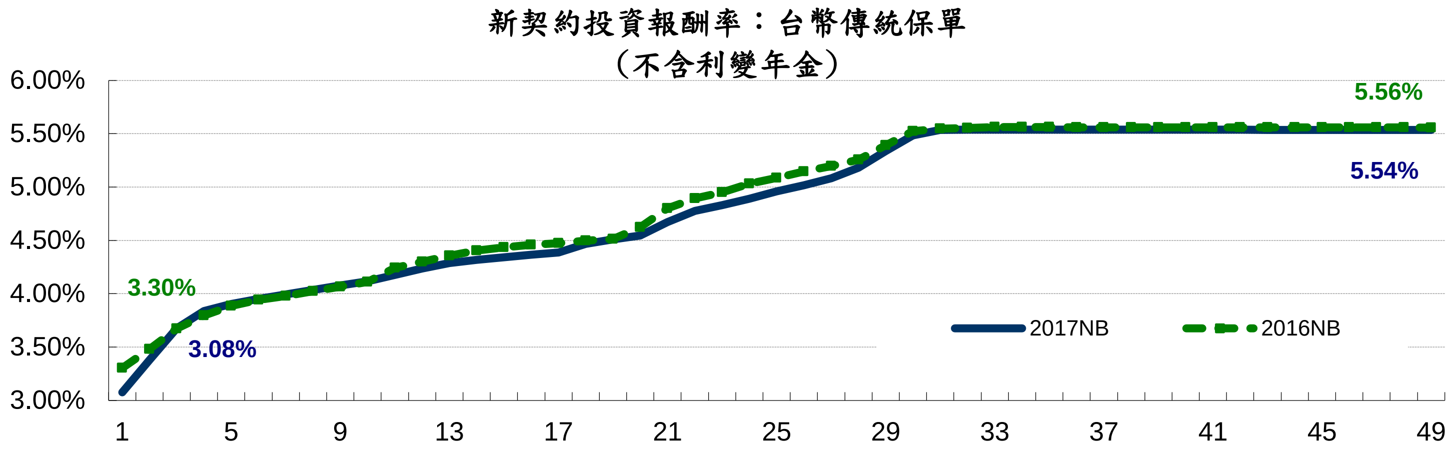
有效契約投資報酬率：台幣傳統保單
（不含利變年金）

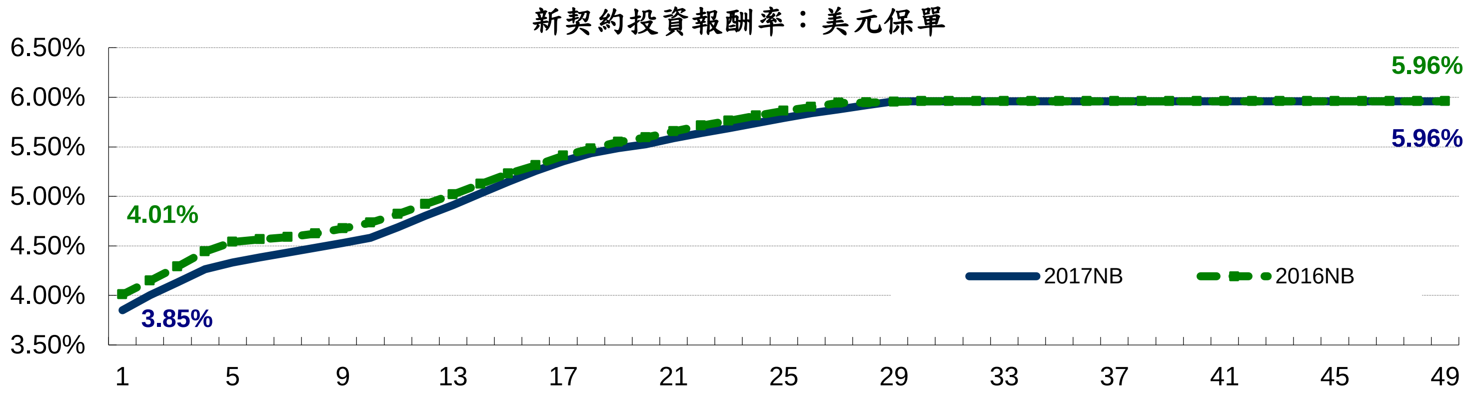


有效契約投資報酬率：美元保單



經濟假設：一年新契約投資報酬率





經濟假設：貼現率

富邦人壽	2016/12/31	2017/12/31
無風險利率	1.51%~3.50%	1.17%~3.50%
股票及國家風險溢酬	6.50%	6.50%
BETA值	1.2	1.2
風險貼現率估計	9.31%~11.30%	8.97%~11.30%
價值評估使用之風險貼現率	有效契約價值 :11.0% 新契約價值 :10.5%	有效契約價值 :11.0% 新契約價值 :10.5%

- 風險貼現率: 依資本資產定價模型(CAPM, Capital Asset Pricing Model)訂定;
  風險貼現率= 無風險利率+ BETA值* 股票及國家風險溢酬。

資本成本

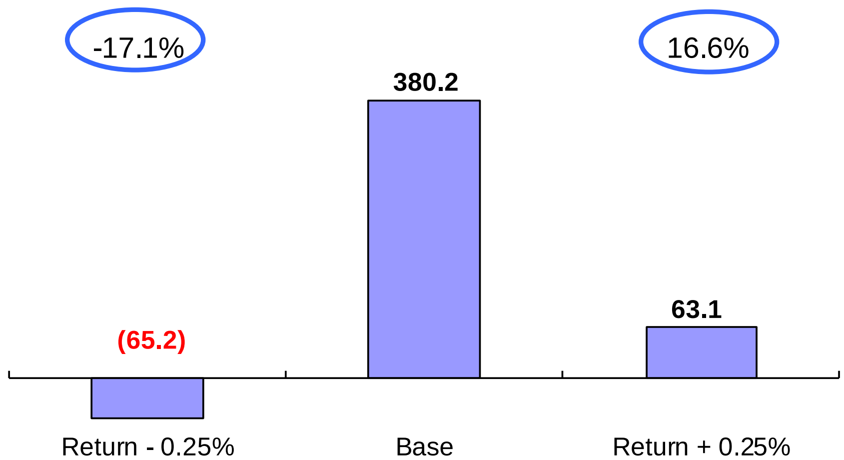
資本成本估算

- **資本成本主要係依據法定最低要求200%RBC之計算基礎估算而來， 並考慮下述因子：**
  1) 加計前一年度傳統型商品C3調整後之風險資本額總計的50% (除了投資型商品以外之所有商品)；
  2) 反映公司目前經營狀況以及未來營運策略。
- **2017年風險資本(RBC)法規變動與調整：**
  1) 修改現行資產集中度計算方式，國外債券原以投資國別拆分2類，改為依據信用評等拆分為3類；
  2) 提高C3利率風險中前一年度傳統型商品C3風險加計比率，由40%提高至50%。

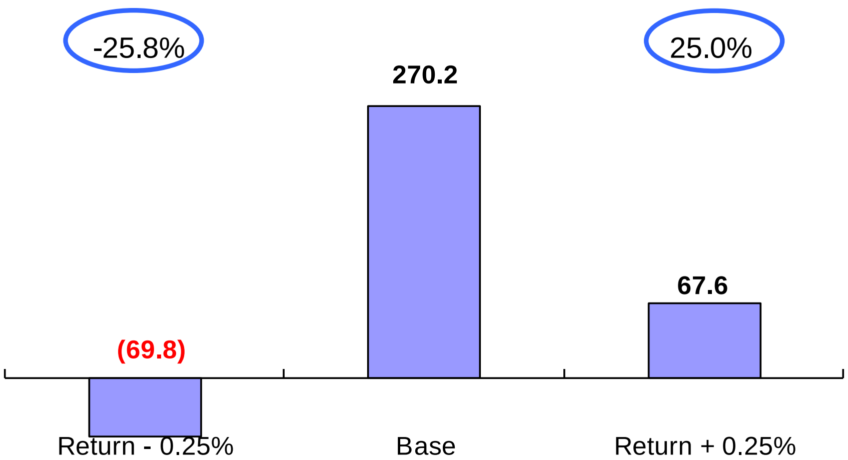
敏感度分析：投資報酬率

單位：新台幣十億元

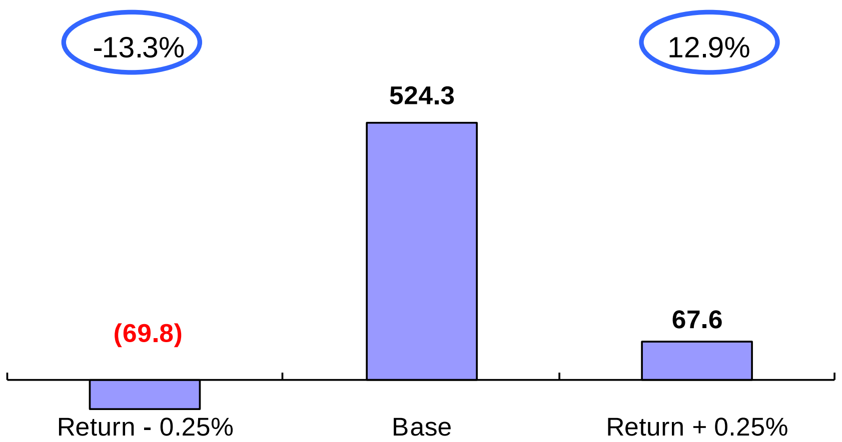
有效契約價值 (不含資金成本)



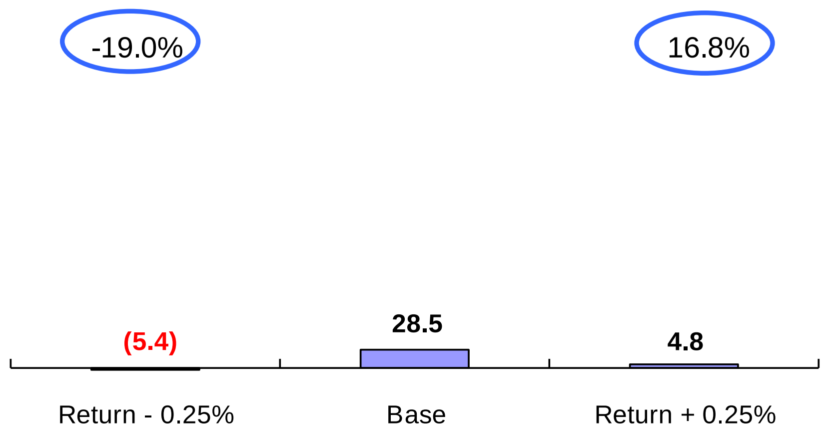
有效契約價值(含資金成本)



隱含價值



新契約價值

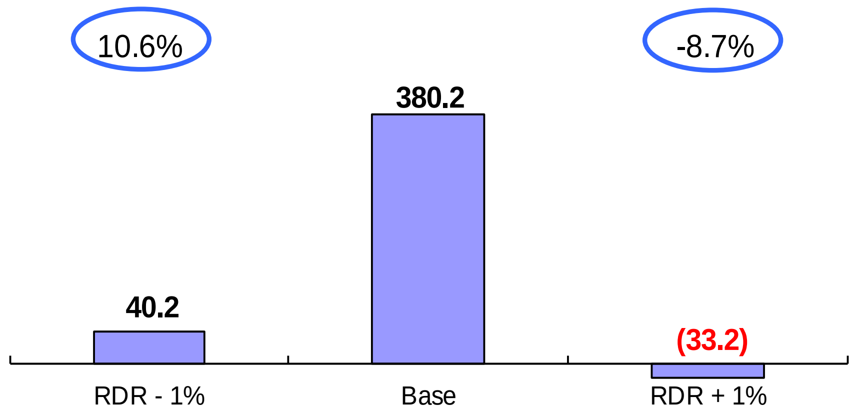


註:調整後淨值不受投資報酬率假設影響。

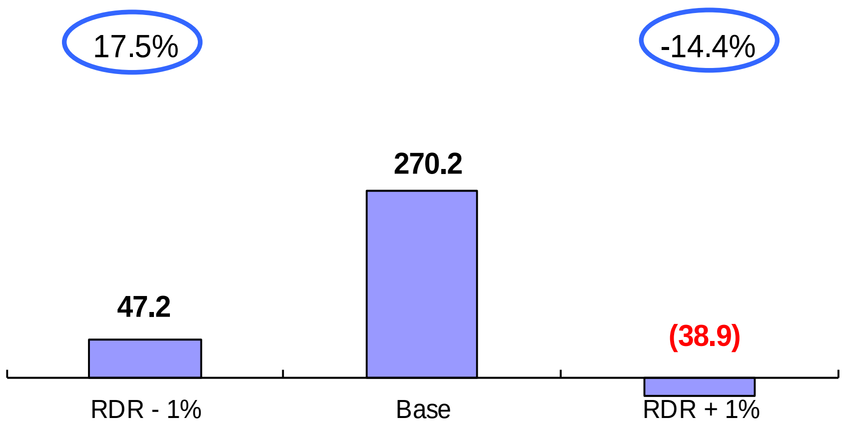
敏感度分析：貼現率

單位：新台幣十億元

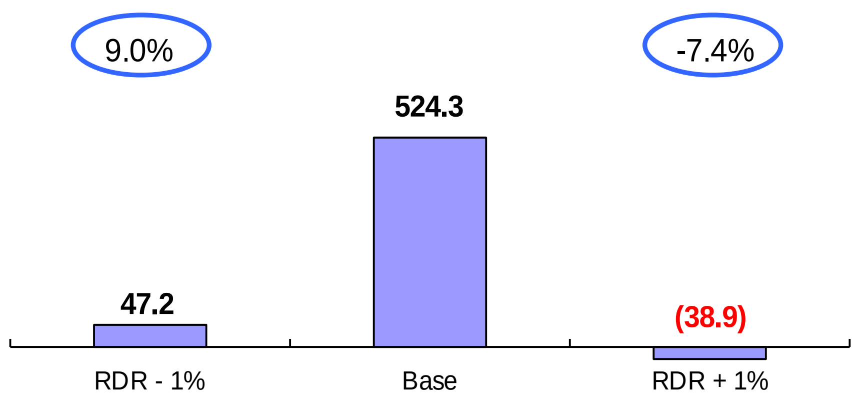
有效契約價值 (不含資金成本)



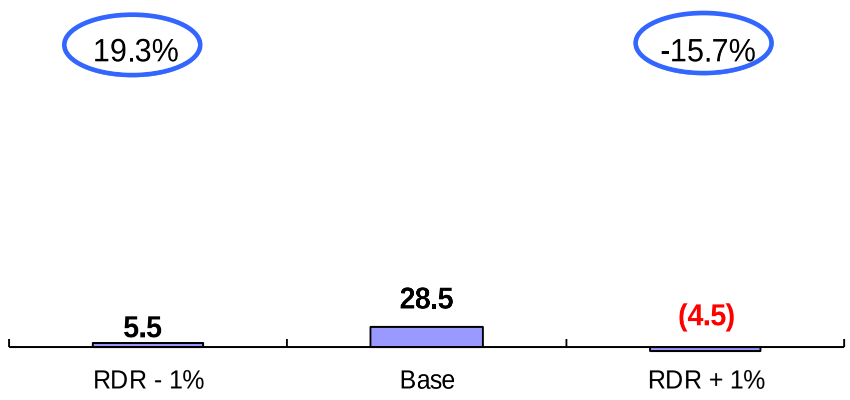
有效契約價值(含資金成本)



隱含價值



新契約價值

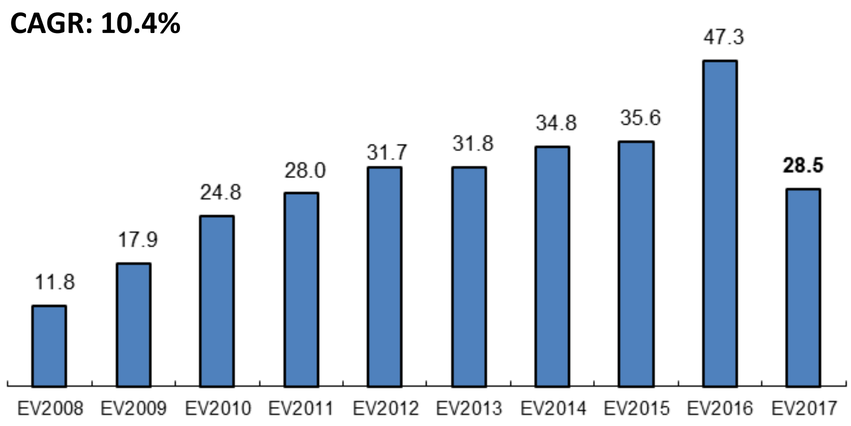


註:調整後淨值不受貼現率假設影響。

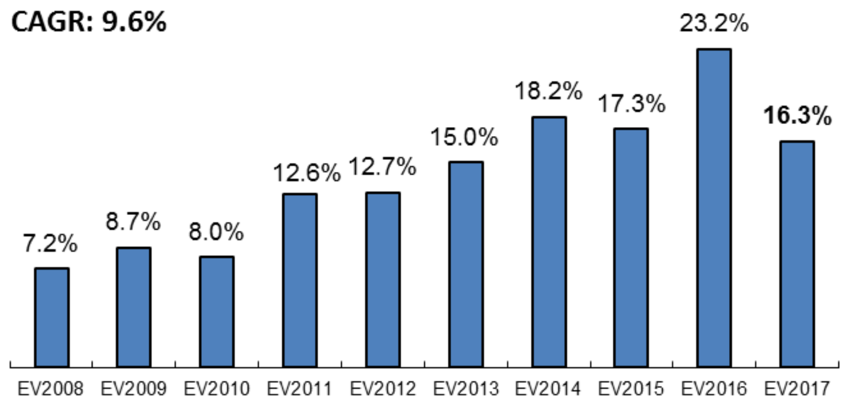
2017彙整：富邦人壽歷年隱含價值相關數值

單位：新台幣十億元

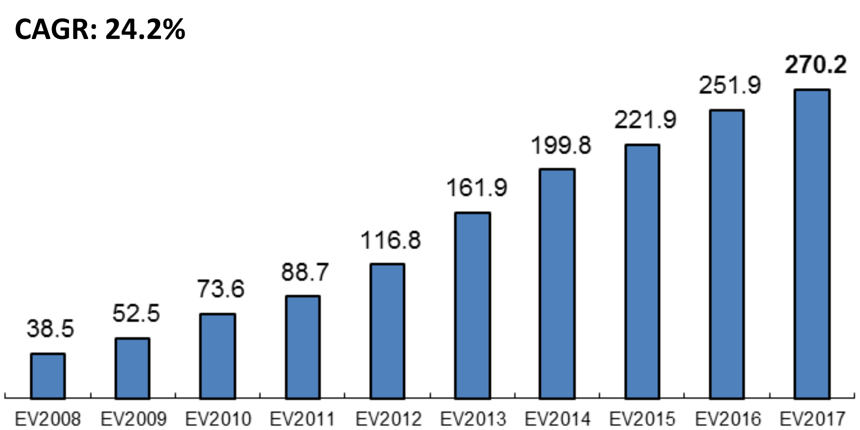
新契約價值



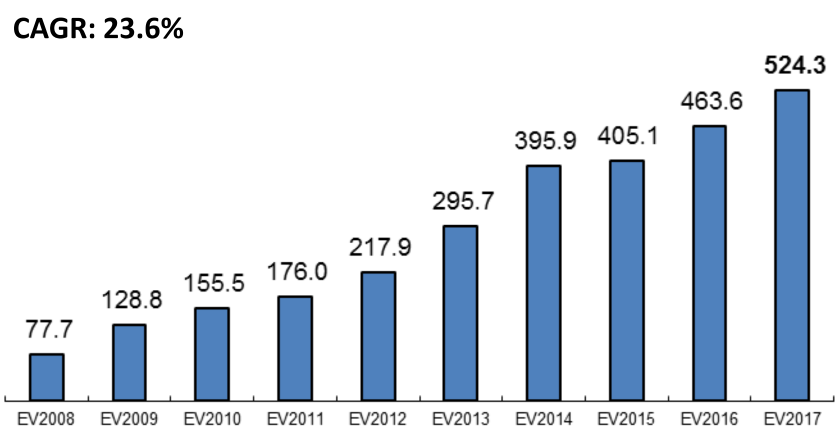
新契約價值利潤率(VNB / FYP)



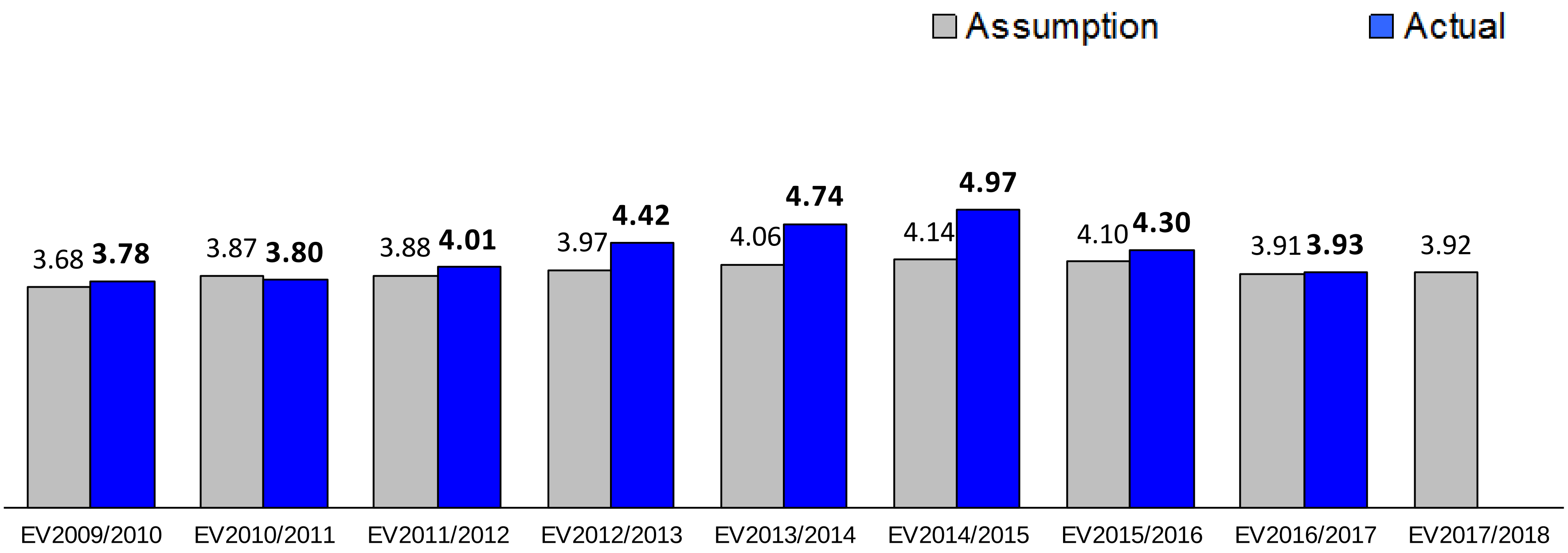
有效契約價值



隱含價值



允當的投資報酬率假設



- 除2011年實際投資報酬率3.80%低於EV假設(3.87%)外，其他年度實際投資報酬率均大於EV假設。
- 2013、2014年投資報酬率已反映投資性不動產採公允價值之影響數(投資報酬影響數分別為0.38%及0.05%)。

Independent Review by Deloitte Consulting

Deloitte Consulting

The Engagement

- Deloitte Advisory (Hong Kong) Limited (“Deloitte Consulting”) were retained by Fubon Life to perform an independent review of the Embedded Value (EV) as at 31 December 2017 and the Value of One Year’s New Business (V1NB) written over the period of 1 January 2017 to 31 December 2017.

Scope of Deloitte Consulting’s Involvement

- Review and opine on the reasonableness of the EV and V1NB as calculated by the Company;
- Review of the reasonableness of the assumptions used in the calculations, taking into consideration both the Company’s recent experience and the experience of the Taiwanese life insurance market;
- Review, at a high-level, model changes to the actuarial projection model since the previous valuation date;
- Review of the Company’s projection approach of the Cost of Capital;
- Review of the data put through the model compared to the policy data on the Company’s policy administration systems to judge the extent to which the business has been valued in the financial model and to identify the portion (if any) omitted and how that was valued;
- Review of the approach used to determine the Adjusted Net Worth (“ANW”), in particular, the adjustments made in deriving the ANW, and any other adjustments made outside of the actuarial projection model;
- Review of the Company's analysis of change in the Value of In-Force Business (“VIF”) between 31 December 2016 and 31 December 2017.

Risk Adjusted Discount Rates

Deloitte Consulting

Fubon Life calculated the EV and V1NB at Risk Adjusted Discount Rates ("RDR") of 11.0% and 10.5% respectively.

	RFR based on current government bond yield	RFR based on Company's long-term view	Equivalent RFR for New Business	Equivalent RFR for In-Force Business
Risk Free Rate ("RFR")	1.17%	3.50%	2.62%	2.66%
Equity and Country Risk Premium	6.50%	6.50%	6.50%	6.50%
Beta	1.20	1.20	1.20	1.20
Calculated Risk Discount Rate	**8.97%**	**11.30%**	**10.42%**	**10.46%**
Risk Discount Rate used in the Valuation for VIF	**11.00%**			
Risk Discount Rate used in the Valuation for V1NB	**10.50%**			

Reference – RDR based on Capital Asset Pricing Model (CAPM):

*RDR = RFR + Beta * Equity and Country Risk Premium*

Comments on the Risk Adjusted Discount Rates

Deloitte Consulting

Deloitte Consulting independently derived a range of RDRs using the CAPM approach:

- The low end of the RDR is developed based on the current yield on 10-year Taiwan government bonds.
- The high end of the RDR is developed based on the Company's view of the 10-year Taiwan government bond in the future.
- The equivalent RFR is the RFR equivalent to using a set of graded-up RFR from 1.17% to 3.50% that derives the same VIF and V1NB.
- The Equity and Country Risk Premium was developed based on the Country Default Spreads and Risk Premiums research published by New York University.
- The Beta of 1.2 was set using a risk profiling approach which considers risks related to the product range, distribution diversification/vulnerability, regulatory intervention and investments. Note that this beta value is consistent with that used in previous valuations.
- The RDR assumption applied by Fubon Life in the valuation lies within the range of RDR that we derived.
- In particular, we feel comfortable with different RDRs being used for the valuation of the in-force and new business, given the specific market conditions in Taiwan: it is well-known that the legacy business has a much riskier profile than the current new business, and hence it is reasonable for shareholders to be expecting a higher rate of return for the higher risk level. We feel that Fubon Life has taken a good approach in splitting up the RDR assumption for the two distinctively different blocks of business.

Comments on Investment Return (1)

Deloitte Consulting

A set of rising investment return assumption has been used in this valuation which is considered reasonable for the present market conditions.

Fubon Life's derivation of the investment return assumption is featured by the following:

- Derivation methodology is consistent with that applied in previous valuations;
- The methodology involves:
  - For VIF, the investment return assumption was derived from a combination of the investment return generated by the run-off of the existing asset portfolio and of that from future purchases of new assets;
  - For V1NB, the new business is not supported by returns on existing assets and the investment return was derived from future purchases of new assets;
- New assets are purchased at the prevailing new money rates, which are set to equal to the expected future risk free rates plus a risk margin for each asset type;
- Future risk free rates are set starting off with the actual yield curves as at the valuation date and are assumed to rise to a long-term level over a 10-year period. For New Taiwan Dollar and US Dollar respectively, the initial risk free rates are 1.17% and 2.40% and a long-term risk free rate of 3.50% and 5.25% is assumed.
- Different assumptions were derived for different types of business, which were assumed to have a different long-term asset allocation.
- For some business lines, the investment return assumption derived in the above-mentioned manner was capped at a certain level for conservative reasons.

Comments on Investment Return (2)

Deloitte Consulting

It is in Deloitte Consulting's view that:

Methodology

- Fubon Life's derivation methodology for the investment return assumption is reasonable and consistent with the way that the ANW is calculated;

Economic Assumptions

- The expected long-term risk-free rate for New Taiwan Dollar yield and US Dollar yield are maintained at 3.5% and 5.25% respectively.
- We note that taking a view on the future capital market is not uncommon under the traditional Embedded Value methodology. On a macro-economic level the arguments put forward for rising interest rates are plausible, and we note that the expected future rise in yields is spread out over a reasonably long period of 10 years.
- Readers should be aware that capital market conditions are subject to the impact of many forces. Yields and prices of financial instruments can move dramatically in a short period of time. As a result, it is difficult to predict the interest rate level in the future with great certainty. Readers should refer to the sensitivity tests to develop a broader understanding of the impact of the investment return assumption on the assessment of the economic value of Fubon Life.
- Overall, the economic assumptions appear to be reasonable.

Comments on Non-Economic Assumptions

Deloitte Consulting

Non - Economic Assumptions

- The non-economic assumptions reflect Fubon Life’s best estimate of future operating experience, and are appropriately supported by the company’s historical operating experience.

Comments on EV and V1NB Results

Deloitte Consulting

Deloitte Consulting have reviewed the Embedded Value and Value of One Year's New Business results at a high-level under the generally accepted method for calculating traditional embedded values in Taiwan:

- Review of the changes in the VIF relative to the assumption changes and model changes from 2016 to 2017;
- Review of the changes in the new business profit margin relative to that in 2016 based on information on changes in sales mix, sales volume and valuation assumptions;
- Review of the sensitivities relative to the base case results.

The Embedded Value and Value of One Year's New Business results appear to be reasonable within the above context.
Deloitte Consulting's detailed opinion can be found in their opinion letter.

富邦金控 Fubon Financial

富邦金控 - 財務摘要

(新台幣-百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
利息淨收益	30,183	29,724	28,615	27,782	27,091	113,212	105,777	7.0%
保險業務淨收益	71,095	49,634	55,144	61,371	84,821	250,970	294,382	-14.7%
金融資產及兌換淨損益	10,670	7,034	23,318	8,073	2,187	40,612	38,094	6.6%
其他	171	1,637	1,867	(872)	(1,281)	1,351	670	101.6%
淨收益	112,119	88,029	108,945	96,353	112,817	406,145	438,923	-7.5%
呆帳費用及保證責任準備提存	(259)	(1,286)	(483)	(777)	(369)	(2,914)	(2,608)	11.7%
保險負債準備淨變動	(82,116)	(61,952)	(67,119)	(71,263)	(89,557)	(289,890)	(324,613)	-10.7%
營業費用	(13,615)	(14,505)	(13,728)	(13,661)	(13,396)	(55,290)	(57,021)	-3.0%
稅前淨利	16,129	10,287	27,615	10,652	9,496	58,051	54,680	6.2%
本期淨利	16,444	9,828	25,545	8,793	9,850	54,016	48,575	11.2%
本期淨利歸屬於母公司	16,453	9,857	25,576	8,811	9,879	54,122	48,421	11.8%
資產負債表								
總資產	6,968,736	6,919,454	6,728,018	6,584,585	6,360,870	6,919,454	6,351,258	8.9%
歸屬母公司業主權益	525,440	488,432	471,456	447,122	436,296	488,432	426,820	14.4%
流通在外普通股股數 (百萬股)	10,234	10,234	10,234	10,234	10,234	10,234	10,234	0.0%
主要財務比率								
平均資產報酬率	0.95%	0.59%	1.56%	0.54%	0.62%	0.81%	0.79%	
平均股東權益報酬率	12.87%	8.62%	22.78%	8.07%	9.16%	11.83%	12.19%	
股東權益 / 總資產	7.54%	7.06%	7.01%	6.80%	6.86%	7.06%	6.72%	
雙重槓桿比率	106.43%	115.00%	115.32%	116.03%	115.33%	115.00%	115.58%	
資本適足率		129.50%		116.78%		129.50%	133.00%	
每股現金股利							2.00	

富邦人壽 - 財務摘要

(新台幣- 百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
初年度保費收入	48,051	39,838	43,413	42,836	48,373	174,460	204,283	-14.6%
自留滿期保費	130,136	114,618	121,955	117,431	125,882	479,885	468,608	2.4%
總投資收益	31,921	29,026	43,989	26,317	26,246	125,578	124,327	1.0%
持續性投資收益	24,807	26,004	38,686	26,997	23,203	114,890	106,072	8.3%
其他投資收益	7,114	3,023	5,303	(681)	3,043	10,688	18,255	-41.5%
固定收益類已實現損益	4,414	2,214	4,172	3,291	4,401	14,078	23,933	-41.2%
股票類已實現損益	10,581	6,382	6,080	4,352	8,657	25,471	10,292	147.5%
匯兌及其他	(7,958)	(5,606)	(4,960)	(8,295)	(10,091)	(28,952)	(15,705)	84.3%
投資性不動產公允價值變動	77	33	11	(29)	76	91	(265)	N.M.
其他營業收入	631	589	573	537	504	2,203	2,131	3.4%
總營業收入	162,688	144,233	166,517	144,284	152,632	607,666	595,066	2.1%
自留保險賠款與給付	62,398	68,114	70,328	59,646	44,363	242,452	185,979	30.4%
淨佣金費用	5,726	5,393	5,718	5,613	7,553	24,277	33,625	-27.8%
保險負債淨變動	82,444	61,476	66,436	70,794	93,216	291,922	327,464	-10.9%
營業費用	3,900	4,045	3,899	3,987	3,936	15,867	17,179	-7.6%
其他營業成本	742	668	635	710	968	2,980	2,035	46.5%
營業成本與費用合計	155,210	139,696	147,017	140,750	150,036	577,498	566,282	2.0%
淨營業外收入	125	118	114	70	(14)	288	489	-41.1%
稅前淨利	7,603	4,656	19,614	3,605	2,582	30,456	29,274	4.0%
本期淨利	9,292	5,221	18,667	4,590	4,010	32,488	28,688	13.2%
本期淨利歸屬於母公司	9,292	5,221	18,667	4,590	4,010	32,488	28,688	13.2%
資產負債表								
總資產	3,740,144	3,662,772	3,586,932	3,511,526	3,399,391	3,662,772	3,353,560	9.2%
總資產(一般帳戶)	3,584,391	3,507,557	3,434,671	3,363,318	3,256,156	3,507,557	3,211,026	9.2%
保險負債	3,203,701	3,136,523	3,083,344	3,018,120	2,944,874	3,136,523	2,902,374	8.1%
總負債	3,476,434	3,389,882	3,328,193	3,270,064	3,179,307	3,389,882	3,140,085	8.0%
總負債(一般帳戶)	3,320,681	3,234,667	3,175,932	3,121,857	3,036,072	3,234,667	2,997,551	7.9%
歸屬母公司業主權益	263,710	272,890	258,739	241,461	220,084	272,890	213,474	27.8%
主要財務比率								
平均資產報酬率	1.00%	0.60%	2.15%	0.53%	0.48%	0.93%	0.90%	
平均股東報酬率	13.61%	8.59%	31.62%	8.07%	7.40%	13.36%	14.48%	
股東權益 / 總資產	7.05%	7.45%	7.21%	6.88%	6.47%	7.45%	6.37%	
理賠率	47.95%	59.43%	57.67%	50.79%	35.24%	50.52%	39.69%	
費用率	3.00%	3.53%	3.20%	3.40%	3.13%	3.31%	3.67%	
13個月繼續率	97.90%	97.96%	97.97%	97.95%	97.29%	97.96%	96.25%	
25個月繼續率	95.87%	95.09%	94.51%	93.69%	93.77%	95.09%	94.09%	

台北富邦銀行 - 財務摘要

(新台幣- 百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
利息收入	13,392	12,467	11,770	11,021	10,676	45,934	42,709	7.6%
利息費用	(6,618)	(6,154)	(5,802)	(5,394)	(5,032)	(22,382)	(19,855)	12.7%
淨利息收入	6,774	6,313	5,969	5,627	5,644	23,552	22,854	3.1%
淨手續費收入	3,112	2,217	2,975	2,667	3,374	11,232	11,996	-6.4%
其他淨收益	1,487	1,640	2,336	2,451	1,421	7,848	5,822	34.8%
淨收益	11,373	10,170	11,279	10,746	10,439	42,633	40,672	4.8%
營業費用	(5,418)	(5,563)	(5,260)	(5,210)	(5,156)	(21,188)	(20,981)	1.0%
提存前淨利	5,955	4,607	6,019	5,536	5,283	21,445	19,691	8.9%
呆帳費用	(52)	(1,138)	(263)	(577)	(204)	(2,183)	(1,372)	59.1%
稅前淨利	5,903	3,469	5,756	4,958	5,079	19,262	18,319	5.2%
本期淨利	5,017	3,052	5,125	4,349	4,405	16,931	15,272	10.9%
本期淨利歸屬於母公司	4,994	3,092	5,050	4,302	4,333	16,778	14,466	16.0%
資產負債表								
貼現及放款-淨額	1,362,418	1,383,755	1,321,327	1,310,670	1,288,945	1,383,755	1,289,861	7.3%
存款及匯款	2,002,108	2,067,918	1,962,074	1,953,213	1,859,336	2,067,918	1,877,778	10.1%
備抵呆帳*	16,144	16,142	15,370	15,286	14,739	16,142	14,666	10.1%
總資產	2,662,852	2,671,668	2,540,792	2,489,210	2,396,147	2,671,668	2,414,226	10.7%
歸屬母公司業主權益	183,795	179,965	177,297	172,419	177,644	179,965	174,634	3.1%
主要財務比率								
平均資產報酬率	0.75%	0.48%	0.83%	0.71%	0.73%	0.67%	0.63%	
平均股東權益報酬率	11.02%	6.98%	11.48%	9.92%	9.84%	9.46%	8.50%	
股東權益 / 總資產	7.61%	7.43%	7.71%	7.66%	8.16%	7.43%	8.01%	
成本收入比率	-47.64%	-54.70%	-46.63%	-48.48%	-49.39%	-49.70%	-51.59%	
逾期放款 / 總放款*	0.21%	0.17%	0.17%	0.20%	0.20%	0.17%	0.20%	
備抵呆帳 / 逾期放款*	627.57%	764.46%	797.38%	657.81%	641.81%	764.46%	652.12%	
第一類資本比率*		12.11%		11.60%		12.11%	12.57%	
資本適足率*		13.93%		13.25%		13.93%	14.40%	

註：*註記資料為個體基礎

富邦產險 - 財務摘要

(新台幣- 百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
簽單保費收入	10,976	9,442	9,738	11,116	10,541	40,837	38,172	7.0%
自留滿期保費收入	8,207	8,202	8,361	8,006	7,884	32,453	29,577	9.7%
淨投資收益	1,017	373	872	1,080	412	2,737	2,754	-0.6%
其他營業收入	360	289	274	364	358	1,285	1,440	-10.8%
自留保險賠款與給付	4,544	4,416	4,560	4,119	4,275	17,370	16,216	7.1%
保險負債準備淨變動	(118)	32	174	325	117	648	363	78.4%
佣金及其他營業費用	3,601	3,695	3,592	3,604	3,543	14,434	13,769	4.8%
營業外收入及支出	(53)	(123)	(61)	(49)	(43)	(276)	(158)	74.8%
稅前淨利	1,504	598	1,120	1,353	676	3,747	3,266	14.7%
稅後淨利	1,294	654	928	1,209	547	3,338	2,672	24.9%
本期淨利歸屬於母公司業主	1,311	729	1,011	1,257	634	3,631	3,119	16.4%
資產負債表								
總資產	98,595	97,667	99,127	99,400	98,532	97,667	98,470	-0.8%
投資資產	68,473	68,399	67,543	65,839	65,083	68,399	64,900	5.4%
保險負債	51,812	51,353	53,237	54,902	53,981	51,353	54,310	-5.4%
股東權益-歸屬母公司業主	31,740	31,241	30,436	29,614	30,556	31,241	29,531	5.8%
主要財務比率								
平均資產報酬率	5.27%	2.67%	3.76%	4.89%	2.22%	3.40%	2.85%	
平均股東報酬率	16.65%	9.60%	13.49%	17.00%	8.44%	11.95%	10.72%	
總投資報酬率	5.94%	2.24%	5.27%	6.61%	2.53%	4.11%	4.25%	
淨簽單保費 / 股東權益	111.18%	101.50%	106.50%	114.51%	110.58%	105.49%	104.51%	
自留比率	75.41%	78.32%	78.01%	72.04%	75.60%	75.85%	75.36%	

富邦證券 - 財務摘要

(新台幣- 百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
經紀手續費收入	1,082	1,084	1,080	852	778	3,795	2,728	39.1%
淨利息收入	258	254	243	248	242	987	901	9.5%
手續費收入	195	175	185	189	145	694	336	106.5%
投資收益與淨金融商品收益	66	759	(87)	269	183	1,124	509	120.8%
其他收入	29	225	838	315	220	1,599	1,691	-5.5%
營業收入	1,630	2,497	2,256	1,872	1,569	8,194	6,157	33.1%
營業費用	(1,432)	(1,648)	(1,519)	(1,461)	(1,334)	(5,962)	(5,375)	10.9%
淨營業外收入	197	242	217	149	177	785	811	-3.2%
稅前淨利	394	1,091	954	560	412	3,017	1,594	89.3%
本期淨利	338	1,095	875	492	345	2,806	1,504	86.6%
本期淨利歸屬於母公司	341	1,100	878	494	345	2,817	1,504	87.3%
資產負債表								
應收證券融資款	14,294	14,420	13,754	12,577	12,554	14,420	11,142	29.4%
總資產	123,410	125,210	121,355	117,421	103,532	125,210	101,278	23.6%
歸屬母公司業主權益	35,628	33,755	33,328	32,736	33,056	33,755	32,575	3.6%
主要財務比率								
平均資產報酬率	1.08%	3.87%	3.15%	1.80%	1.35%	2.48%	1.62%	
平均股東報酬率	3.86%	13.27%	10.66%	6.05%	4.21%	8.49%	4.69%	
股東權益 / 總資產	28.87%	26.96%	27.46%	27.88%	31.93%	26.96%	32.16%	
總營業費用 / 總營業收入	-87.87%	-66.01%	-67.35%	-78.03%	-85.02%	-72.76%	-87.30%	
融資餘額 / 總資產	11.58%	11.52%	11.33%	10.71%	12.13%	11.52%	11.00%	
融資餘額 / 股東權益	40.12%	42.72%	41.27%	38.42%	37.98%	42.72%	34.20%	

富邦華一銀行 - 財務摘要

(人民幣- 百萬元)	1Q18	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
損益表								
利息收入	737	748	702	630	613	2,692	2,608	3.2%
利息支出	(478)	(490)	(476)	(420)	(399)	(1,786)	(1,618)	10.4%
淨利息收入	259	258	225	209	214	907	990	-8.5%
净手續費收入	16	18	32	18	15	83	104	-20.6%
其他非利息净收入	(62)	32	(34)	(25)	(10)	(37)	73	N.M.
營業費用	(169)	(195)	(156)	(153)	(154)	(658)	(641)	2.8%
提存前淨利	44	113	67	49	65	293	526	-44.2%
各項提存	(12)	(17)	0	0	(0)	(17)	(1)	1405.6%
税前合計	32	96	67	49	65	276	525	-47.4%
本期淨利	27	75	53	41	52	220	412	-46.5%
資產負債表								
總放款	28,536	29,206	29,187	28,625	27,174	29,206	27,814	5.0%
總存款	38,542	44,529	42,983	39,338	37,960	44,529	40,210	10.7%
總資產	69,318	71,723	71,709	64,588	64,150	71,723	68,154	5.2%
股東權益總額	5,479	5,409	5,399	5,352	5,318	5,409	5,286	2.3%
主要財務比率								
平均資產報酬率	0.15%	0.42%	0.31%	0.25%	0.31%	0.32%	0.58%	
平均股東權益報酬率	1.97%	5.53%	3.95%	3.05%	3.91%	4.12%	8.11%	
股東權益 / 總資產	7.90%	7.54%	7.53%	8.29%	8.29%	7.54%	7.76%	
成本收入比率	-79.50%	-63.32%	-70.16%	-75.58%	-70.47%	-69.17%	-54.90%	
逾期放款 / 總放款	1.50%	1.44%	1.48%	1.59%	1.62%	1.44%	1.60%	
備抵呆帳 / 逾期放款	177.69%	177.49%	169.32%	161.14%	167.08%	177.49%	165.09%	
存放比（人民幣）	75.09%	72.16%	69.40%	73.51%	73.20%	72.16%	73.51%	
第一類資本比率	12.11%	11.49%	11.78%	12.37%	12.91%	11.49%	13.04%	
資本適足率	12.85%	12.19%	12.44%	13.01%	13.63%	12.19%	13.76%	

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10 May 2018

Fubon Life Insurance Company Limited
14F, No. 108, Section 1
Tun Hwa South Road
Taipei 10557
Taiwan, R.O.C

For the attention of: Mr. Chun-Pan Chen, President
Ms. Tsai-Ling Chao, EVP

Dear Sirs,

Review of Embedded Value as at 31 December 2017 and Value of One Year's New Business of Fubon Life Insurance Company Limited

Deloitte Advisory (Hong Kong) Limited ("Deloitte Consulting", or "we") have been retained by Fubon Life Insurance Company Limited ("Fubon Life" or "the Company") to prepare an independent opinion in respect of the Embedded Value ("EV") as at 31 December 2017 and the Value of One Year of New Business ("V1NB") sold during the calendar year 2017 as calculated and published by the Company. The purpose of the publication of the EV and V1NB figures was to provide supplementary information to investors, analysts and other stakeholders.

This opinion letter ("the Opinion Letter") sets out the work carried out and findings from that work and has been prepared in accordance with the Work Order dated 5 February 2018 between Fubon Life and Deloitte Consulting.

This engagement is solely with Fubon Life and this Opinion Letter is solely for the use of Fubon Life and its Directors as a body for the stated purpose only. To the fullest extent permitted by law we do not accept or assume responsibility or liability (including without limitation, those arising from negligence) to anyone other than Fubon Life's Directors as a body for our work in respect of this Opinion Letter or for the conclusions that we have reached.

Summary of Embedded Value and Value of One Year of New Business Results

The Embedded Value as at 31 December 2017 and the Value of the One Year of New Business written over the period of 1 January 2017 to 31 December 2017 as calculated by the Company is summarised as follows:

	Values (NT$ bn)
Adjusted Net Worth	254.0
Value of In Force Business after Cost of Capital	270.2
Embedded Value	**524.3**
Value of One Year of New Business after Cost of Capital	**28.5**

Definitions

A number of specific terms are used in this Opinion Letter. They are defined as follows:

- Embedded Value ("EV"): this is the sum of the Adjusted Net Worth and Value of In Force Business as at the valuation date. It includes no allowance for the value of future business yet to be written;
- Adjusted Net Worth ("ANW"): this represents the shareholder equity in the enterprise as at the valuation date. This is equal to the shareholder equity as reported in its Taiwan statutory

balance sheet plus several adjustment items. The purpose of the adjustments is to make the Adjusted Net Worth consistent with the projection of future profits and Cost of Capital;

- Value of In Force Business ("VIF"): this is equal to the present value as at valuation date of the future statutory profits from the business in force as at the valuation date using a risk adjusted discount rate, less the Cost of Capital associated with such business;
- Appraisal Value ("AV"): this is the sum of the Embedded Value and Value of Future New Business as at the valuation date. It represents an assessment of the economic value of the company on a going concern basis using best estimate assumptions and a discounted cash flow approach;
- Value of One Year of New Business ("V1NB"): this is equal to the present value as at the policy issue dates of the future statutory profits from the policies sold in 2017 less the Cost of Capital associated with such business;
- Value of Future New Business ("VNB"): this is equal to the present value as at the issue date of the future statutory profits from policies assumed to be sold in the future less the Cost of Capital associated with such business. One of the common calculation approaches is to multiply the Value of One Year of New Business by a new business multiplier. The new business multiplier reflects an assessment of the company's future new business volume, the profitability of such new business and the uncertainty in achieving such volume and profitability.
- Cost of Capital: this is defined as the amount of capital required to be held at the valuation date less the present value of future releases of such capital and after-tax earnings on the assets backing it. The level of capital required depends on the Company's internal target of capital level but is subject to the minimum of statutory requirement.

This Opinion Letter does not give any opinion on the "fair market value" of any part or the whole of the Company. Actual market values are determined by investors based on a variety of information available to them and their own investment criteria.
The techniques for calculating a company's Embedded Value and the Value of One Year of New Business have been evolving over the last 20 years. The Company has used "traditional" techniques. This is a common approach in Taiwan which is consistent with the methodology used by all local domestically-owned companies which publish their Embedded Values. This method does not include an explicit allowance for the cost of options and guarantees within the business. Instead, this approach makes an implicit allowance for the time value cost of options and guarantees and other risks associated with the realisation of the projected future profits through the use of a risk adjusted discount rate.

Scope of Review

The scope of our review is outlined as follows:

- Review and opine on the reasonableness of the EV and V1NB as calculated by the Company;
- Review of the reasonableness of the assumptions used in the calculations, taking into consideration both Company's recent experience and the experience of the Taiwanese life insurance market;
- Review of the Company's projection approach of the Cost of Capital;
- Review, at a high-level, of the changes made to the actuarial projection model by the Company since the previous valuation date of 31 December 2016;
- Review of the data put through the model compared to the policy data on the Company's policy administration systems to judge the extent to which the business has been valued in the financial model and to identify the portion (if any) omitted and how that was valued;

- Review of the approach used to determine the Adjusted Net Worth ("ANW"), in particular, the adjustments made in deriving the ANW, and any other adjustments made outside of the actuarial projection model;
- Review of the Company's analysis of change in the VIF between 31 December 2016 and 31 December 2017.

The scope of our review did not include the following aspects:

- Review of the policy data on the Company's administration systems;

  Our review did not cover an audit of the accuracy or completeness of the policy data items and we offer no comment on the quality of the policy data used by the Company in the valuation, and readers should not assume our review verifies the data is free from error.
- Review or audit of the valuation of the assets or any items unless specifically stated on the Company's balance sheet;

  We referred to the Company's audited financial statements and placed reliance on them.
- Review of the calculation of the RBC (risk based capital) of the Company as at 31 December 2017; and

  Whilst we reviewed the projection of the RBC into future periods, we relied on the accuracy and completeness of the starting RBC figures as at 31 December 2017 as submitted by the Company to the Taiwanese regulator.
- Any other actuarial or other valuation figures, such as an Appraisal Value, Value of Future New Business, New Business Multiplier, or any "Fair Value" or potential transaction price.

  Only the EV and V1NB fell in the scope of our review, and we offer no opinion on any other values.

Our review was conducted in accordance with current generally accepted actuarial practices and processes for reviews of traditional Embedded Value calculations. In particular, we made reference to the methods, approach and other considerations as set out in:

- The relevant parts of Practice Guideline 199.03 of the Institute of Actuaries of Australia entitled "Economic Valuations"; and
- Professional Conduct Standards as defined by the Professional Affairs Board of the Institute and Faculty of Actuaries in the UK.
- 人壽保險業隱含價值評估精算實務處理準則及修正對照表(107 年版) published by the Actuarial Institute of Chinese Taipei.

Findings from our Review

Our findings are summarised as follows:

- With respect to the calculation methodology adopted by the Company in the calculations:
  - The chosen traditional EV methodology used by the Company has been applied in line with generally accepted actuarial practice and relevant guidance; and
  - The methodology was in line with the purpose stated by the Company, and is consistent with a "going concern" approach.
- With respect to the policy data used in the calculations:
  - The Company has used policy data that is, in aggregate, consistent with the policy data held on the Company's administration systems as at the appropriate dates.

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- With respect to the actuarial projection and valuation systems and the results produced by the Company:
  - Over 99% of the policy data has been included in the valuation and a zero value has been assigned to that part which was not included in the valuation;
  - At the aggregate level, the model outputs for each major block of business that we reviewed appear to be consistent with the assumptions applied in the calculations, the features of the products included in each block of business, the prevailing applicable and relevant regulations in Taiwan.
- With respect to the assumptions used in the calculations:
  - The assumptions, taken as a whole, are reasonable for the Company and the environment in which it conducts business;
  - The economic assumptions, including rate of investment return, risk adjusted discount rate and inflation rate, were set consistently with one another and with the way in which the adjusted net worth was calculated;
  - The economic assumptions represent plausible future outcomes for expected future total returns (including the release of risk margins) and lie within a reasonable range of such plausible future outcomes; and
  - The non-economic assumptions have been set with regard to relevant actual historical experience of both the Company and the industry, and the Company has provided plausible, reasoned arguments in relation to their expectations of future trends and developments for these assumptions.
- With respect to the calculation of the Adjusted Net Worth:
  - The Company has made adjustments to the Net Worth as reported on the statutory balance sheet which are appropriate for the purpose of this valuation.

In conclusion, we find the results of the Embedded Value and Value of One Year of New Business calculated by the Company to be reasonable within the purpose and chosen methodology of their calculation, and that the methodology is consistent with the approach taken by all local domestically-owned life insurers which publish similar figures in Taiwan and with one generally accepted method for their calculation.

In stating the above opinion, we draw attention to the uncertainty related to such calculations.
The calculations of EV and V1NB results necessarily make numerous assumptions with respect to economic conditions, operating conditions, taxes and other matters, many of which are not fully within the control of the Company. Although the assumptions used represent estimates which fall within a reasonable range of expectations, actual experience in the future is almost certain to vary from that assumed in the calculation of the results and any such variations may be material. Deviations from assumed experience are normal and are to be expected.

We note, and draw the attention of readers to the sensitivity of the results to assumptions, and in particular, to the assumed rate of future investment return and the risk discount rate; this is illustrated quantitatively in the Company's disclosures. A deviation from the assumed future investment return, even still within a reasonably plausible range of such assumptions, may lead to a materially different result. We note that future investment returns are subject to market factors beyond the control of the Company and hence it is not possible for the Company to fully immunise future profitability against movements in future investment returns.

Yours faithfully,
Deloitte Advisory (Hong Kong) Limited