

PRESS RELEASE

FOR IMMEDIATE RELEASE

Fubon Bank Achieved Net Profit of HK\$714 Million for the First Half of 2025

(Hong Kong: 11 August 2025) Fubon Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries (“the Group”) reported a net profit of HK\$714 million for the first six months ending 30 June 2025, representing an impressive 61% growth year-on-year. The surge in net profit was driven by higher operating income and reduced credit losses. Return on average equity and return on average assets were 8.47% and 0.86%, respectively, compared with 5.47% and 0.60% for the first half of 2024.

Net interest income increased by 12% to HK\$1,345 million, primarily attributable to a 17% expansion in average interest-earning assets. The Group diversified its asset portfolio through strategic growth in debt securities investments and advances to banks. Average debt securities holding and loan portfolio rose by 21 % and 5%, respectively, while average customer deposits grew by 24% year-on-year. Market interest rates declined during the first half of 2025, resulting in lower asset yield upon repricing. Net interest margin contracted by 7 basis points from 1.79% to 1.72%.

Non-interest income rose by 17% to HK\$235 million. Net gain from treasury marketing activities and insurance services income recorded robust growth of 45% and 24%, respectively. However, this positive momentum was partially offset by mark-to-market losses on hedging instruments.

Operating expenses increased by 10% to HK\$663 million in tandem with an increase in operating income. The cost-to-income ratio showed a modest improvement from 42.7% to 41.9%. The growth in operating expenses was mainly resulted from higher staff costs and increased IT-related expenditures. The Group continued to exercise effective cost control measures to enhance operational efficiency.

Adverse economic conditions continue to weigh on the credit environment. Stage 3 impairment losses for loan (net of bad debt recovery) and for other financial instruments were HK\$68 million and HK\$1 million, respectively. The reduction in impairment losses reflected improvement in asset quality stemmed from the Group’s alignment toward higher credit quality exposures. The impaired loan ratio, including that of trade bills and advances to banks, was 1.33%, and the coverage ratio was 89.0% as at 30 June 2025.

The Group's total assets rose by HK\$12.1 billion, or 8%, to HK\$172.3 billion as at 30 June 2025. Debt securities portfolios expanded by 12% to HK\$68.2 billion following strategic allocations into investment-grade bonds. Total loan portfolio grew by 6% to HK\$74.0 billion, mainly driven by advances to banks. Customer deposits increased by 9% to HK\$146.4 billion. Taking into account the trade bills and advances to banks, the loan-to-deposit ratio decreased from 53.1% as at 31 December 2024, to 50.9%, as at 30 June 2025.

The Group's capital and liquidity positions remained strong and stable. As at 30 June 2025, the Group's Common Equity Tier 1 Capital Ratio and Tier 1 Capital Ratio were both 18.27%, and its Total Capital Ratio was 19.76%, which exceeded the statutory requirements. The Average Liquidity Maintenance Ratio also stood at a healthy level of 108.58%.

The global economic landscape in the first half of 2025 remained challenging, with persistent US-China trade tensions and ongoing tariff issues. In Hong Kong, the economic slowdown also continued to pose challenges for both businesses and consumers. Against this backdrop, the Group steadfastly adhered to its prudent business strategy, maintaining a careful balance between business expansion and risk management. This approach has ensured the sustained quality of our asset portfolio while allowing us to capture emerging opportunities in the dynamic market environment.

We have been expanding our business and customer base through various strategic initiatives. The launch of Fubon iN VISA Platinum Card demonstrates our commitment to serving the next generation with tailored financial solutions, underscoring our focus on the youth segment and product innovation. Meanwhile, supporting local enterprise development remains core to our business. Our SME Banking continues to assist small and medium enterprises with comprehensive financial services, allowing them to optimize their cash flows and navigate economic fluctuations. On the ESG front, we provide green and sustainable financing to corporate clients to integrate sustainable finance into our core operations and demonstrate our firm commitment to advancing ESG principles.

Looking ahead, we will continue to seize opportunities in the Greater Bay Area and enhance our wealth management services to meet the increasing needs of high-net-worth individuals from Mainland China with our tailor-made financial services. In addition, digital transformation will remain our principal goal. We will further invest in technologies to elevate our omni-channel customer experiences, and enhance operational efficiency and resilience. By integrating digital capabilities with personalized financial solutions, we look forward to exceeding customers' expectations on our services. Ultimately, with the priorities that have been set, we believe that Fubon Bank (Hong Kong) will be well-positioned to sustain growth momentum and our service quality will continue to improve, thus substantiating our commitment to be the preferred banking service provider for our customers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2025

	For the six months ended	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Interest income calculated using effective interest method	3,764,273	3,777,850
Other interest income	752	1,135
Interest income	3,765,025	3,778,985
Interest expense	(2,419,985)	(2,574,107)
Net interest income	1,345,040	1,204,878
Fee and commission income	273,787	242,477
Fee and commission expense	(51,525)	(49,495)
Net fee and commission income	222,262	192,982
Other operating income	12,852	8,245
Operating income	1,580,154	1,406,105
Operating expenses	(662,578)	(600,893)
Operating profit before other gains and impairment losses	917,576	805,212
Impairment losses on advances to customers	(42,438)	(263,009)
Impairment losses on other financial instruments	(25,192)	(14,196)
Impairment losses on other assets	(611)	(1,151)
Impairment losses on assets acquired under lending agreements	(300)	(400)
Impairment losses	(68,541)	(278,756)
Net losses on disposal of fixed assets	(242)	(615)
Net (loss) / gain on disposal of financial assets at amortized cost	(81)	4,603
Profit before taxation	848,712	530,444
Taxation	(135,068)	(87,978)
Profit for the period	713,644	442,466
Other comprehensive income for the period, net of tax:		
Items that will not be reclassified to profit or loss:		
Premises: net movement in premises revaluation reserve	3,775	3,831
Equity securities designated at fair value through other comprehensive income: net movement in investment revaluation reserve (non-recycling)	(4,368)	116,278
	(593)	120,109
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)	84,011	22,715
	83,418	142,824
Total comprehensive income for the period	797,062	585,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
ASSETS		
Cash and short-term funds	7,198,130	8,516,072
Balances with banks and other financial institutions	13,128,784	10,685,622
Trading assets	2,069,403	1,436,973
Derivative financial instruments	1,428,804	1,916,183
Advances to customers	61,649,763	62,701,653
Advances to banks	12,369,022	7,168,457
Trade bills	189,767	756,654
Accrued interest and other assets	2,998,597	2,843,016
Debt securities measured at amortized cost	40,271,415	42,022,873
Debt securities measured at fair value through other comprehensive income	27,890,546	19,072,835
Investment funds measured at fair value through profit or loss	22,370	24,681
Equity securities designated at fair value through other comprehensive income	67,147	72,221
Fixed assets	2,973,478	2,972,010
Investment properties	62,500	62,500
Total assets	<u>172,319,726</u>	<u>160,251,750</u>
LIABILITIES		
Deposits and balances of banks and other financial institutions	2,946,143	3,856,010
Deposits from customers	146,373,377	133,895,361
Trading liabilities	2,069,402	941,735
Derivative financial instruments	288,832	101,708
Other liabilities	2,968,458	4,518,782
Current tax liabilities	178,660	72,296
Deferred tax liabilities	329,620	317,146
Total liabilities	<u>155,154,492</u>	<u>143,703,038</u>
EQUITY		
Share capital	4,830,448	4,830,448
Reserves	12,334,786	11,718,264
Total equity	<u>17,165,234</u>	<u>16,548,712</u>
Total equity and liabilities	<u>172,319,726</u>	<u>160,251,750</u>

Note: The financial information relating to the financial year ended 31 December 2024 that is included in this press release as comparative information does not constitute the Group'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 2024 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.