

# Fubon Financial Holdings Year 2018 Overview

2019.03.22



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



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

- ***Performance review by subsidiary***

- *Taipei Fubon Bank*
- *Fubon Life*
- *Fubon Insurance*
- *Fubon Securities*
- *Overseas Banking Operation*

## Robust earnings performance

- Top EPS among Taiwan FHCs for ten years
- Total assets reached historical high at NT\$7,715 billion

## Diversified operation expansion

- Taipei Fubon Bank's 19.99% stake investment in LINE Pay at NT\$3.158bn
- Fubon Life's 62% stake investment in Fubon Hyundai Life at NT\$12.6bn
- Xiamen Bank's 19.95% investment stake transfer from Fubon Bank (Hong Kong) to Fubon FHC
- New branches opening in Wu-han and Xi-an in Fubon Bank China; branches in Guang-zhou and Chong-qing to be set up

## Commitment in ESG

- Inclusion of the top tier Dow Jones Sustainability Indices (DJSI) World Index for the second year. Top 2 ranking globally under "FBN Diversified Financial Services and Capital Markets" category. Inclusion of DJSI Emerging markets Index for the third year
- Inclusion of the MSCI Global Sustainability Indexes for the second year. Grade A from MSCI ESG Rating in the Diversified Financial Category, the highest grade among peers in Taiwan

Net profits reached NT\$47,729 million in 2018, translating into EPS NT\$4.52

## Taipei Fubon Bank

- Net interest revenue growth along with foreign currency assets
- Revenue and contribution increase from overseas branches

## Fubon Life

- Top two market position in total premium, and top three market position in FYP and FYPE. Steady improvement in COL
- Gradual improvement in pre-hedged recurring return
- Top-up FX reserves to enhance flexibility in hedging management

## Fubon Insurance

- Top position in terms of total premium for the 37<sup>th</sup> year
- Continue to gain market share with a focus on underwriting quality
- Benign combined ratio and investment results lead to profits growth

## Fubon Securities

- Top three position in brokerage and underwriting business
- Focus on regional ETF products in Fubon Asset Management

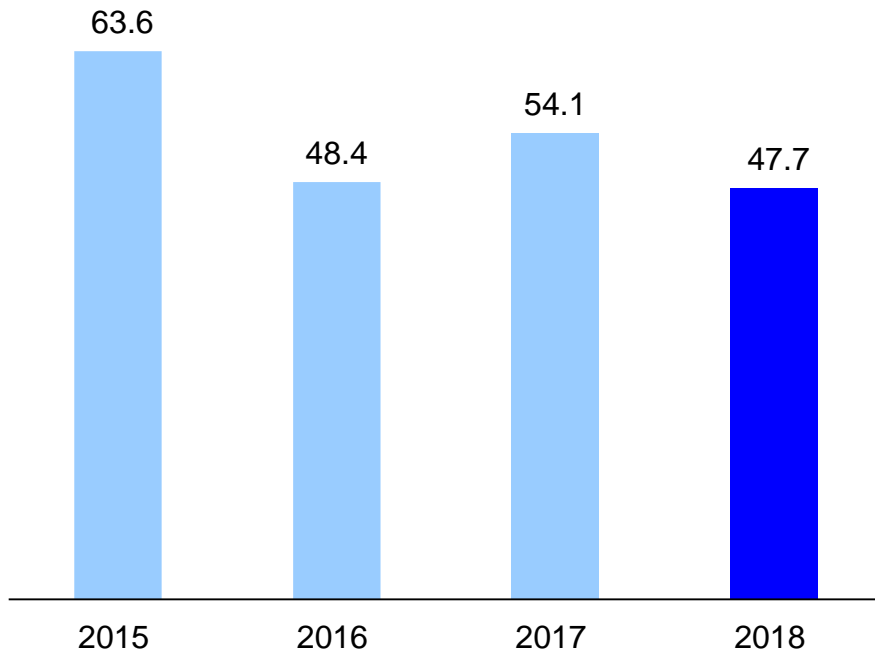
# Fubon Financial Holdings: Profitability



- Net profits declined due to capital market volatility and FX reserve provision in Fubon Life in 4Q18

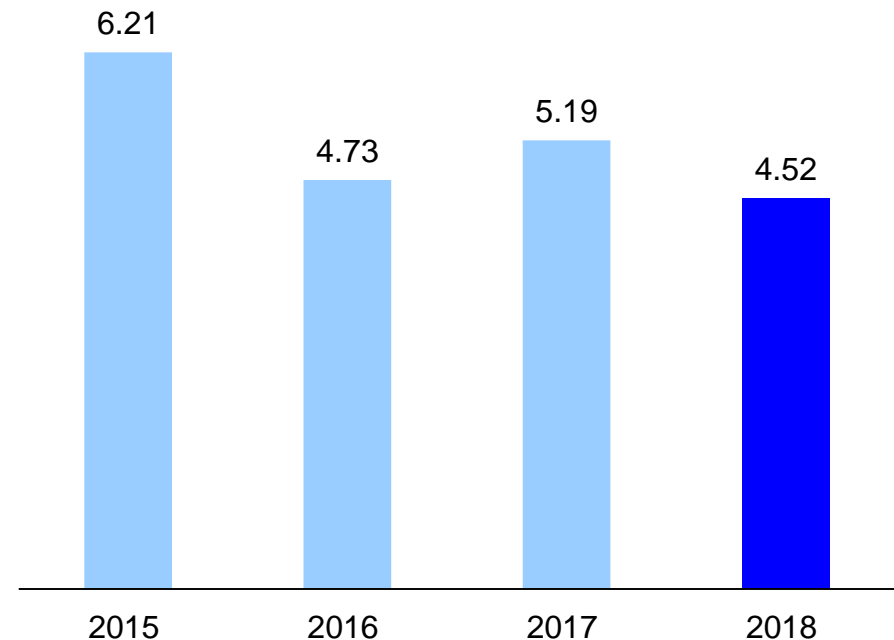
## Net profits

NT\$bn



## Earning per share (EPS)

NT\$

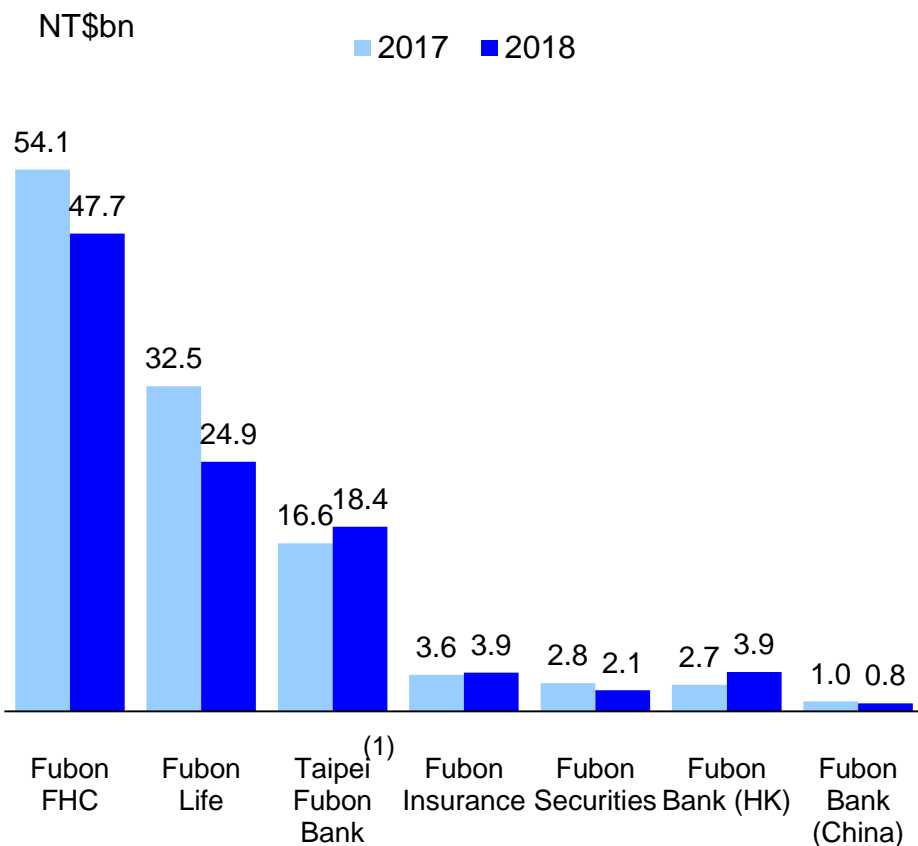




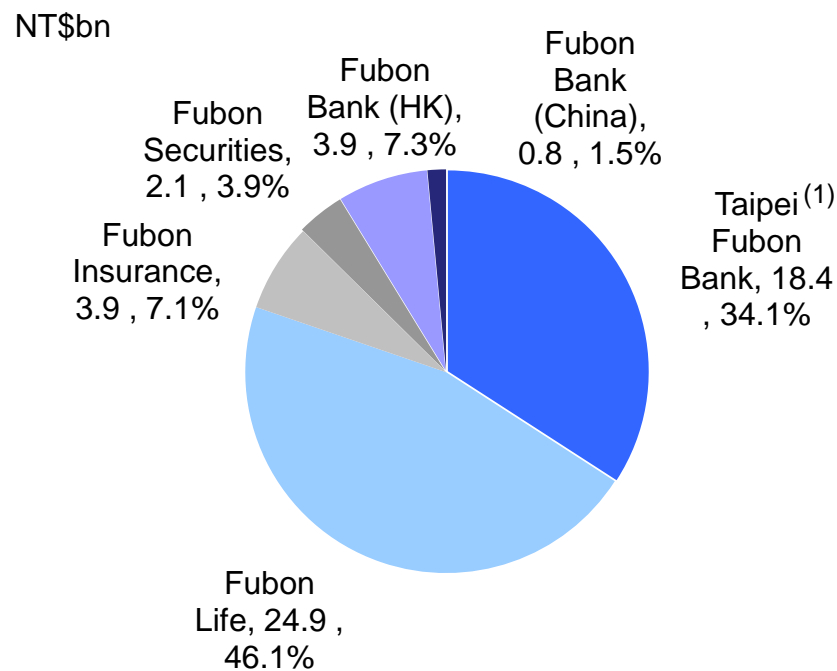
# Fubon Financial Holdings: Net profits from major subsidiaries

- Net profits of holding company declined 11.8% yoy. Taipei Fubon Bank, Fubon Insurance and Fubon Bank (Hong Kong) delivered decent earnings growth

Net profits from subsidiaries



Profit contribution from subsidiaries<sup>(2)</sup>

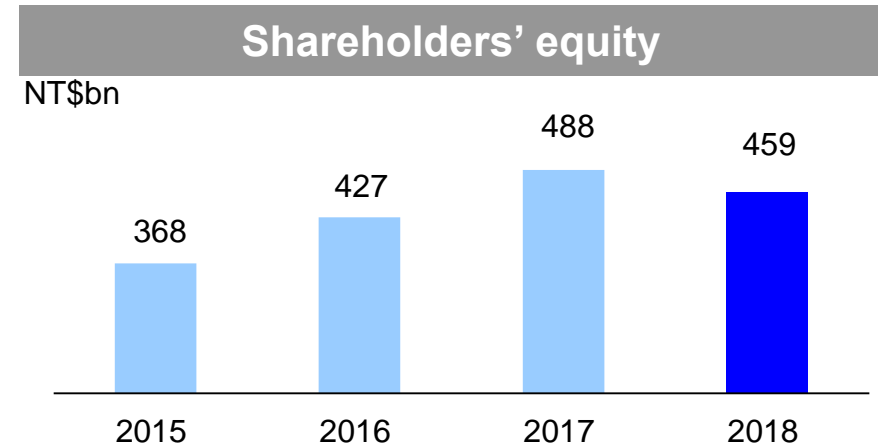
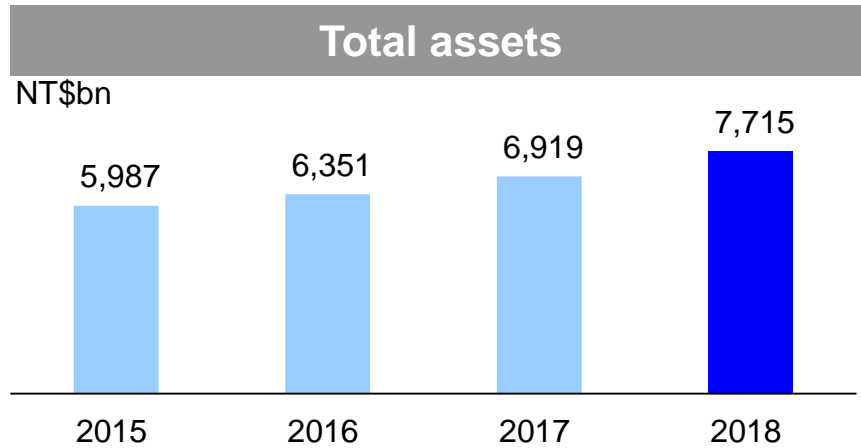


Note: (1) Net profits of Fubon Bank(China) is not included in net profits of Taipei Fubon Bank; (2) Profit contribution are based on the summation of the six subsidiaries shown in the chart

# Fubon Financial Holdings: Asset and net worth



- Asset growth up 11.5% yoy. Net worth declined 6% yoy due to capital market volatility
- Well capitalization across major subsidiaries



## Capitalization of FHC and subsidiaries

		4Q18	Regulatory requirements
Fubon Financial	CAR	119.2%	100%
Taipei Fubon Bank	tier one	12.4%	7.875%
	total CAR	14.0%	9.875%
Fubon Bank (HK)	tier one	17.2%	9.75%
	total CAR	19.1%	11.75%
Fubon Bank (China)	tier one	11.7%	8.5%
	total CAR	14.2%	10.5%
Fubon Insurance	RBC	554.6%	200%
Fubon Life	RBC	278.3%	200%
Fubon Securities	CAR	387.7%	150%

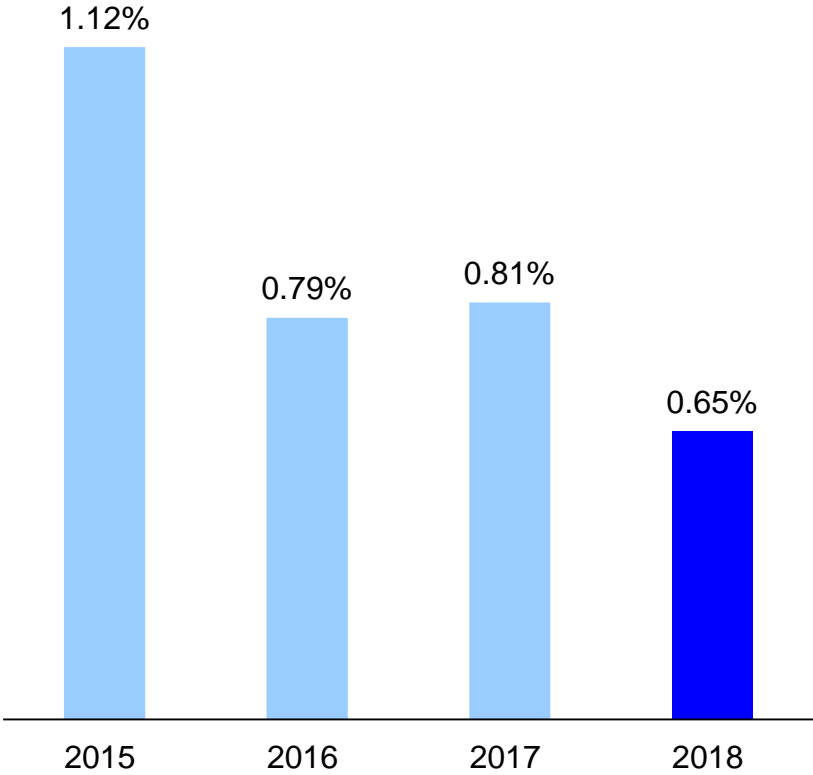


# Fubon Financial Holdings: ROA & ROE

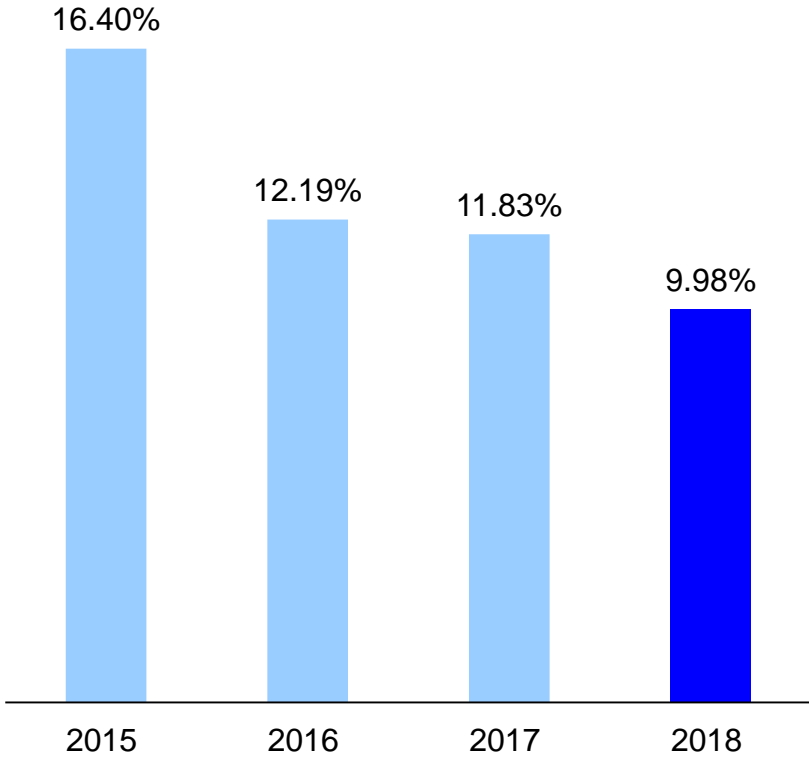


■ ROA and ROE performance affected by earnings decline

ROA



ROE



# Fubon Financial Holdings: Market position



## ■ Leading market position across business lines

### Fubon Life

	Market ranking	Market share
Total premium	2	15.5%
First year premium equivalent	2	14.3%
FYP through bancassurance	2	13.3%
FYP through tied agents	3	15.0%
First year premium	3	13.8%

### Fubon Insurance

	Market ranking	Market share
Commercial line	1	24.4%
Direct written premium	1	23.4%
Underwriting profits	1	NT\$2.22bn
Personal line	1	23.0%

### Taipei Fubon Bank

	Market ranking (Overall/ private banks)	Market share/amount
Loan Syndication	3 / 1	8.6%
Mortgage loan	5 / 2	5.9%
Loan balance of OBU and overseas branches	8 / 3	4.7%
Monthly per card spending <sup>(1)</sup>	2	NT\$10,348

### Fubon Securities

	Market ranking	Market share
Brokerage per branch <sup>(2)</sup>	1	0.14%
SPO amount	2	23.1%
Emerging stock trading	2	22.8%
IPO amount	2	13.9%
Brokerage	3	6.0%

Note: (1) Ranking among top 6 card issuers; per active card basis; (2) Ranking among top 10 brokers

# Fubon Financial Holdings: Growth opportunities



## Opportunities

- Portfolio management along with asset growth
- Prudency in long-term business growth
- Diversification in business expansion

## Business management

- Enhance customer experience and satisfaction through fintech solutions
- Clients base expansion and efficiency management
- Cross-sale synergy



## Overseas expansion

- Prioritize overseas markets to cultivate in the long-term
- M&A and strategic alliance opportunities in domestic and overseas markets

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



- *Taipei Fubon Bank*

- *Fubon Life*

- *Fubon Insurance*

- *Fubon Securities*

- *Overseas Banking Operation*

# Taipei Fubon Bank: Revenue

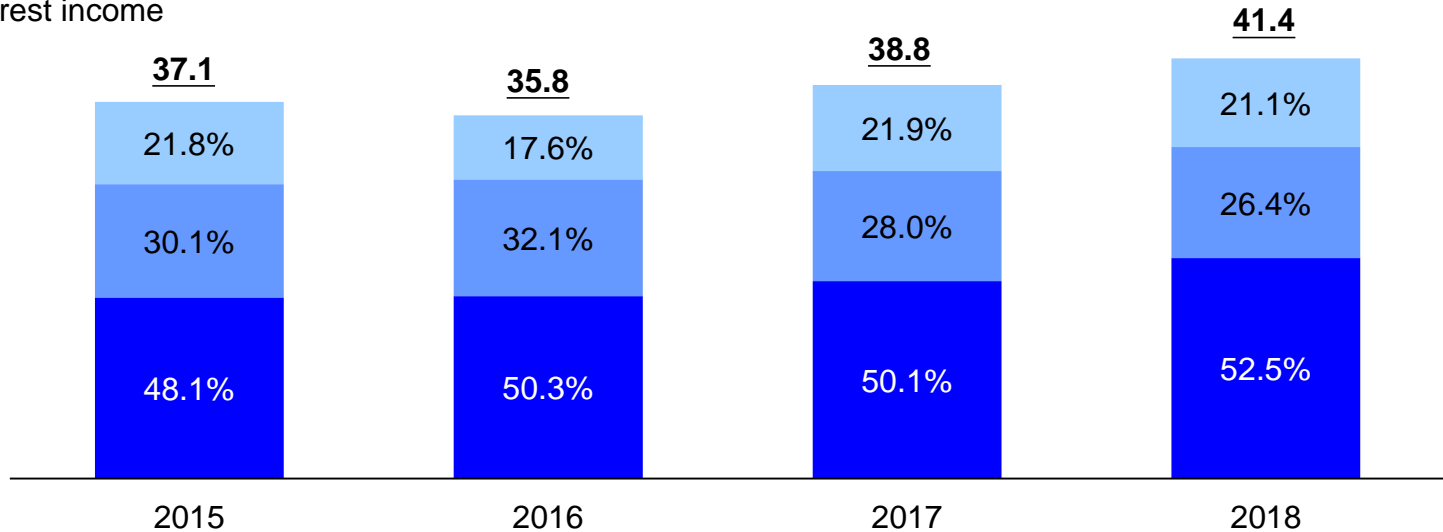


- Net revenue growth of 6.7% yoy driven by double digit growth in net interest income
- Higher revenue contribution from overseas branches

Revenue composition of Taipei Fubon Bank

NT\$bn

- Treasury & others
- Net fee income
- Net interest income



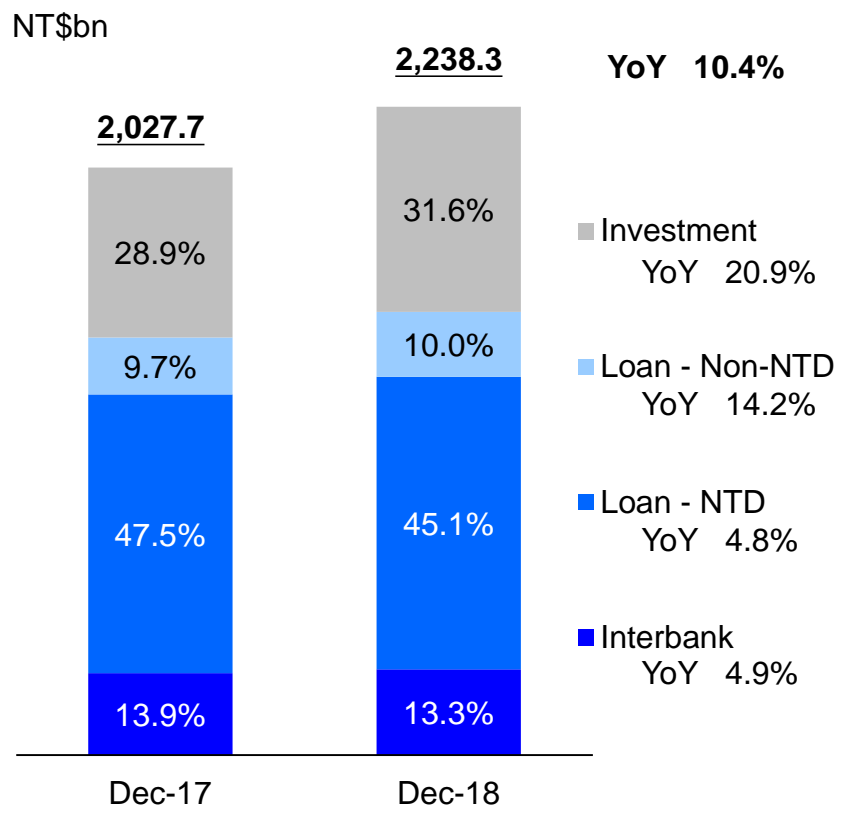
Revenue from overseas branches (NT\$bn)	3.5	2.9	3.3	4.6
% of the Bank's revenue	9%	8%	8%	11%

# Taipei Fubon Bank: Interest-earning asset and loan composition

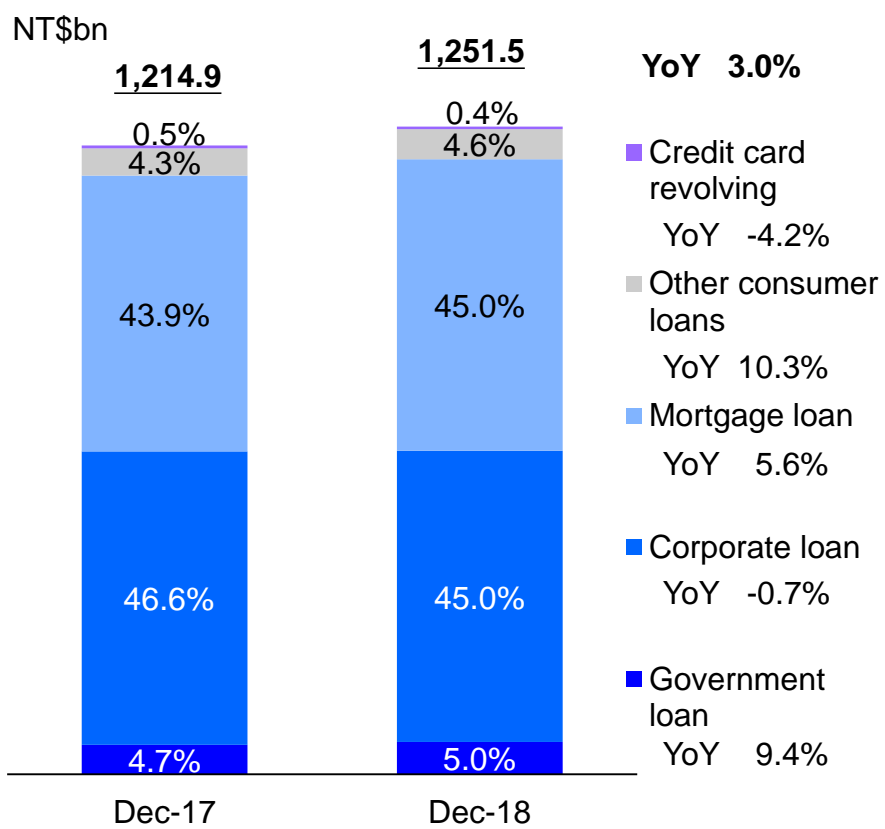


- Interest-earning assets growth 10.4% driven by investment and foreign currency loans
- Loan growth 3.0% yoy mainly driven by mortgage and other consumer loans

**Average Interest-earning assets mix**



**Loans by type**



Note: Average balance

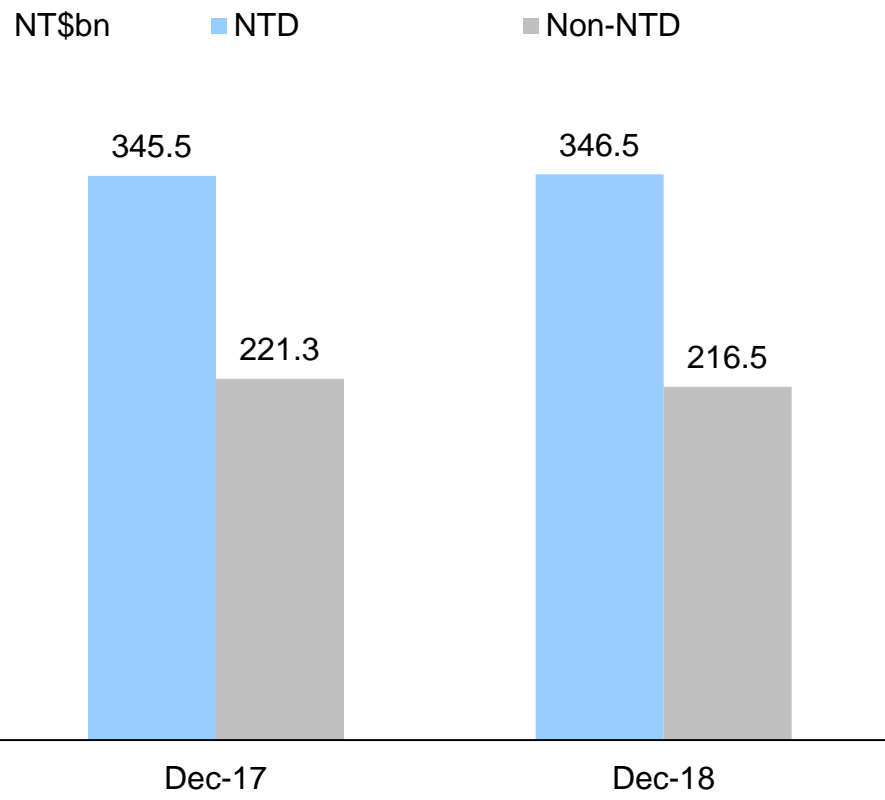
Note: Ending balance

# Taipei Fubon Bank: Corporate credit



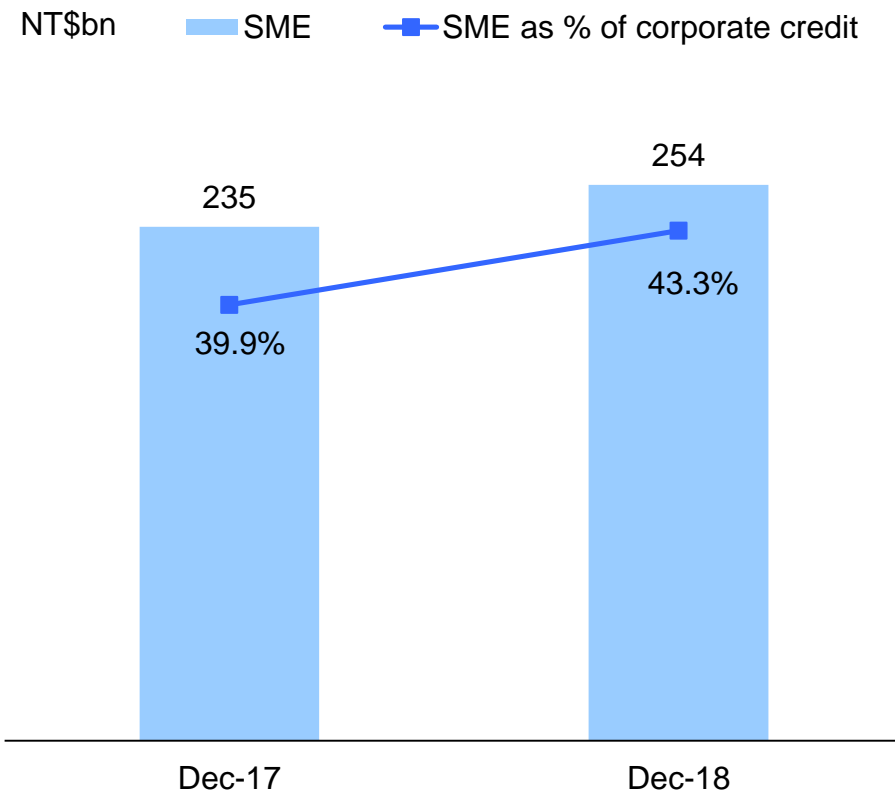
- Non-NTD loan outstanding declined reflecting clients' funding needs in the quarter-end. The growth rate is 14.2% on full-year average basis
- SME credit growth 8.2% yoy with contribution to the total corporate credit increased

Corporate loan by currency



Note: Ending balance

SME credit and as % of corporate credit



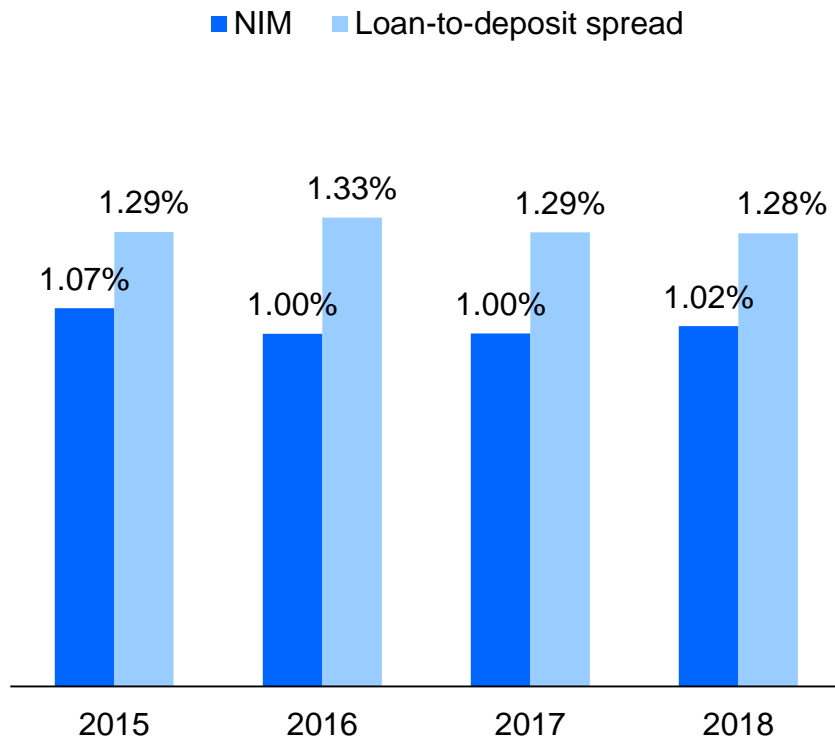
Note: Corporate credit include loan and trade finance

# Taipei Fubon Bank: Interest yield and margin

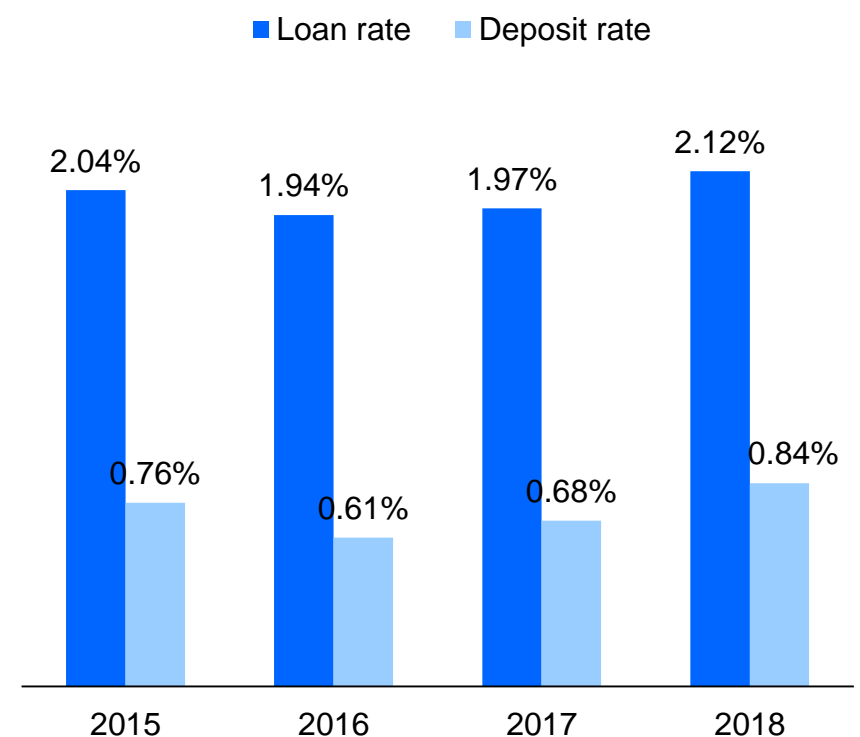


- NIM improvement driven by bond investment and loan portfolio
- Loan-to-deposit spread down 1bp as growth in foreign deposit average balance of 13.6% yoy

## NIM and loan-to-deposit spread



## Loan yield and deposit yield



Note: Loan rate calculation inclusive of credit card revolving

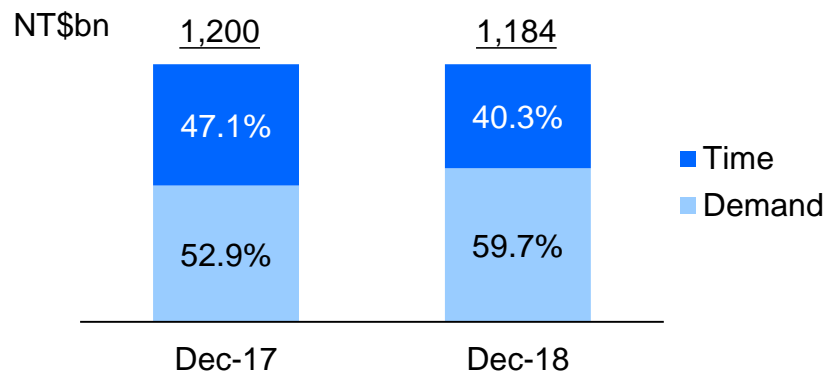


# Taipei Fubon Bank: Deposit mix and LDR

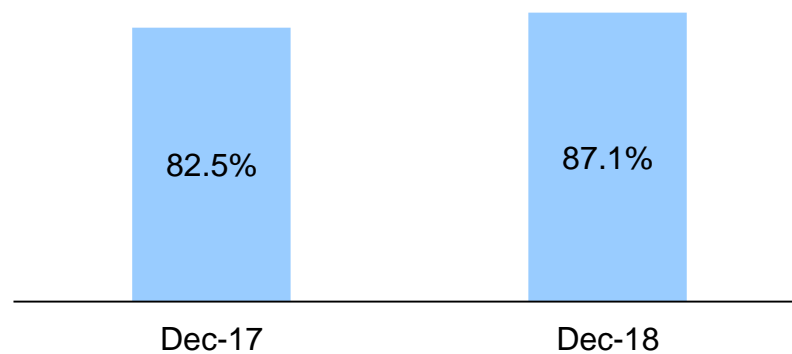


- NT dollar demand deposits ratio increased to 59.7% with LDR up to 87.1%
- Improvement in foreign deposit deployment. Foreign currency loans plus investment to foreign deposit reached 65.7%, which is 7.2% increase yoy

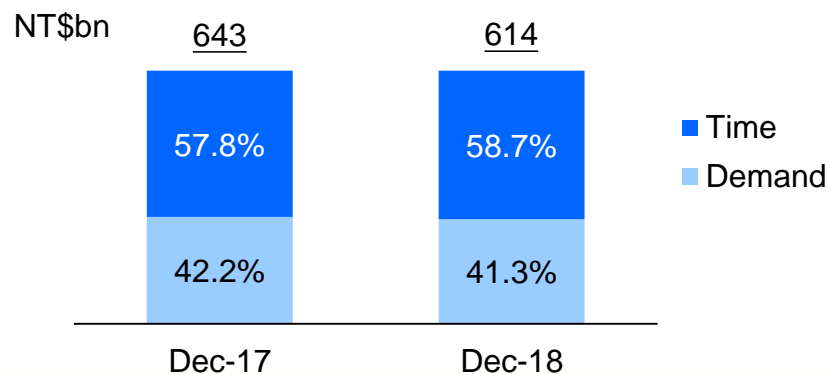
### Deposit mix in NTD



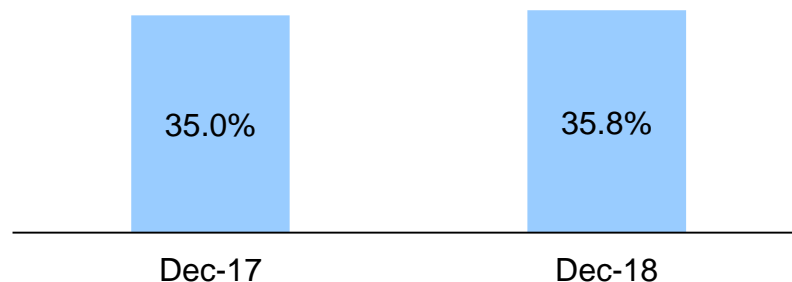
### NTD loan-to-deposit ratio (LDR)



### Deposit mix in foreign currency



### Foreign currency LDR



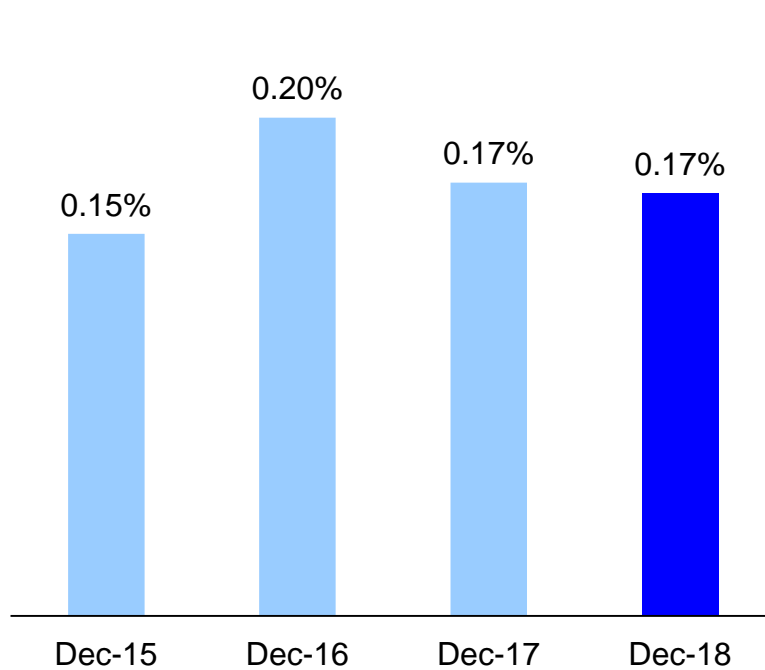
Note: Ending balance

# Taipei Fubon Bank: Asset quality

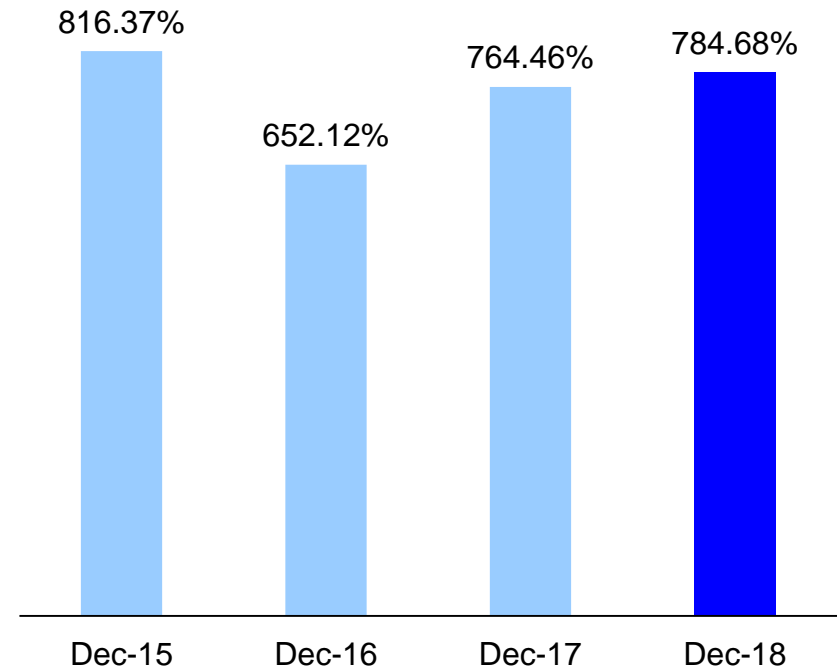


- Steady outperformance in asset quality

NPL ratio



Coverage ratio



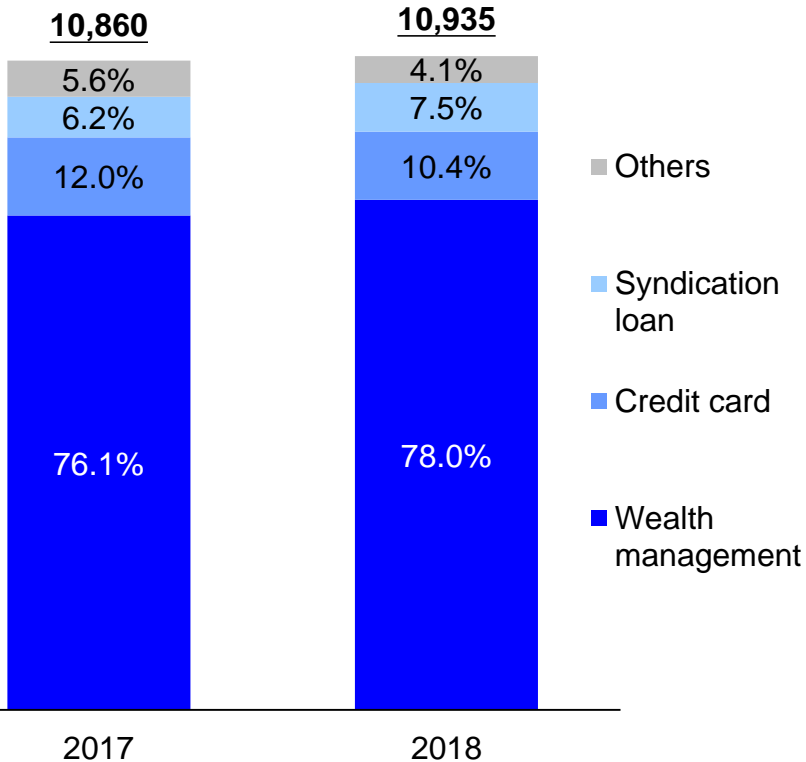
# Taipei Fubon Bank: Fee and wealth management revenue



- Fees growth driven by syndication and wealth management
- Wealth management fee remained steady growth, with sales volume increased by 4.8% yoy

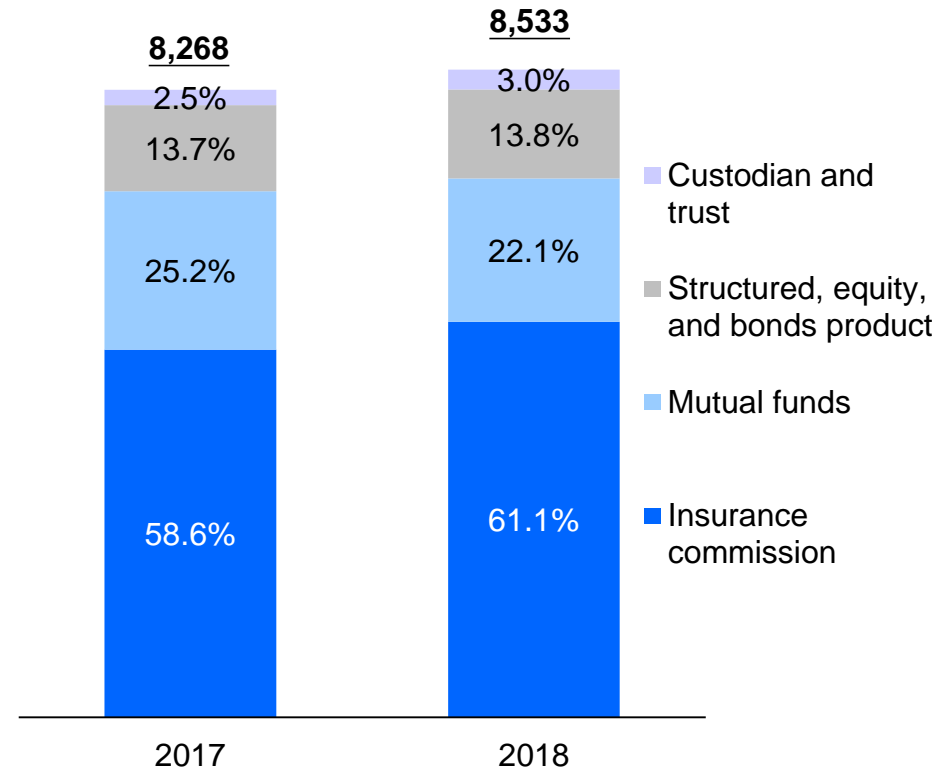
## Sources of fee revenue

NT\$m



## Wealth management fee

NT\$m



## NIM improvement

- Growth in foreign currency assets with focus on overseas market
- SME client base expansion through both corporate and retail franchise
- Unsecured personal loans growth from data analytics and online platform

## Cross-selling

- Wealth management growth through segmentation, convenience in payment and robo solutions
- Growth in credit card business to expand cross-sale opportunities

## Financial ecosystem

- Promote mobile payment solutions to expand merchants and customer base
- Strategic alliance in LINE Pay to enhance customer adhesion

- ***Performance highlights of Fubon Financial Holdings***
- ***Performance review by subsidiary***
  - *Taipei Fubon Bank*
  - *Fubon Life*
  - *Fubon Insurance*
  - *Fubon Securities*
  - *Overseas Banking Operation*



• *Fubon Life*

• *Fubon Insurance*

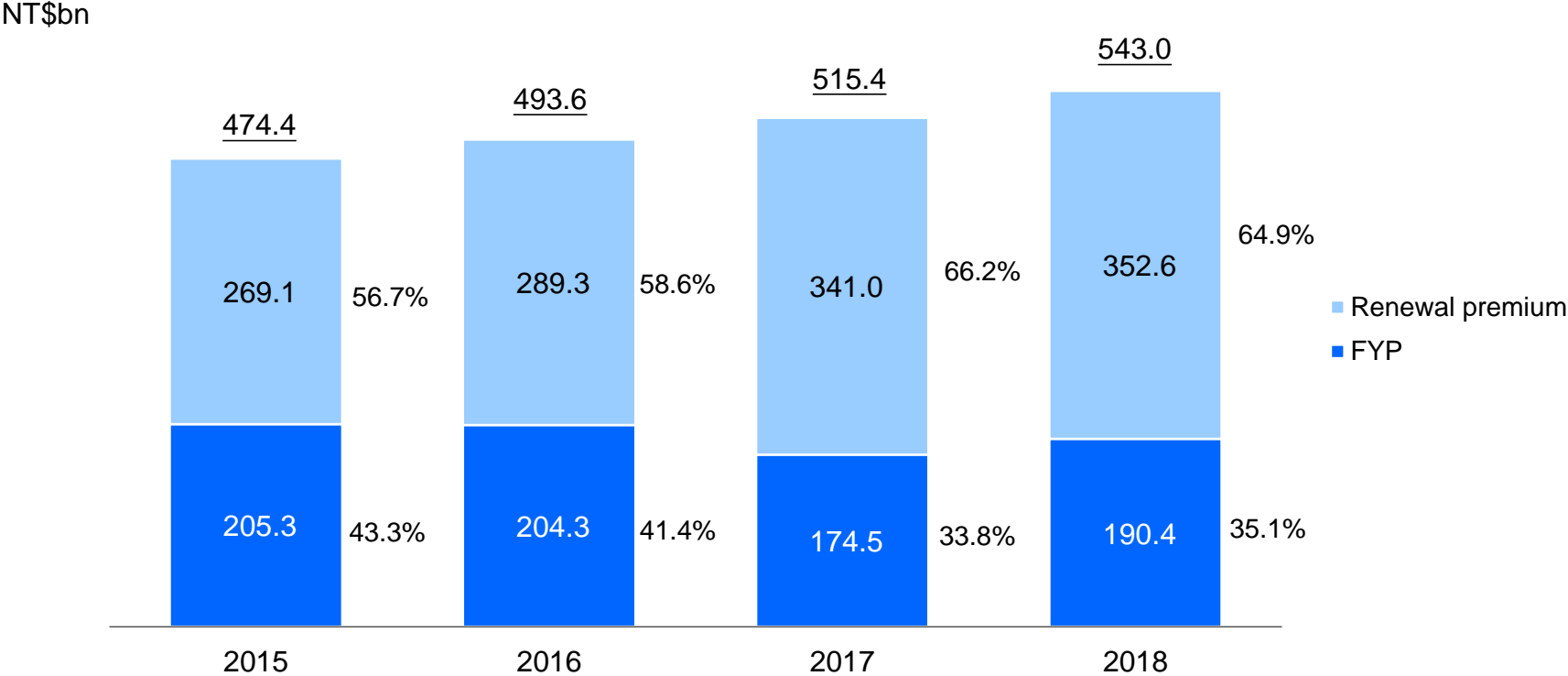
• *Fubon Securities*

• *Overseas Banking Operation*

# Fubon Life: Total premium



- 5% growth in total premium driven by FYP and renewal premium growth. Renewal premium contributed 64.9% of total premium
- Total premium ranked top 2 in the market



# Fubon Life: First year premium (FYP)



- 9.1% yoy growth of FYP driven by investment-linked and traditional life regular-paid policy

## FYP composition

NT\$bn	1Q18	2Q18	3Q18	4Q18	2018	%	2017	%	YoY growth
Traditional life: Regular-paid	14.0	20.6	12.5	22.3	69.4	36.4%	59.4	34.1%	16.7%
Traditional life: Single-paid	21.8	16.6	16.2	18.5	73.1	38.4%	74.7	42.8%	-2.1%
Interest-sensitive annuity	1.1	1.0	1.2	1.6	4.9	2.6%	6.0	3.5%	-18.8%
Investment-linked	9.1	7.8	11.0	6.7	34.6	18.2%	25.9	14.8%	33.7%
Health, accidents and others	2.1	2.0	2.1	2.2	8.4	4.4%	8.4	4.8%	-0.1%
<b>Total</b>	<b>48.1</b>	<b>48.0</b>	<b>43.0</b>	<b>51.3</b>	<b>190.4</b>	<b>100.0%</b>	<b>174.5</b>	<b>100.0%</b>	<b>9.1%</b>
TWD	23.6	30.6	25.4	35.3	114.9	60.3%	98.6	56.5%	16.5%
Non-TWD	24.5	17.4	17.6	16.0	75.5	39.7%	75.9	43.5%	-0.4%

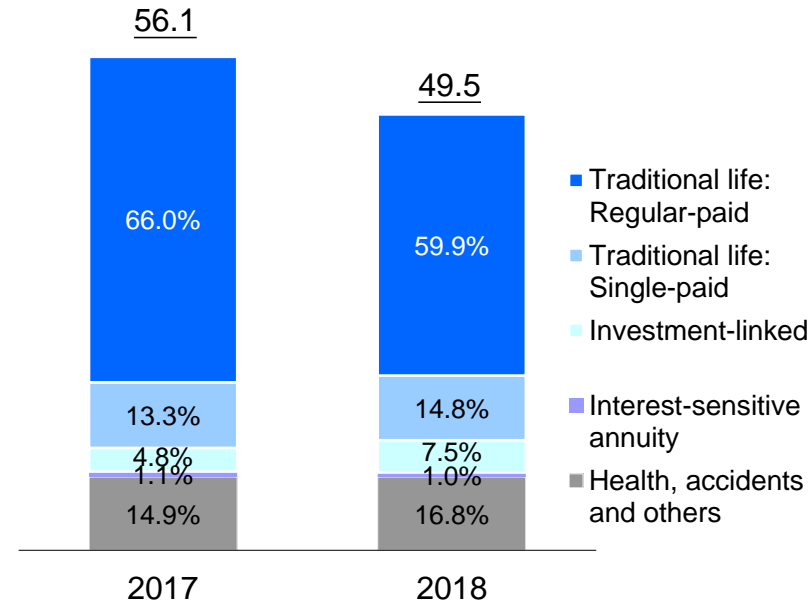
# Fubon Life: First year premium equivalent (FYPE) & Value of new business (VNB)



■ FYPE and VNB declined due to market demand shift toward investment-linked and short-term payments policy

## FYPE

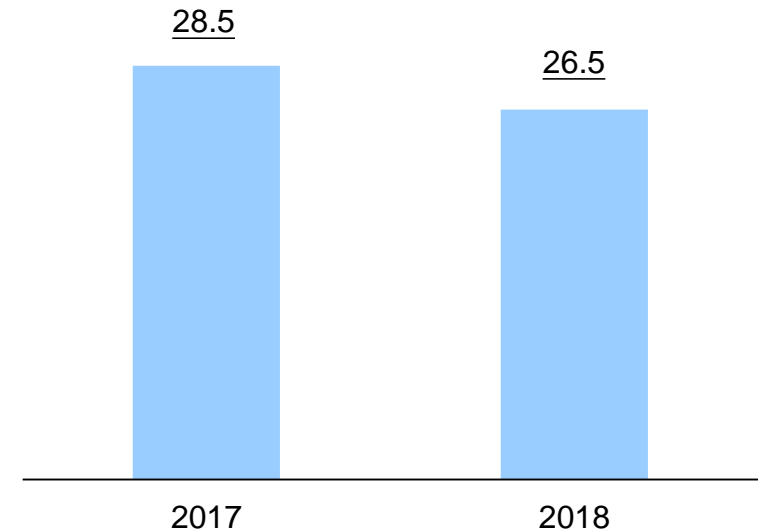
NT\$bn



FYPE/ FYP	2017	2018
	32.2%	26.0%

## VNB

NT\$bn



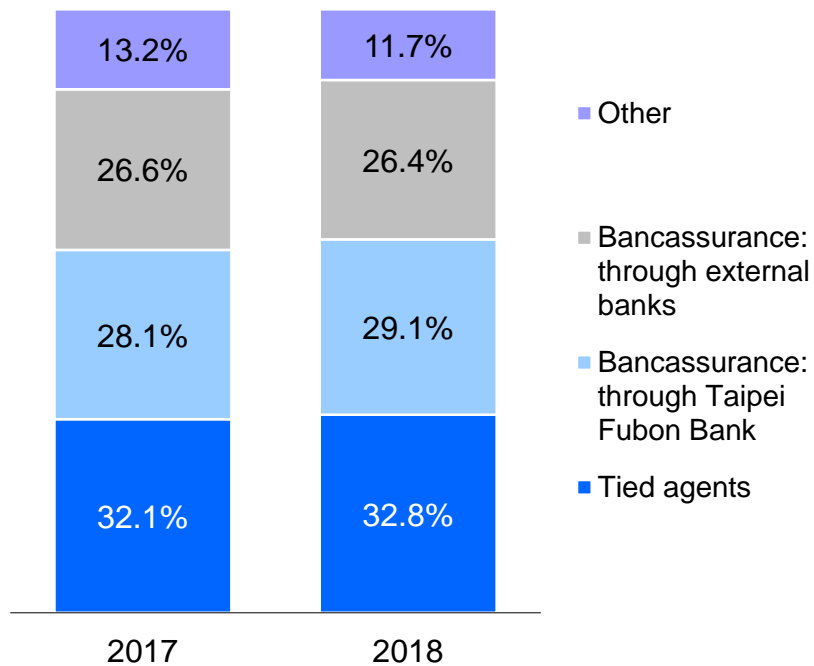
VNB/FYP	2017	2018
	16.3%	13.9%
VNB/FYPE	50.8%	53.5%

Note: VNB is based on 2017 EV actuarial assumptions

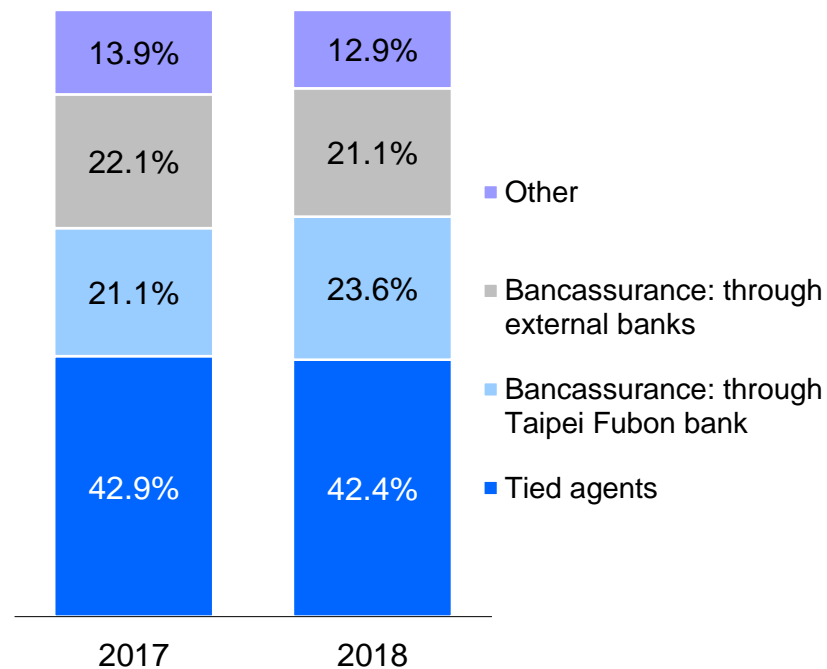


■ FYP and FYPE contribution from Taipei Fubon Bank increased

### FYP by channel



### FYPE by channel



# Fubon Life: Composition of investment income



- Recurring investment income grew faster than the growth of total investment assets
- Investment return declined due to capital market volatility and hedging cost

NT\$bn	2016	2017	2018	2018 YoY growth
Recurring investment income	106.1	114.9	129.3	12.6%
Interest income	77.4	85.0	100.0	17.5%
Cash dividend income from equity investment	14.9	18.8	19.0	0.7%
Rental and others	13.8	11.1	10.3	-7.5%
Realized gains from fixed income investment	23.9	14.1	8.8	-37.4%
Realized gains from equity investment	10.3	25.5	25.5	0.0%
FX and others	-16.0	-28.9	-32.9	13.9%
<b>Investment income</b>	<b>124.3</b>	<b>125.6</b>	<b>130.7</b>	<b>4.1%</b>
<b>Total investment assets</b>	<b>3,118.4</b>	<b>3,386.3</b>	<b>3,622.3</b>	<b>7.0%</b>
<b>Investment return (before hedge)</b>	<b>4.84%</b>	<b>4.76%</b>	<b>4.63%</b>	
<b>Investment return (after hedge)</b>	<b>4.30%</b>	<b>3.93%</b>	<b>3.62%</b>	

# Fubon Life: Investment portfolio



- Steady growth of investment assets with 7.0% yoy
- Investment portfolio allocation in response to market conditions

	2017/12/31		2018/09/30		2018/12/31	
<b>NT\$bn</b>						
Deposit and cash equivalent	163.5	4.8%	156.8	4.3%	170.5	4.7%
Domestic fixed income	414.1	12.2%	440.5	12.2%	466.4	12.9%
Overseas fixed income*	1,837.5	54.3%	2,057.9	56.8%	2,056.7	56.8%
Domestic equity	376.2	11.1%	363.4	10.0%	320.0	8.8%
Overseas equity	200.4	5.9%	191.0	5.3%	187.1	5.2%
Mortgage loans	126.5	3.7%	138.8	3.8%	143.9	4.0%
Policy loans	63.2	1.9%	67.2	1.8%	69.1	1.9%
Real estate	204.9	6.1%	208.7	5.8%	208.6	5.7%
<b>Total Investments</b>	<b>3,386.3</b>	<b>100.0%</b>	<b>3,624.3</b>	<b>100.0%</b>	<b>3,622.3</b>	<b>100.0%</b>
Domestic	1,264.3	37.3%	1,294.3	35.7%	1,284.1	35.5%
Overseas*	2,122.0	62.7%	2,330.0	64.3%	2,338.2	64.5%

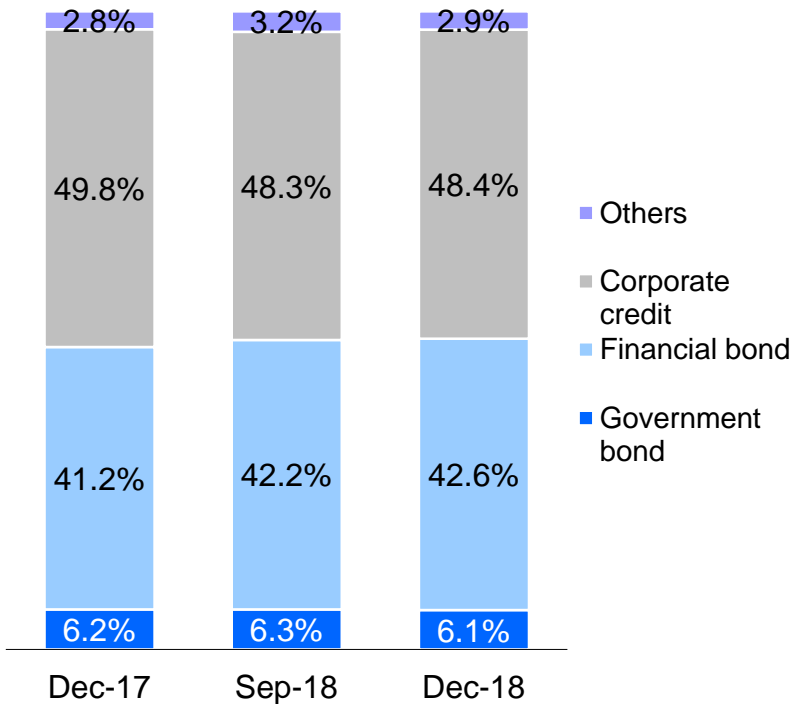
Note: \*Including OTC-listed international bond, the international bonds investment reached 17.2% of total investment assets as of 2018/12/31

# Fubon Life: Portfolio of overseas fixed income

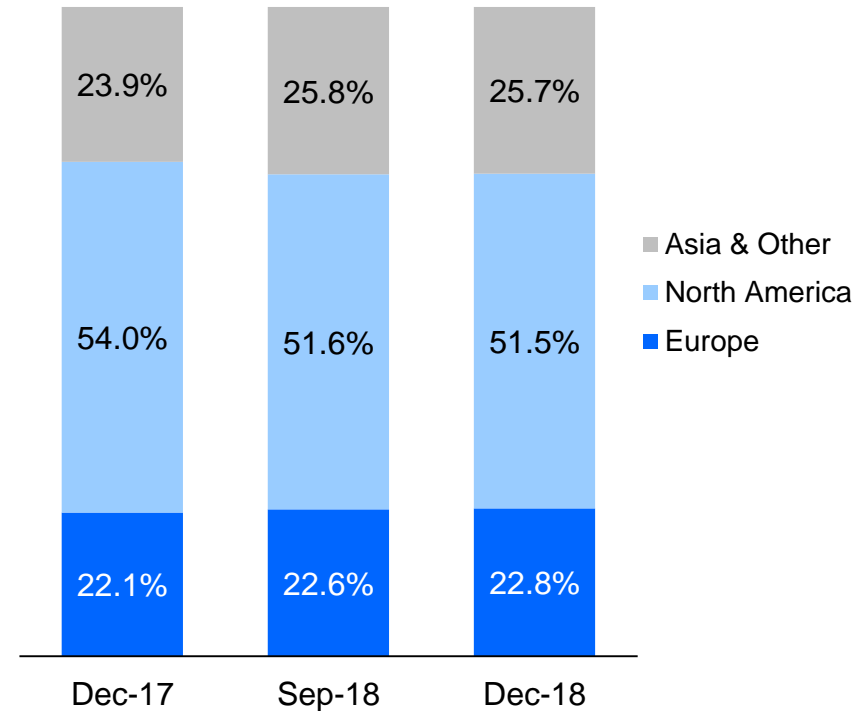


- Asset allocation predominately in corporate credit and financial bonds with investment-grade
- 51.5% of the assets are issuers from North America

Overseas fixed income by asset type



Overseas fixed income by region

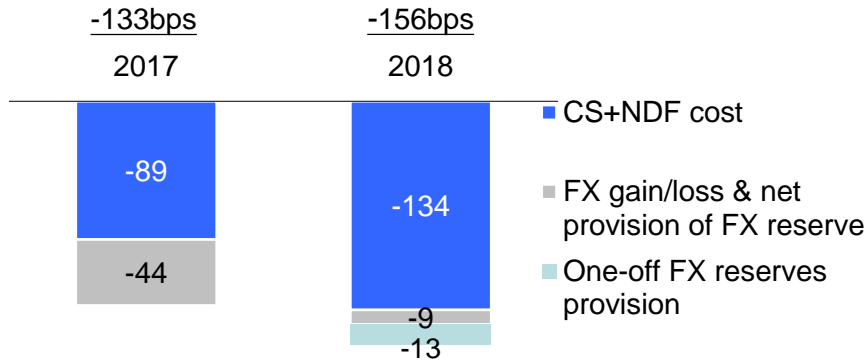


# Fubon Life: Hedging composition

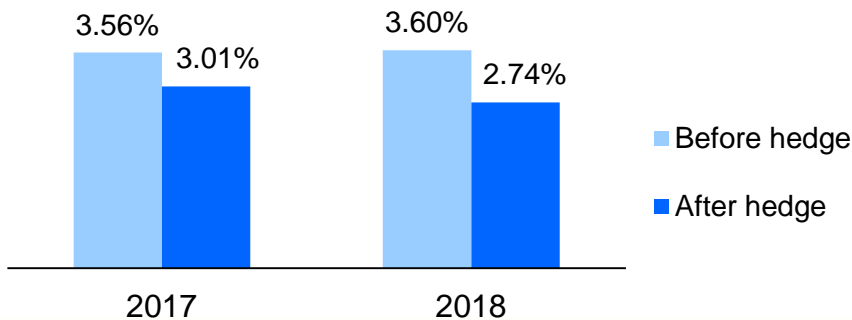


- Recurring hedging cost increased due to interest spread widening between TW and US, while FX losses recovered
- Top-up FX reserves of NT\$3bn to enhance flexibility in hedging management
- Gradual improvement in pre-hedged recurring return

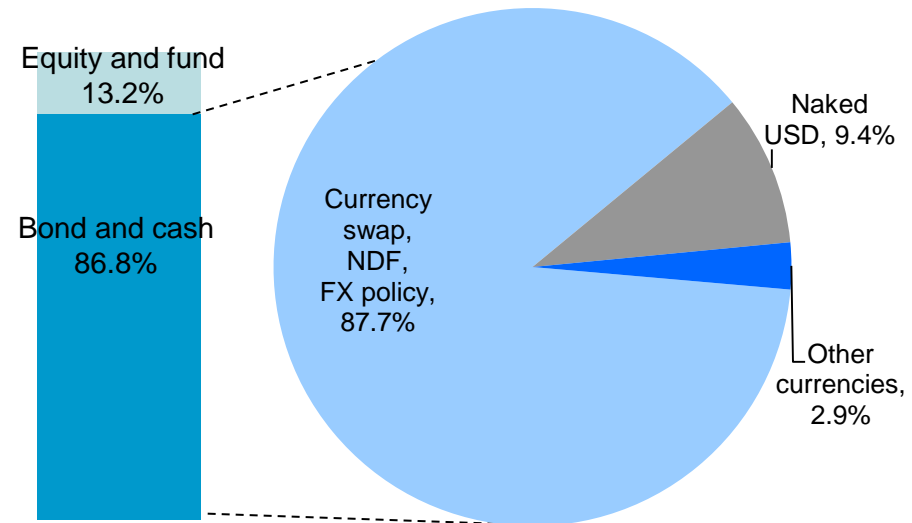
## Hedging cost & FX gain/loss



## Recurring return



## FX position

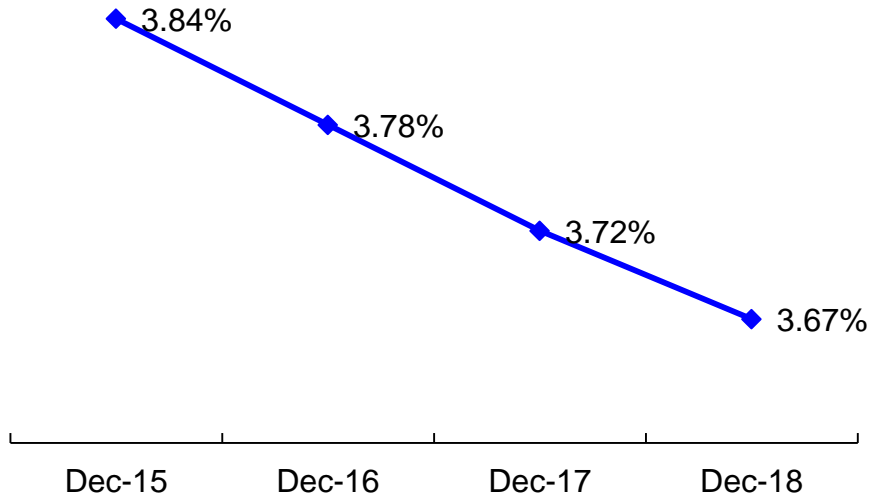


# Fubon Life: Cost of liability & Breakeven point

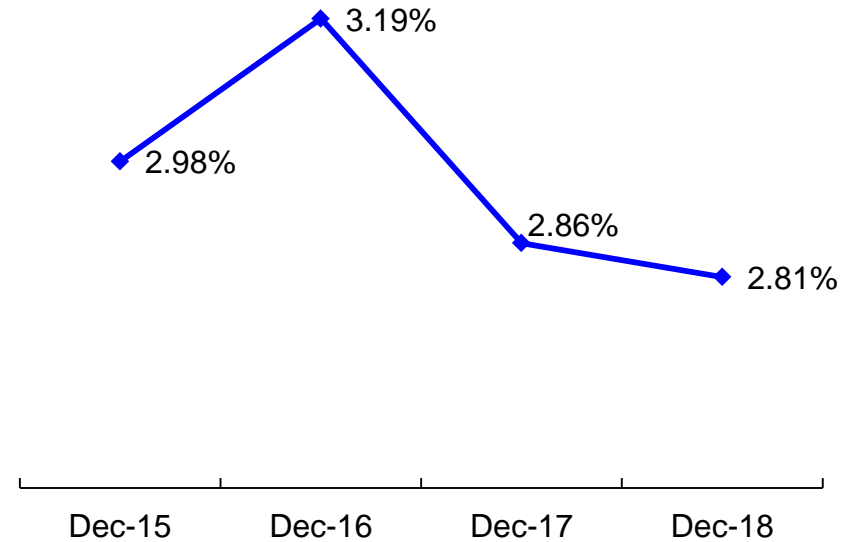


- Consistent improvement in COL
- Breakeven point improvement due to lower first year strain

Cost of liability



Breakeven point

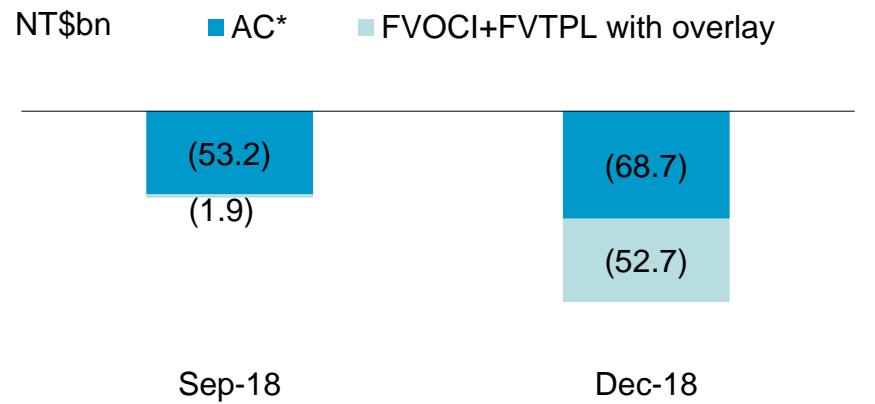


# Fubon Life: Investment performance

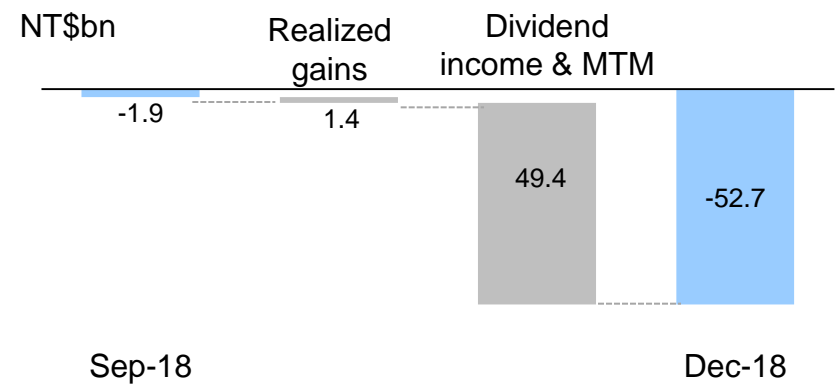


- Unrealized balance reflected market volatilities, which stabilized year-to-date with increase in shareholder's equity

## Unrealized outstanding balance

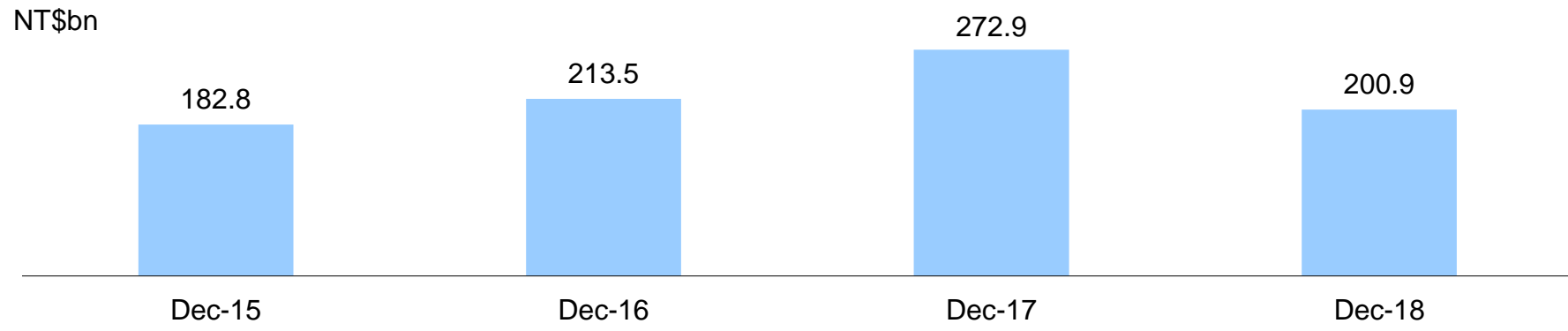


## Movements of unrealized position under OCI



Note: \*before tax basis

## Shareholders' equity



## Channel development

- Balanced channel approach to sustain market position
- Integration to deliver cross-selling synergy
- Online channel to attract new customer base

## Product offering

- Focus on protection, pension and retirement planning with customer segmentation approach
- Innovation in new products offering and efficiency improvement

## Stable investment performance

- Investment portfolio adjustment along with the market condition
- Steady growth in investment assets
- Dynamic hedging approach



- ***Performance highlights of Fubon Financial Holdings***
- ***Performance review by subsidiary***
  - *Taipei Fubon Bank*
  - *Fubon Life*
  - *Fubon Insurance*
  - *Fubon Securities*
  - *Overseas Banking Operation*



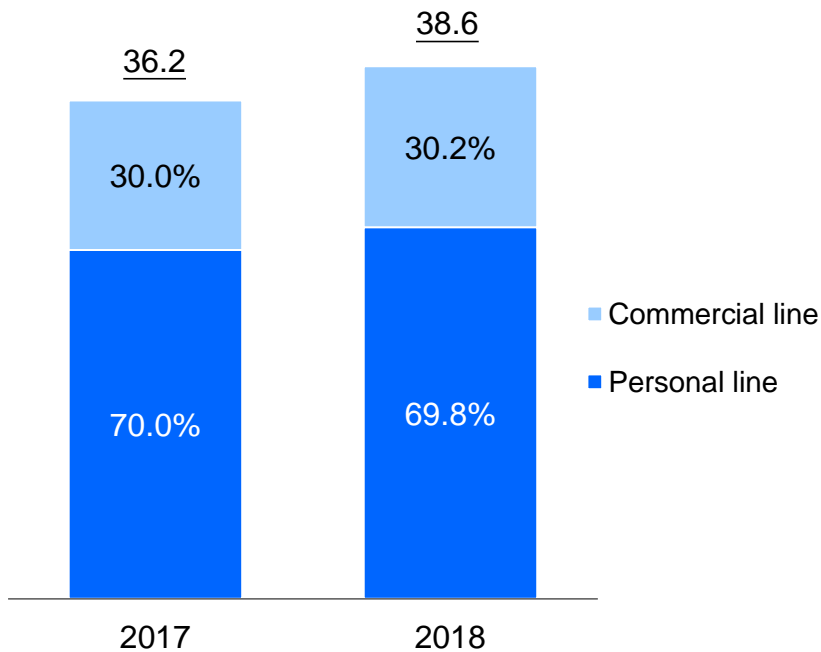
# Fubon Insurance: Operating snapshot



- Top 1 position with 23.4% market share
- 6.9% premium growth yoy outperformed industry
- Net combined ratio remained benign

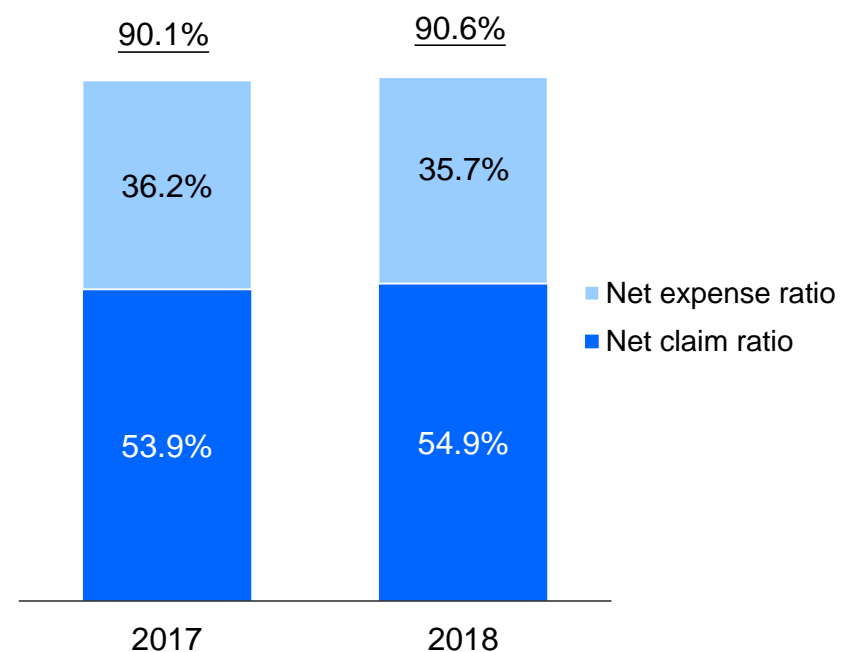
## Direct written premium by product

NT\$bn



Note: Standalone basis

## Net combined ratio



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

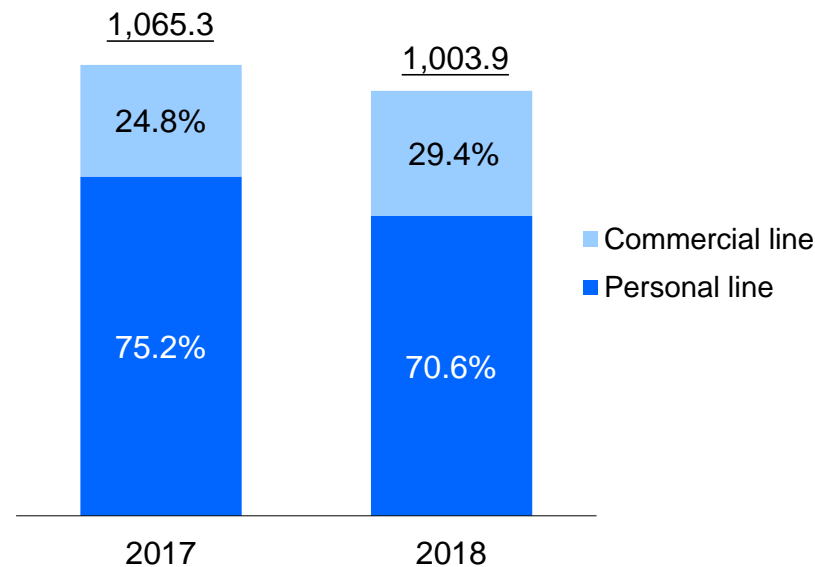
# Fubon P&C (China): Business progress



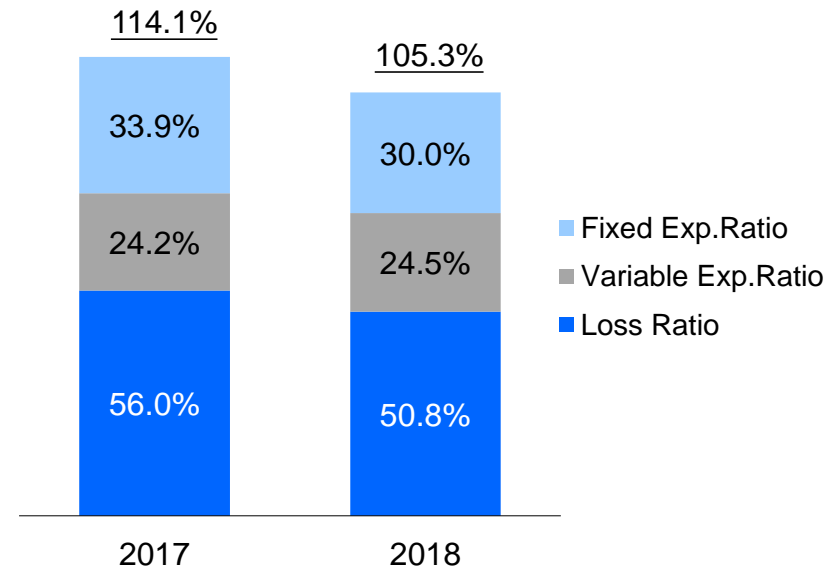
- Steady premium performance with top 8 position among foreign P&C in China
- Net combined ratio improvement due to underwriting and expenses control. Variable expense ratio slightly increased due to market condition in auto line

## Gross written premium

RMB\$mn



## Net combined ratio



## Leading position in Taiwan

- Channels diversification to enhance operation synergy
- Focus on mid-sized corporate business

## Fintech application

- Efficiency improvement in claim services
- Automation in underwriting
- Medical services integration with comprehensive platform

## Opportunities in Mainland China

- Online channel development with Wesure
- Leverage operational expertise in parent company to expand business opportunities

- ***Performance highlights of Fubon Financial Holdings***
- ***Performance review by subsidiary***
  - *Taipei Fubon Bank*
  - *Fubon Life*
  - *Fubon Insurance*
  - *Fubon Securities*
  - *Overseas Banking Operation*



# Fubon Securities: Financial highlights



- Top three positions in brokerage and underwriting business
- ETF AUM growth at 55% yoy

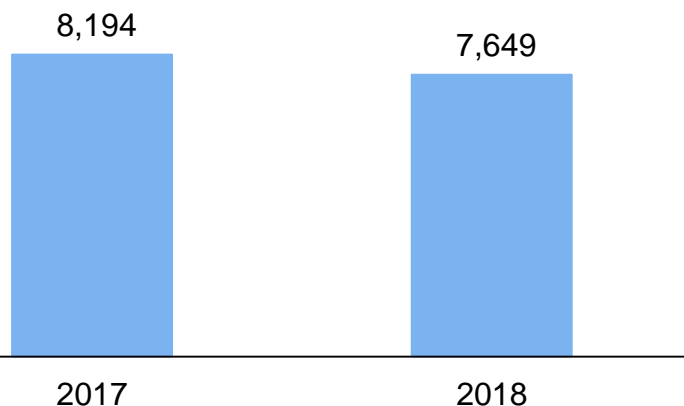
## Market share & ranking

	2018	Ranking	2017	Ranking
Brokerage per branch*	0.14%	1	0.13%	1
IPO Amount	13.93%	2	5.82%	5
SPO Amount	23.14%	2	22.44%	2
Emerging stock trading	22.83%	2	20.73%	2
AUM of ETF (NT\$m)	114,300	2	73,600	2
Brokerage	5.97%	3	6.21%	3

Note: \*Ranking among top 10 brokers

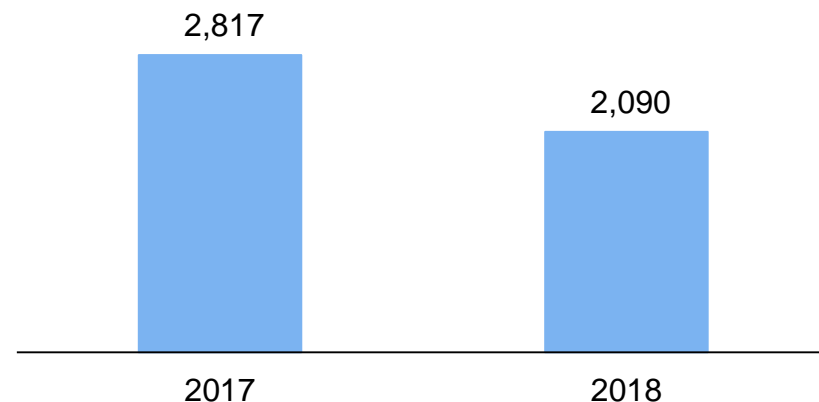
## Operating revenue

NT\$m



## Net profits

NT\$m



## Brokerage business

- Customer AUM management through various product lines
- Branch optimization to enhance efficiency

## Fintech application

- Growth in online trading
- Wealth management business opportunities from robo advisors service application

## ETF business

- Expansion in scale and product diversification

- ***Performance highlights of Fubon Financial Holdings***
- ***Performance review by subsidiary***
  - *Taipei Fubon Bank*
  - *Fubon Life*
  - *Fubon Insurance*
  - *Fubon Securities*
  - *Overseas Banking Operation*



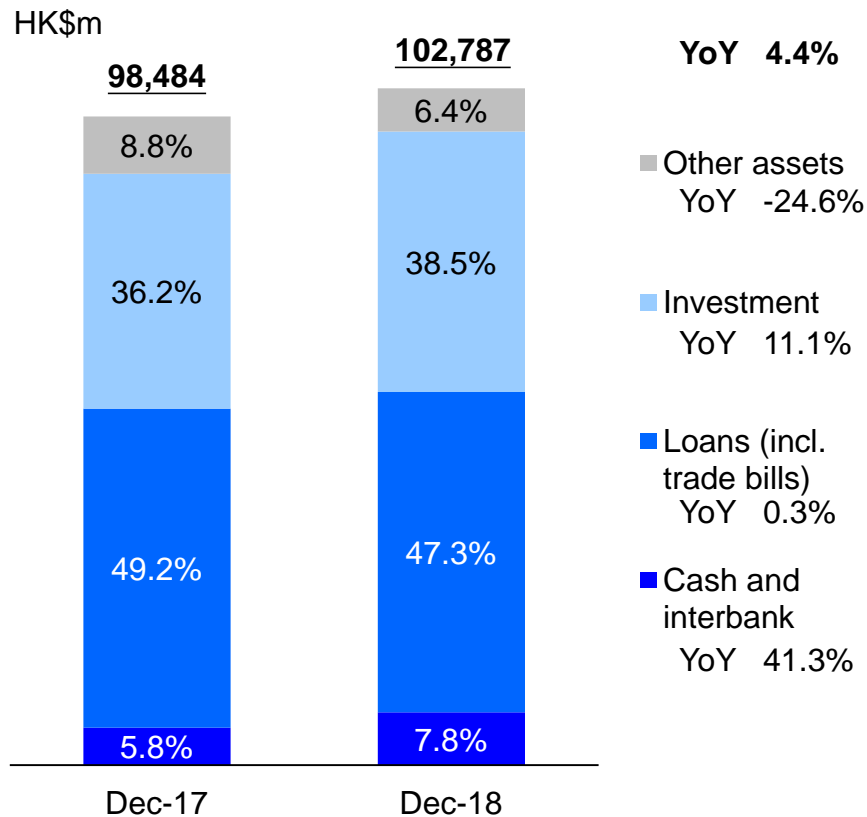


# Fubon Bank (Hong Kong): Key balance sheet items

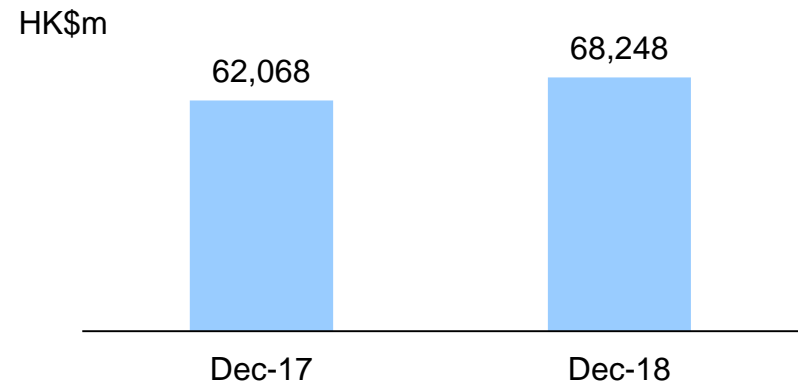


- Asset growth driven by treasury and investment. Loan remains stable with focus on pricing and quality control
- Redemption of USD\$193 million AT1 to enhance capital efficiency

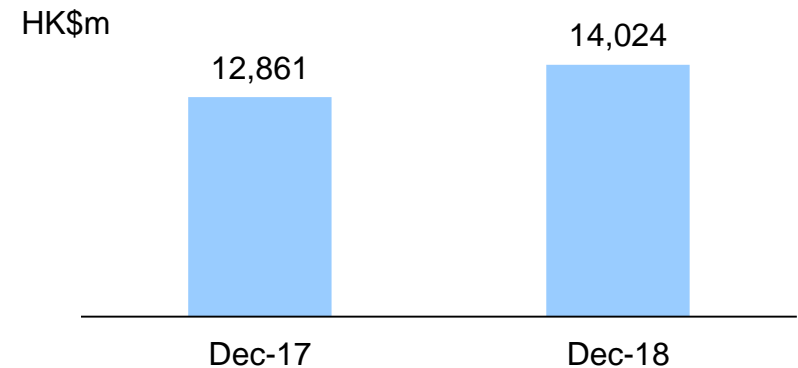
## Assets breakdown



## Deposits



## Net worth

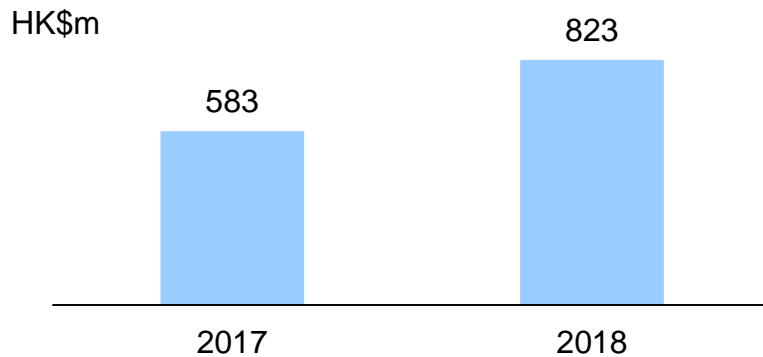


# Fubon Bank (Hong Kong): Financial highlight

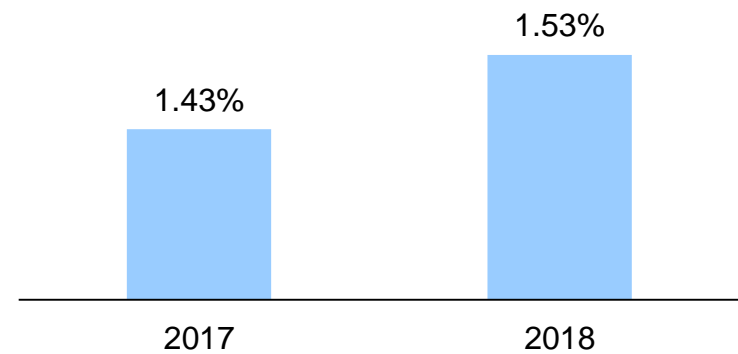


- Net profits growth 41% yoy driven by the increase of net interest income, contribution from Xiamen Bank, and the decline in provision cost
- Increase of Hong Kong Interbank Offered Rate (HIBOR) led to NIM improvement

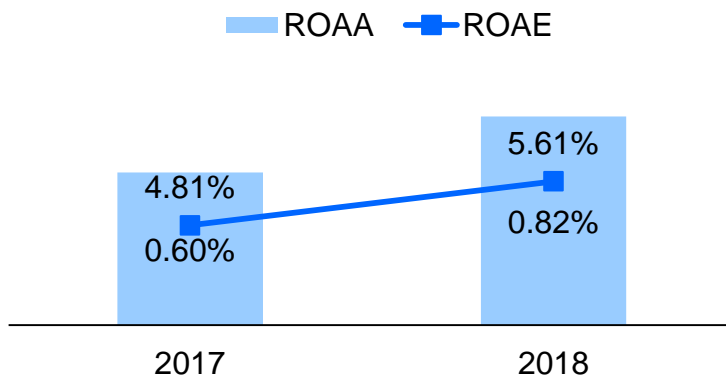
## Net Profits



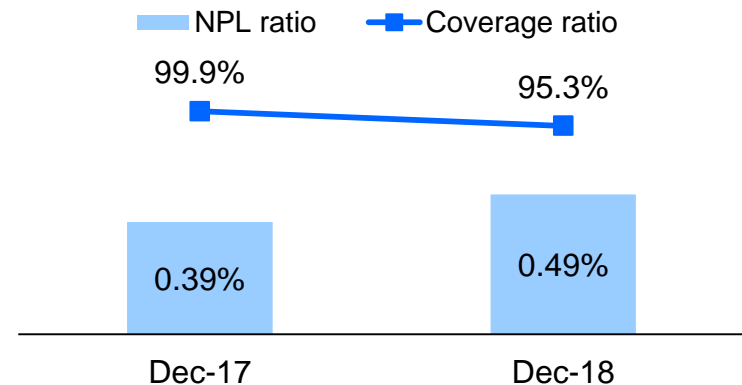
## NIM



## ROAA & ROAE



## NPL ratio & Coverage ratio <sup>(1)</sup>



Note: (1) Coverage ratio = (Allowance for loan losses + Secured balance) / NPL

## Asset optimization

- Growth in quality customers and loan pricing
- Growth in investment portfolio

## Fee revenue expansion

- Cross-selling of wealth management products
- Development of corporate banking fee business

## Efficiency enhancement

- Online and digital platform expansion
- Core banking system upgrade to enhance risk control

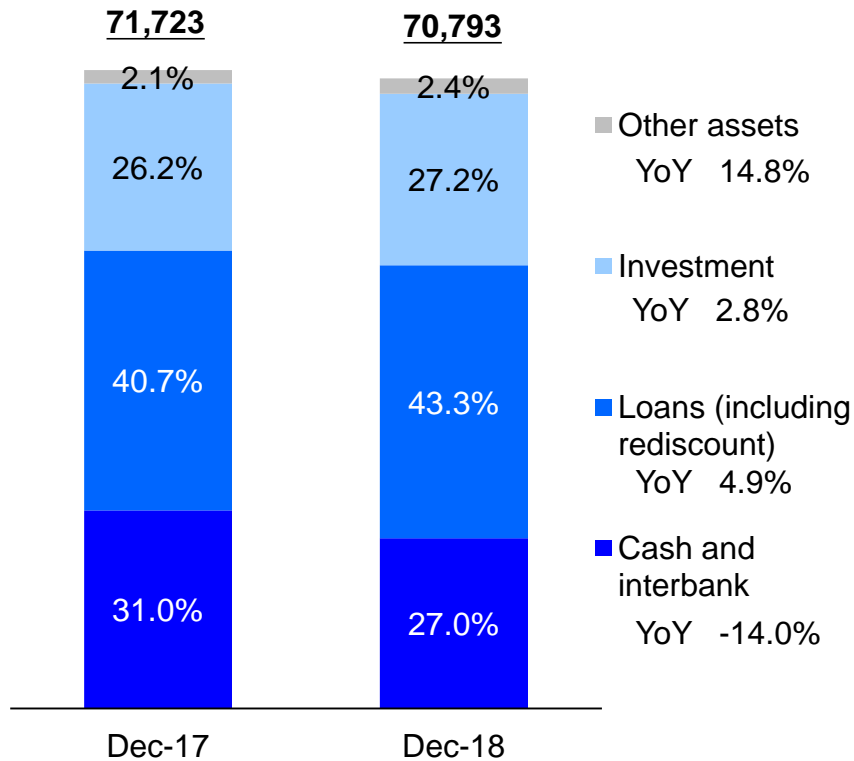
# Fubon Bank (China): Key balance sheet items



- Assets balance decline due to regulatory deleveraging measures
- Total loans growth at 4.9% yoy
- Deposits steadily growth at 3.7% yoy

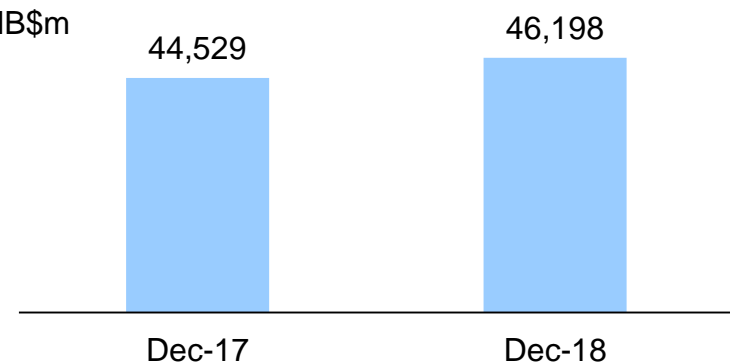
## Assets

RMB\$m



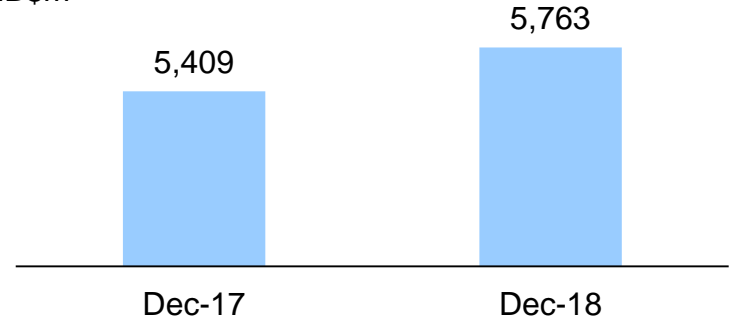
## Deposits

RMB\$m



## Net worth

RMB\$m

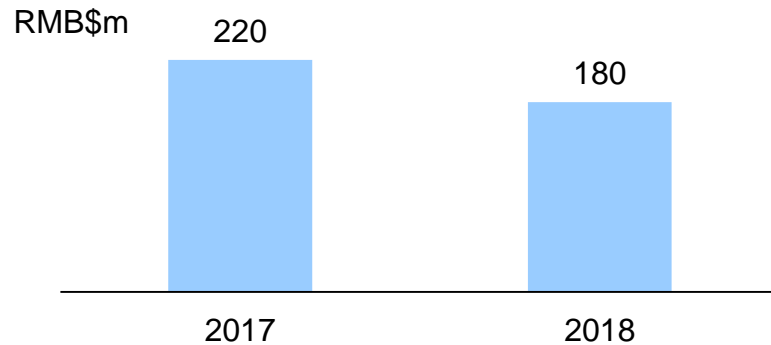


# Fubon Bank (China): Financial highlight

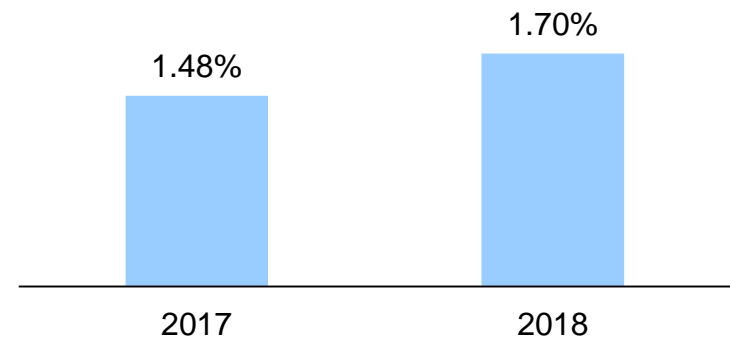


- Revenue growth from NII. Net profits would be up by 2% yoy excluding one-off property disposal gains in 2017
- 22bps improvement in NIM as improvement in lending rate and mix
- Stable asset quality with NPL ratio down to 1.38%

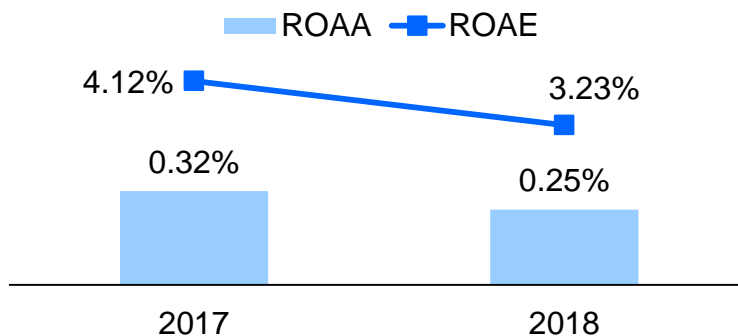
## Net Profits



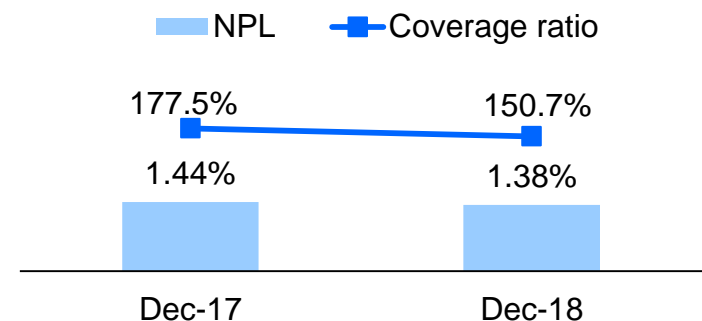
## NIM



## ROAA & ROAE



## NPL ratio & Coverage ratio



## Corporate segment

- Cross-boarder services for Taiwanese clients
- Grow syndication business into state-owned enterprises, listed companies and private companies
- Develop SME customers

## Retail business

- Growth in payroll accounts through corporate client base
- Development of wealth management business in Shanghai area
- Online retail business acquisition through alliance with internet operators

## Branches expansion

- New branches expansion continues



**Thank you**





## Fubon Life - Financial summary

<i>NT\$ millions, except for percentages</i>	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b><u>Income statement data</u></b>							
First year premium	51,334	42,950	48,044	48,051	190,379	174,460	9.1%
Retained earned premium	134,642	118,774	121,269	130,136	504,821	479,885	5.2%
Total investment income	22,108	40,488	36,221	31,921	130,738	125,578	4.1%
Recurring investment income	31,331	42,030	31,146	24,807	129,313	114,890	12.6%
Other investment income	(9,223)	(1,542)	5,076	7,114	1,425	10,688	-86.7%
Realized gains (losses) from fixed income	1,943	835	1,617	4,414	8,810	14,078	-37.4%
Realized gains (losses) from equity	1,437	4,390	9,068	10,581	25,476	25,471	0.0%
FX and others	(12,578)	(7,597)	(5,572)	(7,958)	(33,705)	(28,952)	16.4%
Investment property fair value movement	(25)	830	(38)	77	844	91	831.2%
Other income	759	736	688	631	2,814	2,203	27.7%
Total operating revenue	157,510	159,999	158,178	162,688	638,374	607,666	5.1%
Retained claim payment	87,048	53,293	79,713	62,398	282,453	242,452	16.5%
Net commission expense	6,843	5,397	5,798	5,726	23,764	24,277	-2.1%
Net change in insurance liability	65,218	82,656	57,593	82,444	287,912	291,922	-1.4%
General and administrative expense	5,283	3,979	4,013	3,900	17,174	15,867	8.2%
Other operating costs	966	798	801	742	3,308	2,980	11.0%
Total operating costs and expenses	165,358	146,124	147,918	155,210	614,610	577,498	6.4%
Net non-operating income / (expenses)	(5)	87	126	125	333	288	15.5%
Income before tax	(7,854)	13,962	10,385	7,603	24,097	30,456	-20.9%
Net income	(6,260)	12,155	9,792	9,292	24,979	32,488	-23.1%
Net income to parent company	(6,309)	12,155	9,792	9,292	24,930	32,488	-23.3%
<b><u>Balance sheet data</u></b>							
Total assets	4,385,528	4,271,467	3,857,458	3,740,144	4,385,528	3,662,772	19.7%
Total assets (general account)	4,016,093	3,951,964	3,698,034	3,584,391	4,016,093	3,507,557	14.5%
Insurance liabilities	3,620,795	3,549,546	3,290,850	3,203,701	3,620,795	3,136,523	15.4%
Total liabilities	4,175,279	4,003,328	3,601,921	3,476,434	4,175,279	3,389,882	23.2%
Total liabilities (general account)	3,805,434	3,682,070	3,442,498	3,320,681	3,805,434	3,234,667	17.6%
Equity attributable to parent company	200,859	259,625	255,537	263,710	200,859	272,890	-26.4%
<b><u>Key Metrics</u></b>							
ROA	-0.62%	1.22%	1.04%	1.00%	0.62%	0.93%	
ROE	-10.45%	17.94%	14.56%	13.61%	10.32%	13.36%	
Equity / Assets	4.79%	6.28%	6.62%	7.05%	4.79%	7.45%	
Claims and benefits ratio	64.65%	44.87%	65.73%	47.95%	55.95%	50.52%	
Expense ratio	3.92%	3.35%	3.31%	3.00%	3.40%	3.31%	
Persistency ratio - 13th month	96.95%	97.13%	97.42%	97.90%	96.95%	97.96%	
Persistency ratio - 25th month	96.44%	96.58%	96.69%	95.87%	96.44%	95.09%	

## Taipei Fubon Bank - Financial summary

<i>NT\$ millions, except for percentages</i>	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b><u>Income statement data</u></b>							
Interest income	14,476	14,249	13,815	13,392	55,931	45,934	21.8%
Interest expense	(7,957)	(7,540)	(7,491)	(6,618)	(29,606)	(22,382)	32.3%
Net interest income	6,519	6,708	6,324	6,774	26,325	23,552	11.8%
Net fee income	2,551	2,565	2,907	3,112	11,135	11,232	-0.9%
Other income	1,731	2,174	2,993	1,487	8,386	7,848	6.8%
Total net revenue	10,802	11,448	12,224	11,373	45,846	42,633	7.5%
Operating expenses	(6,398)	(5,575)	(5,521)	(5,418)	(22,912)	(21,188)	8.1%
Pre-provision profits	4,404	5,873	6,703	5,955	22,935	21,445	6.9%
Provision for credit losses	(452)	24	(317)	(52)	(797)	(2,183)	-63.5%
Income before tax	3,952	5,896	6,386	5,903	22,138	19,262	14.9%
Net income	3,396	4,982	5,431	5,017	18,826	16,931	11.2%
Net income to parent company	3,355	4,921	5,349	4,994	18,619	16,778	11.0%
<b><u>Balance sheet data</u></b>							
Loans and discounts, net	1,397,995	1,379,699	1,387,768	1,362,418	1,397,995	1,383,755	1.0%
Deposits and remittances	2,032,282	2,004,766	2,007,192	2,002,108	2,032,282	2,067,918	-1.7%
Allowance for loan losses*	16,438	16,438	16,453	16,144	16,438	16,142	1.8%
Total assets	2,711,118	2,687,458	2,698,270	2,662,852	2,711,118	2,671,668	1.5%
Equity attributable to parent company	185,886	182,624	178,232	183,795	185,886	179,965	3.3%
<b><u>Key metrics</u></b>							
ROA	0.50%	0.74%	0.81%	0.75%	0.70%	0.67%	
ROE	7.36%	10.90%	11.99%	11.02%	10.22%	9.46%	
Equity / assets	7.54%	7.47%	7.30%	7.61%	7.54%	7.43%	
Cost / income ratio	-59.23%	-48.70%	-45.16%	-47.64%	-49.97%	-49.70%	
NPL ratio*	0.17%	0.19%	0.20%	0.21%	0.17%	0.17%	
Reserve / NPL*	784.68%	694.06%	668.83%	627.57%	784.68%	764.46%	
Tier 1 ratio*	12.39%		11.48%		12.39%	12.11%	
BIS ratio*	13.98%		13.02%		13.98%	13.93%	

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

## Fubon Insurance - Financial summary

<i>NT\$ millions, except for percentages</i>	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b><u>Income statement data</u></b>							
Direct written premiums	10,053	10,346	11,405	10,976	42,780	40,837	4.8%
Retention of earned premiums	8,564	8,521	8,368	8,207	33,661	32,453	3.7%
Net income from investment	266	799	920	1,017	3,002	2,737	9.7%
Other operating revenue	318	338	415	360	1,431	1,285	11.3%
Retained insurance payments	4,789	4,473	4,715	4,544	18,521	17,370	6.6%
Net change in liability reserve	45	304	(222)	(118)	8	648	-98.8%
Commission and operating expenses	3,843	3,676	3,709	3,601	14,830	14,434	2.7%
Non-Operating Income	(282)	(55)	(50)	(53)	(440)	(276)	59.2%
Income before tax	189	1,150	1,451	1,504	4,294	3,747	14.6%
Net income	124	1,015	1,276	1,294	3,710	3,338	11.1%
Net income to parent company	181	1,074	1,292	1,311	3,858	3,631	6.3%
<b><u>Balance sheet data</u></b>							
Total assets	97,721	100,267	99,759	98,595	97,721	97,667	0.1%
Investment assets	68,033	69,270	67,450	68,473	68,033	68,399	-0.5%
Policy reserve	51,769	53,080	52,725	51,812	51,769	51,353	0.8%
Equity attributable to parent company	30,216	31,473	30,633	31,740	30,216	31,241	-3.3%
<b><u>Key Metrics</u></b>							
ROA	0.51%	4.10%	5.17%	5.27%	3.80%	3.40%	
ROE	2.36%	13.70%	16.70%	16.65%	12.56%	11.95%	
Total investment return	1.56%	4.64%	5.42%	5.94%	4.40%	4.11%	
Solvency margin (NWP/equity)	112.57%	107.28%	117.36%	111.18%	115.02%	105.49%	
Retention ratio	78.22%	75.96%	73.85%	75.41%	75.80%	75.85%	

## Fubon Securities - Financial summary

<i>NT\$ millions, except for percentages</i>	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b><u>Income statement data</u></b>							
Brokerage commissions	918	1,031	1,177	1,082	4,208	3,795	10.9%
Net interest income	202	270	298	258	1,028	987	4.1%
Fee income	259	189	240	195	882	694	27.2%
Net principal transactions and financial products gains	(230)	(109)	206	66	(67)	1,124	N.A.
Other income	256	937	382	29	1,604	1,599	0.3%
Total operating revenue	1,403	2,313	2,303	1,630	7,649	8,194	-6.7%
Total operating expense	(1,545)	(1,490)	(1,568)	(1,432)	(6,035)	(5,962)	1.2%
Net non-operating income / (expenses)	156	289	234	197	876	785	11.6%
Income before tax	15	1,126	965	394	2,500	3,017	-17.1%
Net income	(100)	1,006	836	338	2,080	2,806	-25.9%
Net income to parent company	(98)	1,008	839	341	2,090	2,817	-25.8%
<b><u>Balance sheet data</u></b>							
Margin loans	9,949	12,753	15,441	14,294	9,949	14,420	-31.0%
Total assets	123,228	133,094	146,201	123,410	123,228	125,210	-1.6%
Equity attributable to parent company	35,427	35,938	34,668	35,628	35,427	33,755	5.0%
<b><u>Key Metrics</u></b>							
ROA	-0.32%	3.10%	2.45%	1.08%	1.67%	2.48%	
ROE	-1.12%	11.38%	9.64%	3.86%	5.94%	8.49%	
Equity / assets	28.75%	27.00%	23.71%	28.87%	28.75%	26.96%	
Expenses / revenues	-110.12%	-64.40%	-68.10%	-87.87%	-78.90%	-72.76%	
Margin loans / total assets	8.07%	9.58%	10.56%	11.58%	8.07%	11.52%	
Margin loans / shareholders' equity	28.08%	35.49%	44.54%	40.12%	28.08%	42.72%	

## Fubon Bank (Hong Kong) - Financial Summary

<i>HK\$ millions, except for percentages</i>	2H18	1H18	HoH	2018	2017	YoY
<b><u>Income Statement Data</u></b>						
Interest income	1,462	1,246	17.3%	2,708	2,181	24.2%
Interest expense	(778)	(574)	35.7%	(1,352)	(965)	40.1%
Net interest income	684	673	1.6%	1,356	1,216	11.5%
Net fee income	124	165	-25.0%	289	318	-9.1%
Other income	6	36	-82.1%	42	4	1067.8%
Total revenue	814	874	-6.8%	1,688	1,538	9.7%
Operating expenses	(495)	(469)	5.5%	(965)	(950)	1.5%
Provision for loan losses/ write-back	(24)	(25)	-5.1%	(49)	(68)	-27.8%
Net non-operating income	38	212	-81.9%	250	174	44.0%
Income before tax	333	591	-43.6%	924	693	33.3%
Net income	323	500	-35.5%	823	583	41.0%
<b><u>Balance Sheet Data</u></b>						
Gross loans	47,930	47,971	-0.1%	47,930	47,872	0.1%
Customers Deposits	68,248	66,349	2.9%	68,248	62,068	10.0%
Allowance for loan losses	231	218	5.9%	231	289	-20.2%
Total assets	102,787	102,622	0.2%	102,787	98,484	4.4%
Shareholders' equity	14,024	13,335	5.2%	14,024	12,861	9.0%
<b><u>Key metrics</u></b>						
Return on average assets	0.62%	1.00%		0.82%	0.60%	
Return on average equity	4.15%	7.18%		5.61%	4.81%	
Equity / assets	13.64%	12.99%		13.64%	13.06%	
Net fee income / total revenue	15.23%	18.92%		17.14%	20.70%	
Cost / income ratio	-60.84%	-53.73%		-57.16%	-61.79%	
NPL ratio	0.49%	0.53%		0.49%	0.39%	
Reserve / NPL	98.88%	86.26%		98.88%	154.31%	
Gross Loans/Customers Deposits ratio	70.23%	72.30%		70.23%	77.13%	
Tier 1 ratio	16.75%	14.82%		16.75%	15.42%	
BIS ratio	20.60%	18.56%		20.60%	19.42%	

## Fubon Bank (China) - Financial Summary

<i>RMB millions, except for percentages</i>	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b><u>Income Statement Data</u></b>							
Interest income	739	711	732	737	2,919	2,692	8.4%
Interest expense	(467)	(478)	(483)	(478)	(1,907)	(1,786)	6.8%
Net interest income	271	232	250	259	1,012	907	11.6%
Net fee income	7	8	13	16	44	83	-46.7%
Other income	15	27	(12)	(62)	(32)	(37)	-13.6%
Operating expenses	(227)	(203)	(170)	(169)	(768)	(658)	16.6%
Pre-provision profits	67	65	80	44	256	293	-12.7%
Provision for credit losses	(15)	0	0	(12)	(27)	(17)	56.5%
Income before tax	52	65	80	32	230	276	-17.0%
Net income	39	51	64	27	180	220	-18.2%
<b><u>Balance Sheet Data</u></b>							
Loans	30,649	30,070	29,076	28,536	30,649	29,206	4.9%
Deposits	46,198	42,841	37,883	38,542	46,198	44,529	3.7%
Total asset	70,793	68,694	64,289	69,318	70,793	71,723	-1.3%
Total equity	5,763	5,639	5,586	5,479	5,763	5,409	6.5%
<b><u>Key Metrics</u></b>							
ROA	0.22%	0.29%	0.37%	0.15%	0.25%	0.32%	
ROE	2.78%	3.68%	4.64%	1.97%	3.23%	4.12%	
Equity / assets	8.14%	8.21%	8.69%	7.90%	8.14%	7.54%	
Cost / income ratio	-77.11%	-75.75%	-67.83%	-79.50%	-74.98%	-69.17%	
NPL ratio	1.38%	1.47%	1.49%	1.50%	1.38%	1.44%	
Reserve / NPL	150.69%	159.26%	167.97%	177.69%	150.69%	177.49%	
Loan to deposit ratio (Renminbi)	72.32%	74.81%	74.48%	75.09%	72.32%	72.16%	
Tier 1 ratio	11.70%	11.92%	12.46%	12.11%	11.70%	11.49%	
BIS ratio	14.18%	12.48%	13.13%	12.85%	14.18%	12.19%	