

PRESS RELEASE

FOR IMMEDIATE RELEASE

Fubon Bank 2024 Net Profit Rises 16% to HK\$907 Million

(Hong Kong: 13 March 2025) Fubon Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries (“the Group”) recorded a net profit of HK\$907 million for the year ended 31 December 2024, representing a year-on-year increase of 16%. The increase in net profit was mainly attributable to a 20% growth in operating income, which more than offset the increases in operating expenses and net charge of impairment losses. Return on average equity and return on average assets were 5.58% and 0.60%, respectively, compared with 5.02% and 0.58% last year.

Net interest income increased by 22% to HK\$2,582 million, mainly due to growth in average interest-earning assets and a widening of net interest margin. Average interest-earning assets expanded by 14%, driven by the increases in debt securities investment portfolios and advances to banks. Net interest margin increased by 13 basis points from 1.71 % to 1.84%, a success resulting from the Group’s effort to seize opportunities from high market interest rates while proactively managing its assets and liabilities.

Non-interest income increased by 6% to HK\$374 million. Insurance services income and net gain from treasury marketing activities recorded an encouraging growth of 44% and 37%, respectively. However, the increase was partially offset by a 16% decrease in credit card services income and a decline in dividend income from unlisted equity securities, as the Group disposed its investment in China UnionPay Co., Ltd during the year. Non-interest income-to-total operating income ratio was 12.7%.

Operating expenses amounted to HK\$1,286 million, an increase of 9% year-on-year. Despite that, the cost-to-income ratio improved from 47.6% in 2023 to 43.5% this year. The growth in operating expenses mainly resulted from higher staff costs. The Group continued to strengthen cost controls while investing in talent acquisition and people development to support our long-term business growth.

Total impairment losses increased by 57% to HK\$576 million. Stage 3 impairment losses for loan (net of bad debt recovery) and for other financial instruments, were HK\$609 million and HK\$1 million, respectively. Although most of the non-performing loans were secured by collaterals, the decline in the local property market led to a decrease in collateral value, which in turn increased the loan impairment

losses. The Group recorded a write back of stages 1 and 2 impairment losses of HK\$30 million for loans and HK\$5 million for other financial instruments, driven by the Group's strategic shift towards higher credit quality assets. The impaired loan ratio, including that of trade bills and advances to banks, was 1.70% and the coverage ratio was 92.0% as at 31 December 2024.

The total assets of the Group amounted to HK\$160.3 billion, an increase of HK\$19.3 billion or 14% compared with prior year. Debt securities investment portfolios rose by 25% to HK\$61.1 billion as the Group increased its investments in high-quality public sector entities, bank and government-related bonds. As customer deposits grew by 23% to HK\$133.9 billion, taking into account the trade bills and advances to banks, the loan-to-deposit ratio decreased from 62.9%, as at 31 December 2023, to 53.1%, as at 31 December 2024.

The Group's capital and liquidity position stayed robust. As at 31 December 2024, the Common Equity Tier 1 Capital Ratio and Tier 1 Capital Ratio were both 17.45%, and its Total Capital Ratio was 18.89%, which exceeded the statutory requirements. The Average Liquidity Maintenance Ratio stood at a sound level of 102.64%.

Looking ahead, the global political and economic environment will remain uncertain in 2025. The recovery prospect in Mainland China and Hong Kong will potentially be impacted by increasing international trade tensions. In the face of volatile market conditions, Fubon Bank (Hong Kong) will continue to adhere to its growth-yet-prudent strategy, while accelerating our efforts in expanding our lending business to both corporate and individual customers. We will enrich our product and service suites for high-net-worth customers in order to capture the growth potential in the wealth management market. Meanwhile, we will also seize the business opportunities in green and sustainable finance. With SME Banking remaining as one of our strategic priorities, the Bank has participated in the Taskforce on SME Lending, jointly established by the Hong Kong Monetary Authority and The Hong Kong Association of Banks, to help small and medium enterprises to adapt to the challenging operating environment. We will continue to invest in innovation and technology to enhance our capabilities and elevate the customer experience. As always, we are driven by our commitment to empowering our customers with a comprehensive range of financial services, and remaining their preferred banking service provider.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Interest income calculated using effective interest method	7,732,185	6,449,656
Other interest income	2,207	2,391
Interest income	<u>7,734,392</u>	<u>6,452,047</u>
Interest expense	<u>(5,152,846)</u>	<u>(4,336,731)</u>
Net interest income	<u>2,581,546</u>	<u>2,115,316</u>
Fee and commission income	484,139	416,070
Fee and commission expense	<u>(100,139)</u>	<u>(95,587)</u>
Net fee and commission income	<u>384,000</u>	<u>320,483</u>
Other operating (expense) / income	<u>(9,514)</u>	<u>34,299</u>
Operating income	2,956,032	2,470,098
Operating expenses	<u>(1,285,824)</u>	<u>(1,175,144)</u>
Operating profit before other gains and impairment losses	<u>1,670,208</u>	<u>1,294,954</u>
Impairment losses on advances to customers (Charge for) / write back of impairment losses on other financial instruments	<u>(568,745)</u>	<u>(369,555)</u>
Impairment losses on other assets	<u>(5,067)</u>	<u>18,381</u>
Impairment losses on assets acquired under lending agreements	<u>(1,236)</u>	<u>(15,697)</u>
Impairment losses	<u>(1,000)</u>	<u>(800)</u>
(Loss) / gain on revaluation of investment properties	<u>(576,048)</u>	<u>(367,671)</u>
Net gains / (losses) on disposal of financial assets measured at amortized cost	<u>(22,800)</u>	<u>868</u>
Net gains / (losses) on disposal of fixed assets	2,636	(289)
Gain on disposal of assets held for sale	43	(194)
	-	124
Profit before taxation	<u>1,074,039</u>	<u>927,792</u>
Taxation	<u>(167,461)</u>	<u>(143,526)</u>
Profit for the year	<u>906,578</u>	<u>784,266</u>
Other comprehensive income for the year, net of tax:		
Items that will not be reclassified to profit or loss:		
Premises: net movement in premises revaluation reserve	<u>(269,359)</u>	<u>(106,473)</u>
Equity securities designated at fair value through other comprehensive income: net movement in investment revaluation reserve (non-recycling)	<u>120,759</u>	<u>121,716</u>
Defined benefit liability: net movement in the defined benefit liability	<u>(5,116)</u>	<u>(3,813)</u>
	<u>(153,716)</u>	<u>11,430</u>
Items that will be reclassified to profit or loss:		
Debt securities measured at fair value through other comprehensive income: net movement in investment revaluation reserve (recycling)	<u>(12,204)</u>	<u>-</u>
	<u>(165,920)</u>	<u>11,430</u>
Total comprehensive income for the year	<u>740,658</u>	<u>795,696</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
ASSETS		
Cash and short-term funds	8,516,072	7,104,004
Balances with banks and other financial institutions	10,685,622	6,059,269
Trading assets	1,436,973	1,696,831
Derivative financial instruments	1,916,183	1,755,620
Advances to customers	62,701,653	64,298,938
Advances to banks	7,168,457	3,291,894
Trade bills	756,654	658,615
Accrued interest and other assets	2,843,016	2,749,147
Debt securities measured at amortized cost	42,022,873	48,975,907
Debt securities measured at fair value through other comprehensive income	19,072,835	-
Investment funds measured at fair value through profit or loss	24,681	-
Equity securities designated at fair value through other comprehensive income	72,221	963,092
Fixed assets	2,972,010	3,342,993
Investment properties	62,500	85,300
Deferred tax assets	-	6
Total assets	160,251,750	140,981,616
LIABILITIES		
Deposits and balances of banks and other financial institutions	3,856,010	7,854,320
Deposits from customers	133,895,361	109,124,496
Trading liabilities	941,735	1,696,831
Certificates of deposit issued	-	299,942
Derivative financial instruments	101,708	93,194
Other liabilities	4,518,782	5,277,772
Current tax liabilities	72,296	163,599
Deferred tax liabilities	317,146	505,846
Total liabilities	143,703,038	125,016,000
EQUITY		
Share capital	4,830,448	4,830,448
Reserves	11,718,264	11,135,168
Total equity	16,548,712	15,965,616
Total equity and liabilities	160,251,750	140,981,616

Note: The financial information relating to the financial years ended 31 December 2024 and 2023 that is included in this press release does not constitute the Bank's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The Bank has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Bank's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

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Fubon Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited ("Fubon Bank") is a wholly owned subsidiary of Fubon Financial Holding Co., Ltd. ("Fubon Financial Holdings"), one of the largest financial holding companies in Taiwan. Committed to becoming one of Asia's first-class financial institutions, Fubon Financial Holdings has built a strong lineup of financial service companies. Fubon Bank operates 15 branches, 3 SME Banking Services Centres, 1 Offshore Banking Centre and 1 Securities Services Centre in Hong Kong, providing a wide range of financial services encompassing consumer and wholesale banking, wealth management, financial markets, securities brokerage and investment services. Fubon Bank holds an A-2 short-term, BBB+ long-term rating from Standard & Poor's. The rating reflects Fubon Bank's strong capitalization, good liquidity and sound asset quality.

For more information about Fubon Bank, please visit Fubon Bank's website www.fubonbank.com.hk.

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