

富邦金控 2019年第一季法人說明會
暨
富邦人壽2018年隱含價值

2019.05.27

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。

- 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 2018年隱含價值

富邦金控 — 2019年第一季營運摘要



- 第一季稅後淨利NT\$125億元，較去年同期NT\$164億下降主因人壽子公司，惟北富銀及證券獲利均較去年同期成長

台北富邦銀行

- 資產負債結構調整及市場變化影響，帶動NIM及存放利差提升
- 保險銷售量帶動財管手續費淨收益成長
- 金融商品收益及海外分行收益成長

富邦人壽

- 初年度保費較去年成長34%，帶動相關費用上升，另資本利得影響以及去年同期一次性法定稅率改變，影響1Q19獲利
- 經常性收益率較去年同期上升，負債成本穩定改善
- 初年度等價保費(FYPE)位居市場第二，帶動VNB提升
- 配合主管機關規劃時程，積極準備IFRS 17相關工作

富邦產險

- 總保費市佔率連續三十七年市場第一，且市佔持續提升
- 著重優質業務，自留綜合率表現維持良好

富邦證券

- 經紀及興櫃業務位居市場前三大
- 投信持續深耕ETF產品

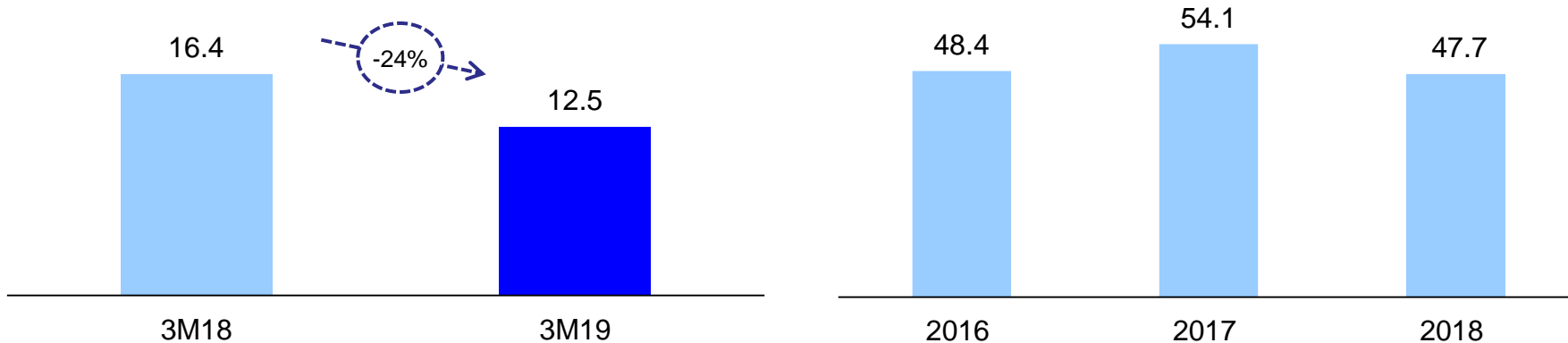
富邦金控 — 獲利摘要



■ 稅後淨利較去年同期下降，惟每股盈餘居業界第一

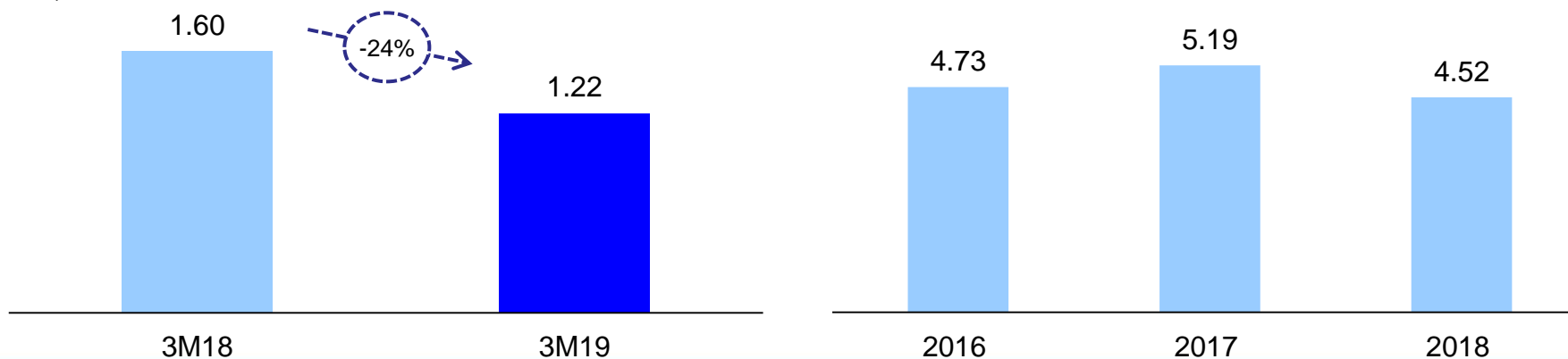
稅後淨利

NT\$十億元



每股盈餘

NT\$元



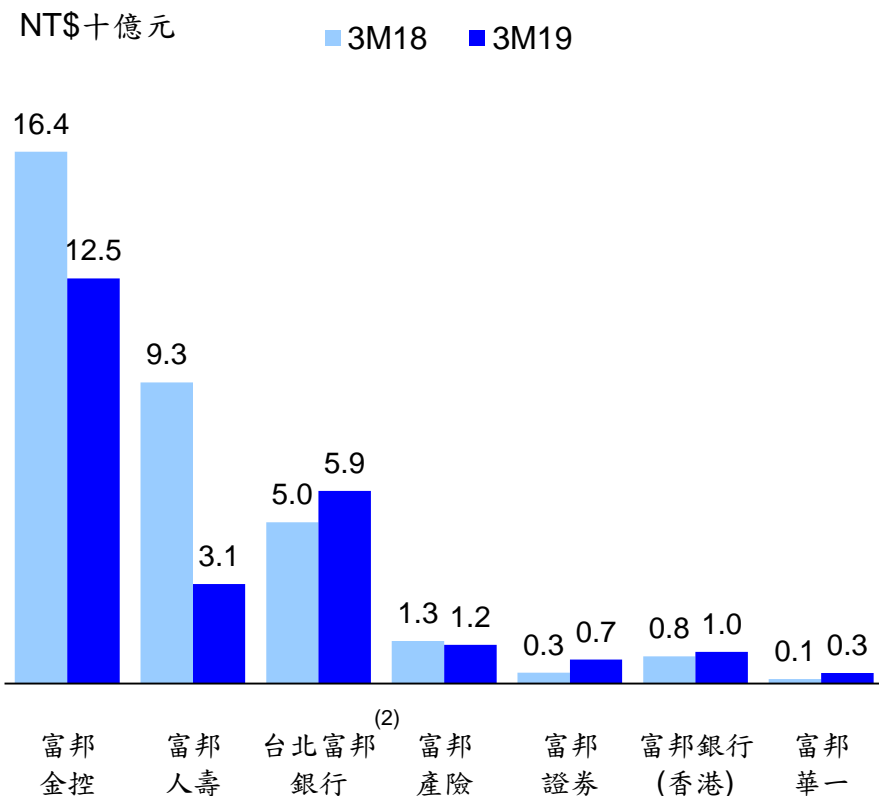
註：左右圖座標軸軸距不同，以下頁面亦同

富邦金控 — 各子公司獲利表現

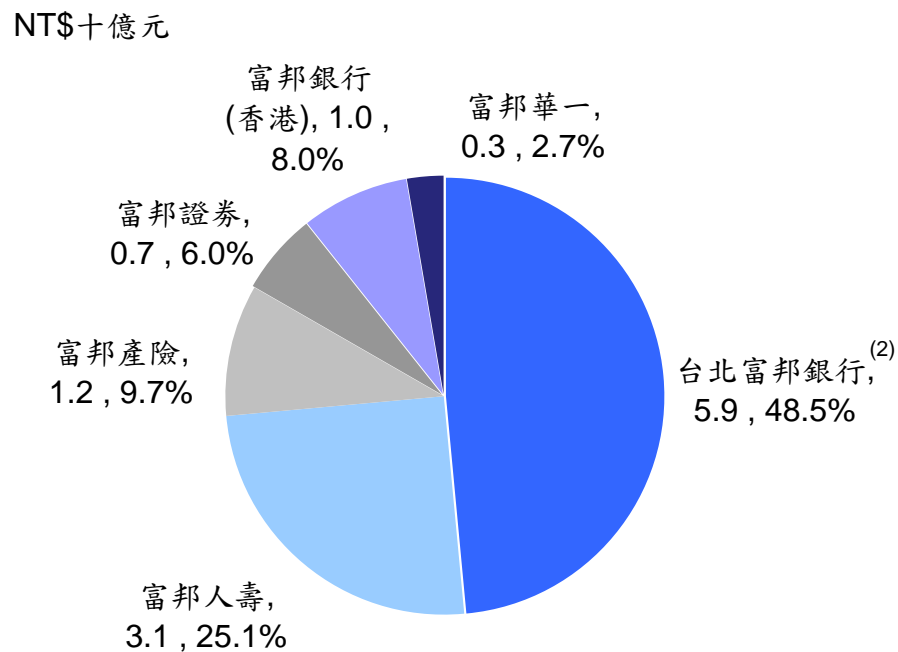


- 銀行子公司(北富銀、富銀香港及富邦華一)及富邦證券獲利成長，人壽獲利下滑
- 銀行子公司獲利貢獻金控整體獲利佔比過半

各子公司獲利



2019年第一季獲利貢獻



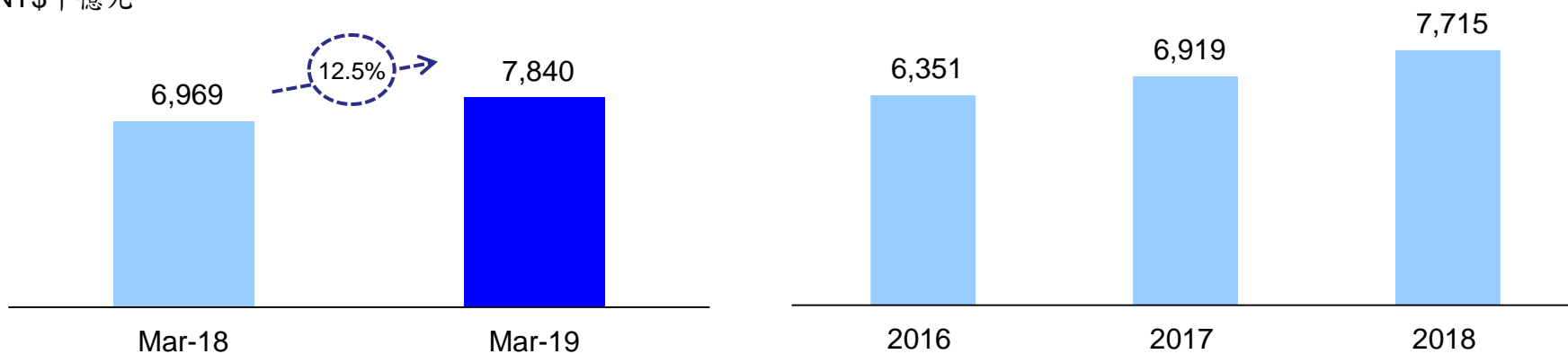
附註: (1) 獲利貢獻以合計圖中6家主要子公司為計算基礎，其他4家子公司獲利合計NT\$623百萬，各子公司合併沖銷數-NT\$324百萬
 (2) 北富銀獲利數為不包含轉投資富邦華一之獲利數字

富邦金控－資產與淨值

- 資產年成長12.5%，達歷史新高水準
- 淨值亦創下歷史新高，年成長2.4%、較2018年底回升17%

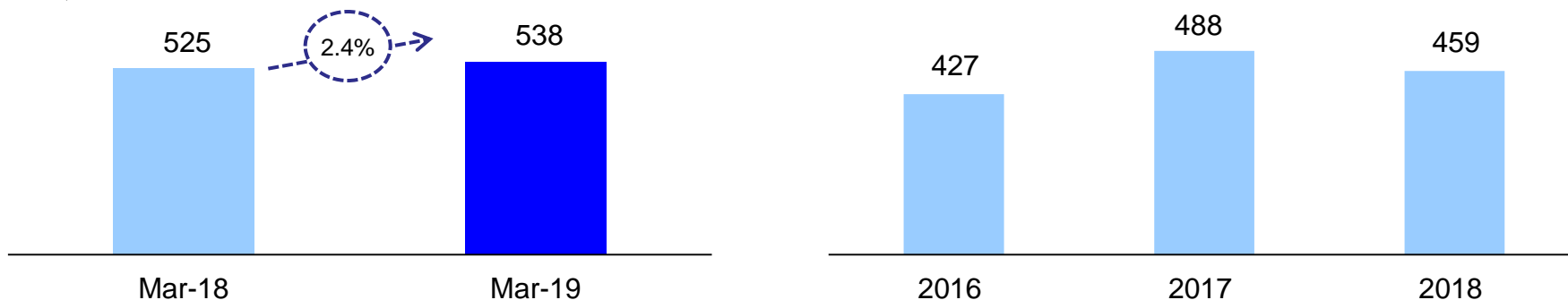
總資產

NT\$十億元



母公司業主權益

NT\$十億元

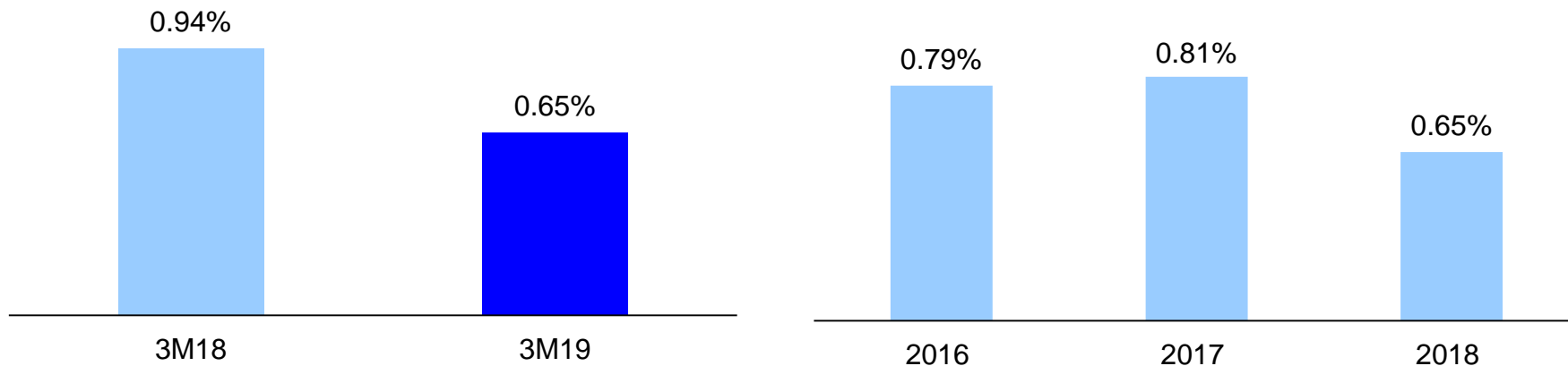


富邦金控 — 資產報酬率與股東權益報酬率

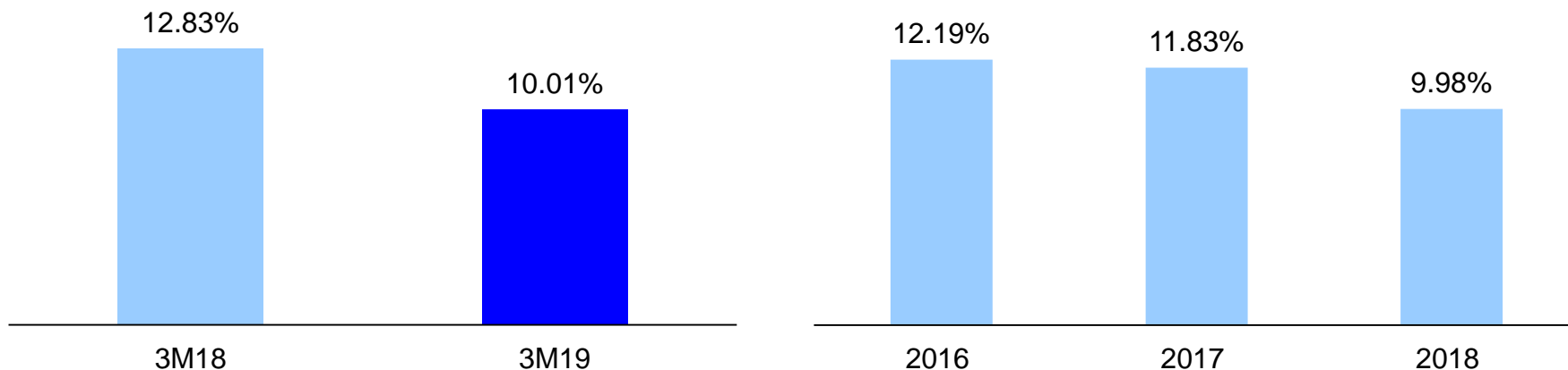


■ 資產報酬率與股東權益報酬率較去年同期下降，因稅後獲利波動所致

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

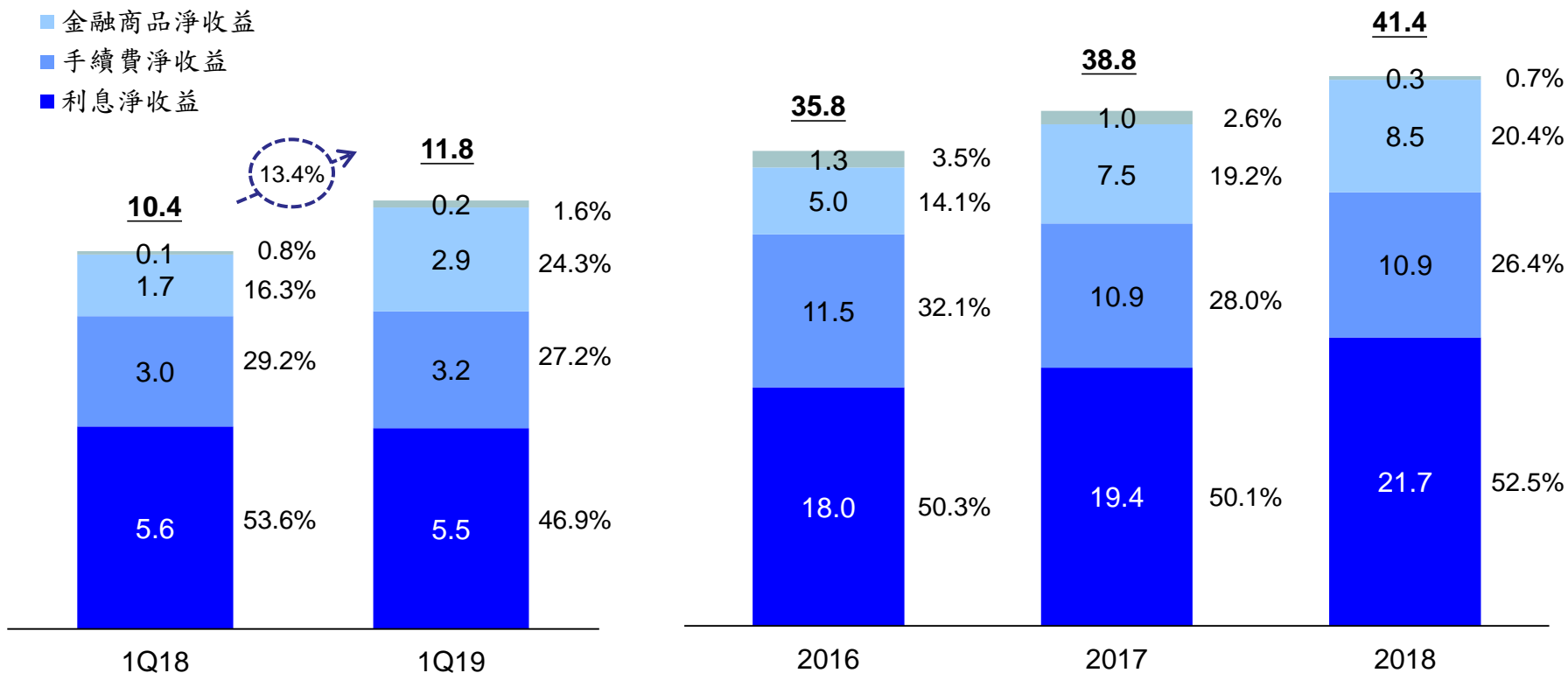


- 手續費淨收益及金融商品淨收益增加，帶動整體淨收益較去年同期成長13.4%
- 利息淨收益金額微降，主因2018年初人民幣利率上升，透過市場操作基期利息收益較高

台北富邦銀行淨收益組成

NT\$十億元

- 其他收益
- 金融商品淨收益
- 手續費淨收益
- 利息淨收益



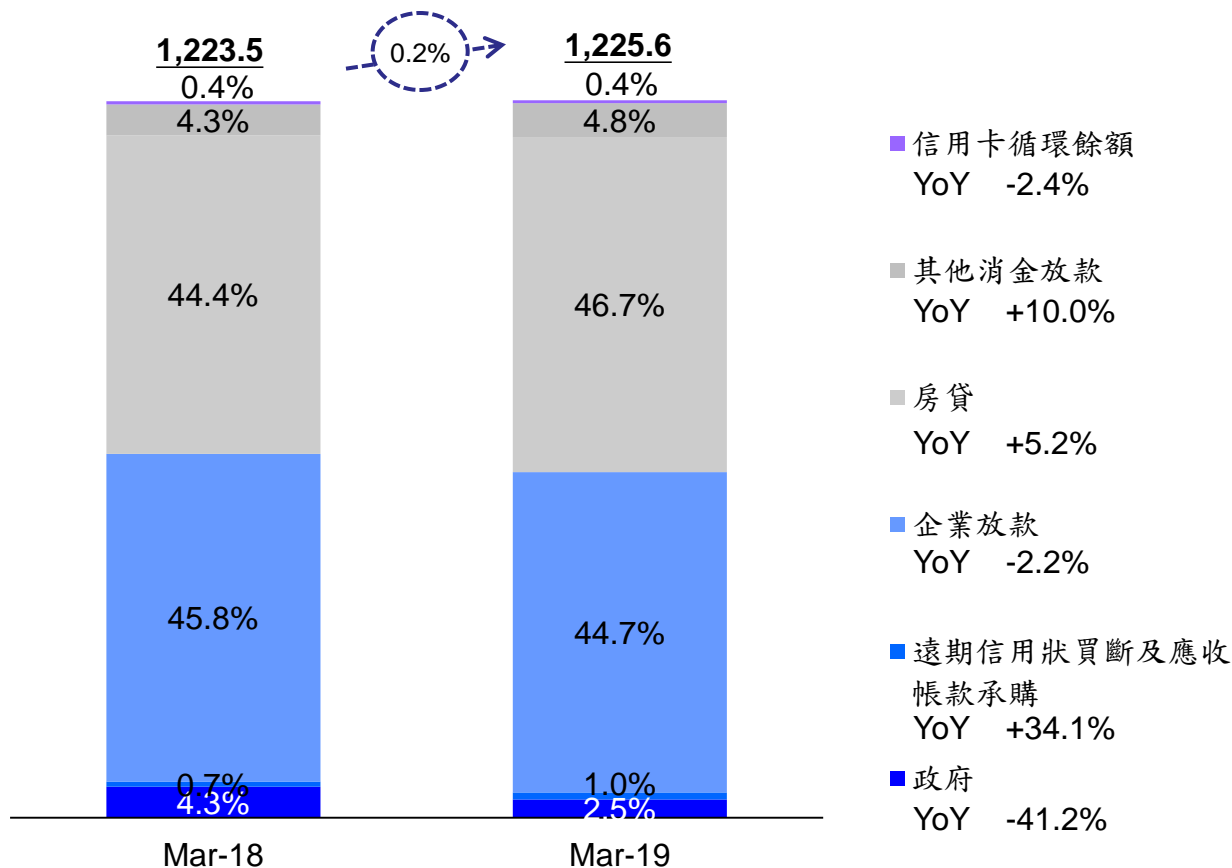
台北富邦銀行 — 授信組成



- 房貸及其他消金放款穩定成長
- 若不計入政府放款，授信餘額較去年同期成長2.0%

放款及應收帳款餘額組成

NT\$十億元



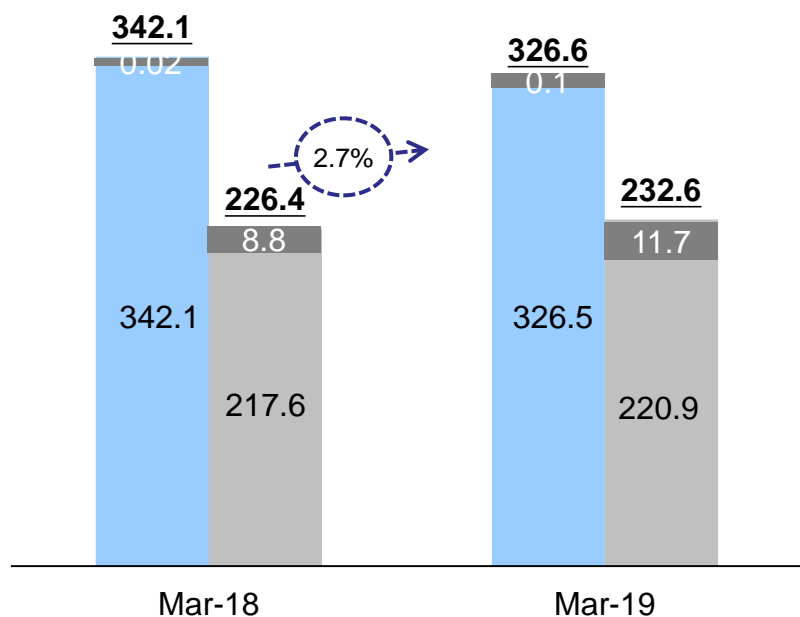
註：期末餘額計

- 外幣授信較去年同期成長2.7%，主要來自海外分行貢獻
- 中小企業授信佔比提升，餘額較去年同期成長2.1%

企業授信年成長率（依幣別）

NT\$十億元

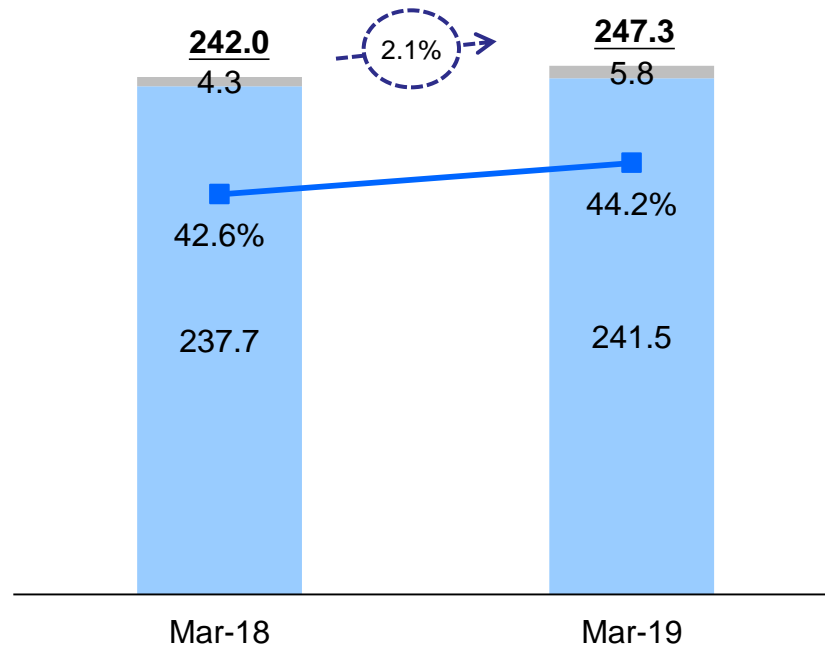
■ 台幣放款 ■ 外幣放款 ■ 遠期信用狀買斷及應收帳款承購



中小企業授信及其佔比

NT\$十億元

■ 遠期信用狀買斷及應收帳款承購
■ 放款
■ SME占企業授信比重

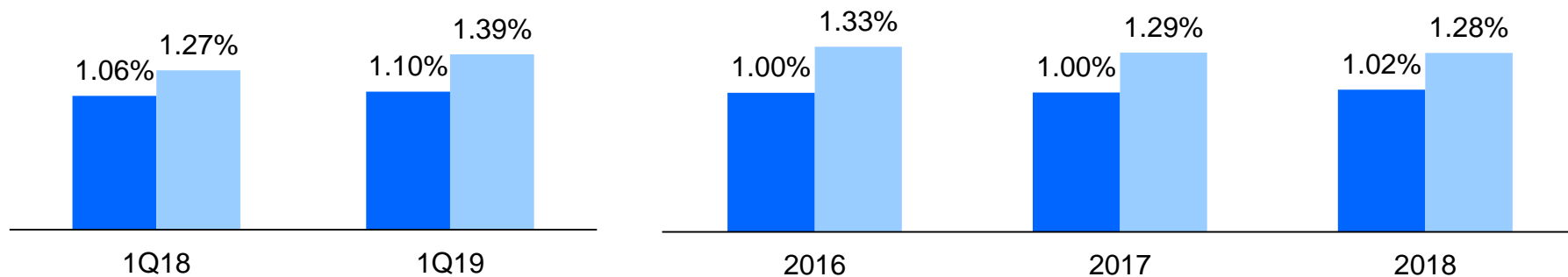


註：期末餘額計

■ 由於受資產負債結構調整及市場變化影響，帶動NIM及存放利差皆較去年同期提升

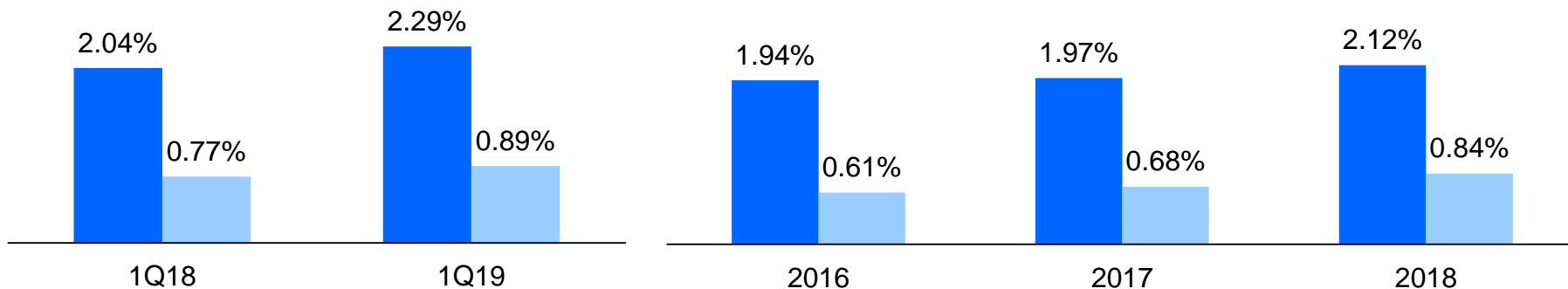
淨利差與存放利差

■ 淨利差 (NIM) ■ 存放利差



放款利率與存款利率

■ 放款利率 ■ 存款利率



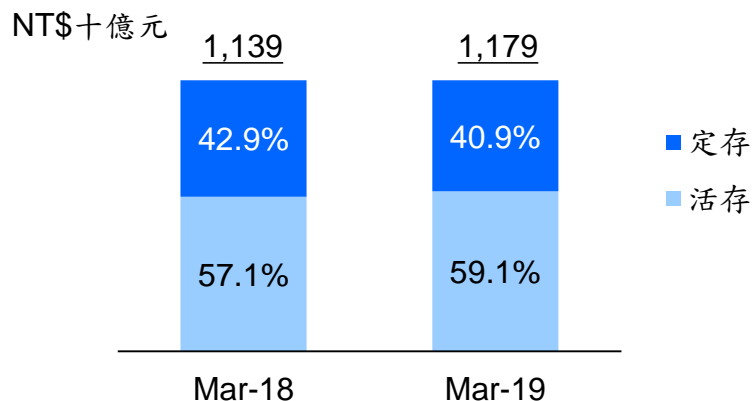
註：放款利率計算包含信用卡循環息

台北富邦銀行 — 存款與存放比

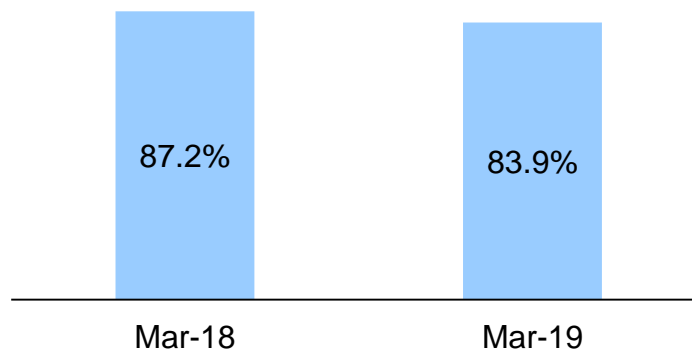


- 著重存款結構調整，台、外幣活存比皆較去年同期提升
- 外幣放款加計外幣債券投資，外幣資金運用比率69.7%，較去年同期提升12.8%

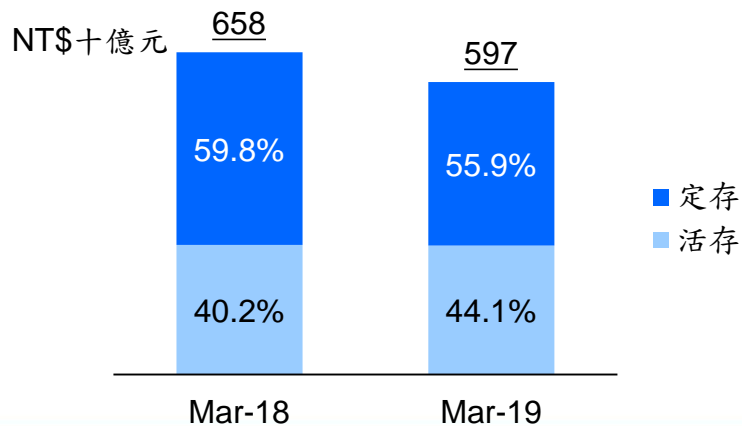
台幣存款組合



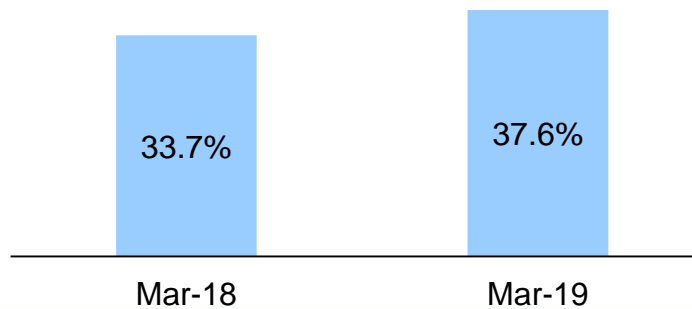
台幣存放比



外幣存款組合

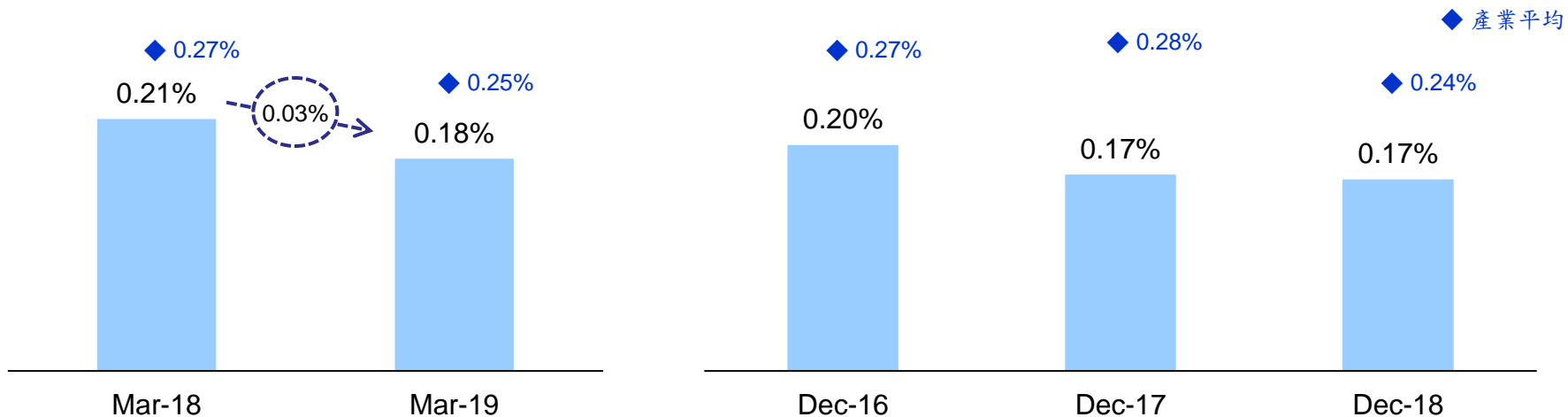


外幣存放比

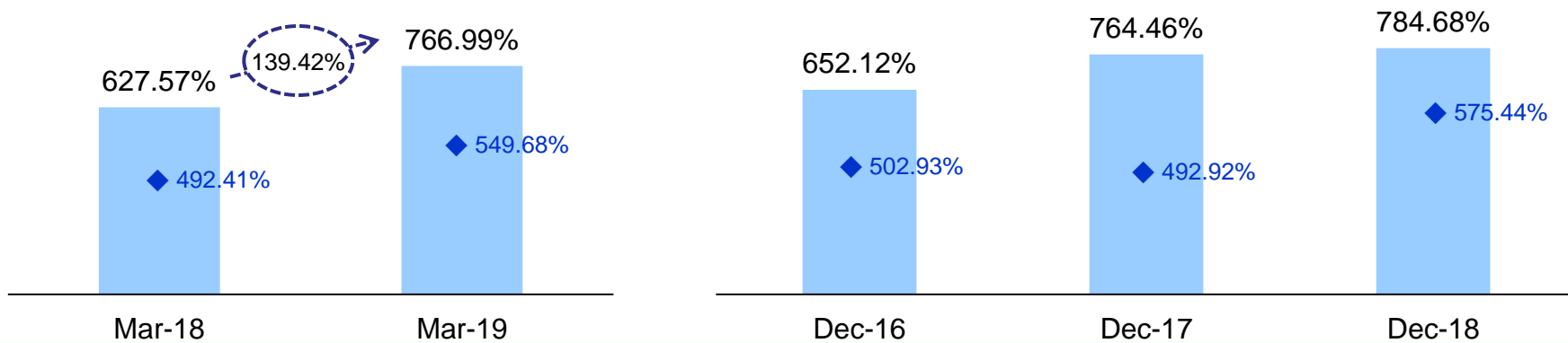


■ 資產品質及備呆覆蓋率維持優異水準，且持續優於產業平均

逾放比



備抵呆帳覆蓋率



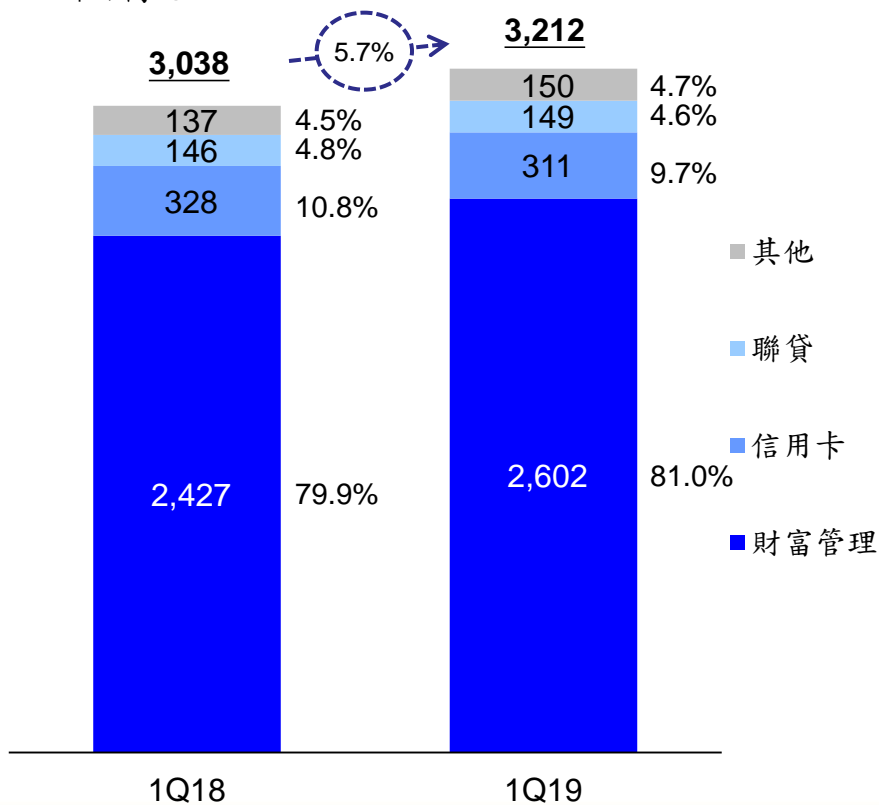
台北富邦銀行 — 手續費淨收益與財富管理業務



- 財管手續費淨收益成長，帶動手續費淨收益較去年同期成長5.7%
- 基金動能雖受投資市場影響，保險手續費淨收益成長21.9%，固定收益類商品銷售亦成長，帶動財管手續費淨收益較去年同期成長7.2%

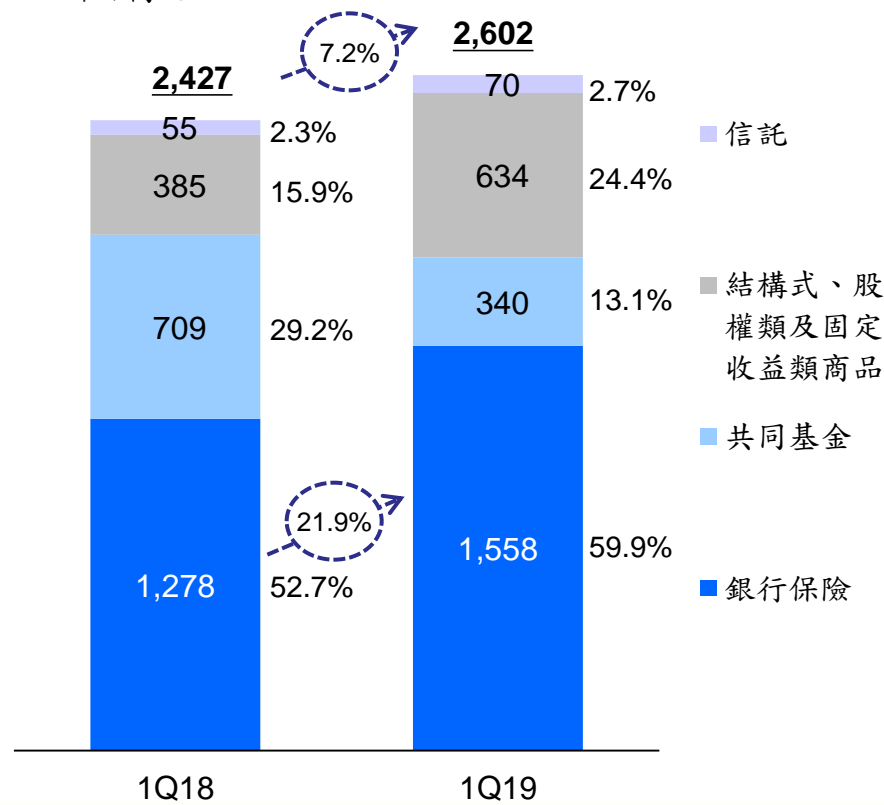
手續費淨收益來源

NT\$百萬元



財管業務手續費淨收益

NT\$百萬元



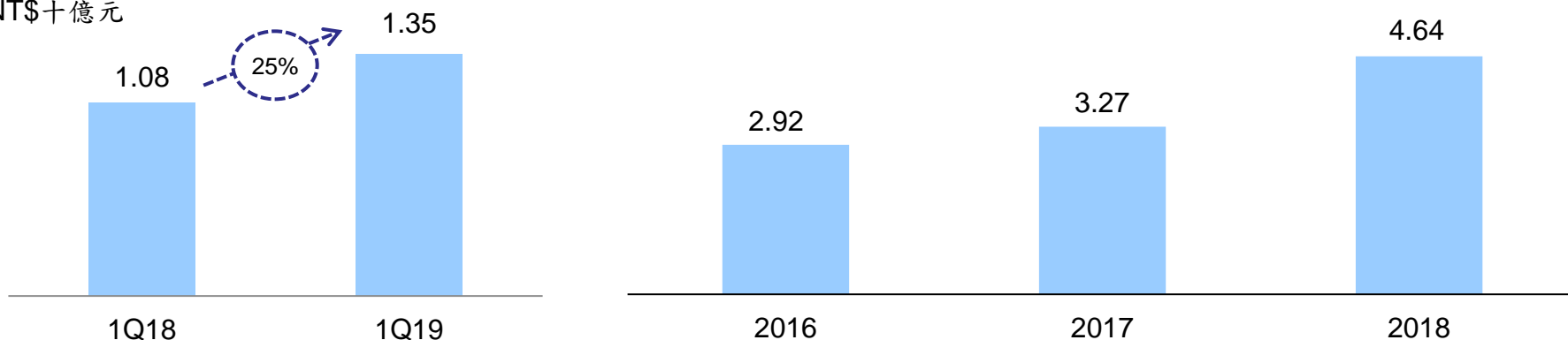
台北富邦銀行 — 海外分行獲利



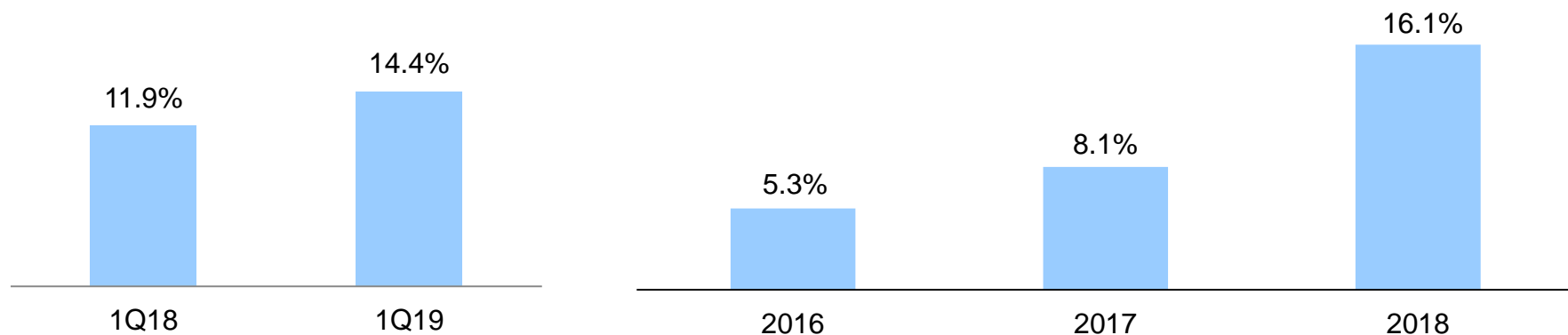
- 海外分行淨收益較去年同期成長25%，受海外分行放款成長帶動，海外分行獲利貢獻全行稅前獲利為14.4%

海外淨收益

NT\$十億元



海外獲利佔全行稅前盈餘



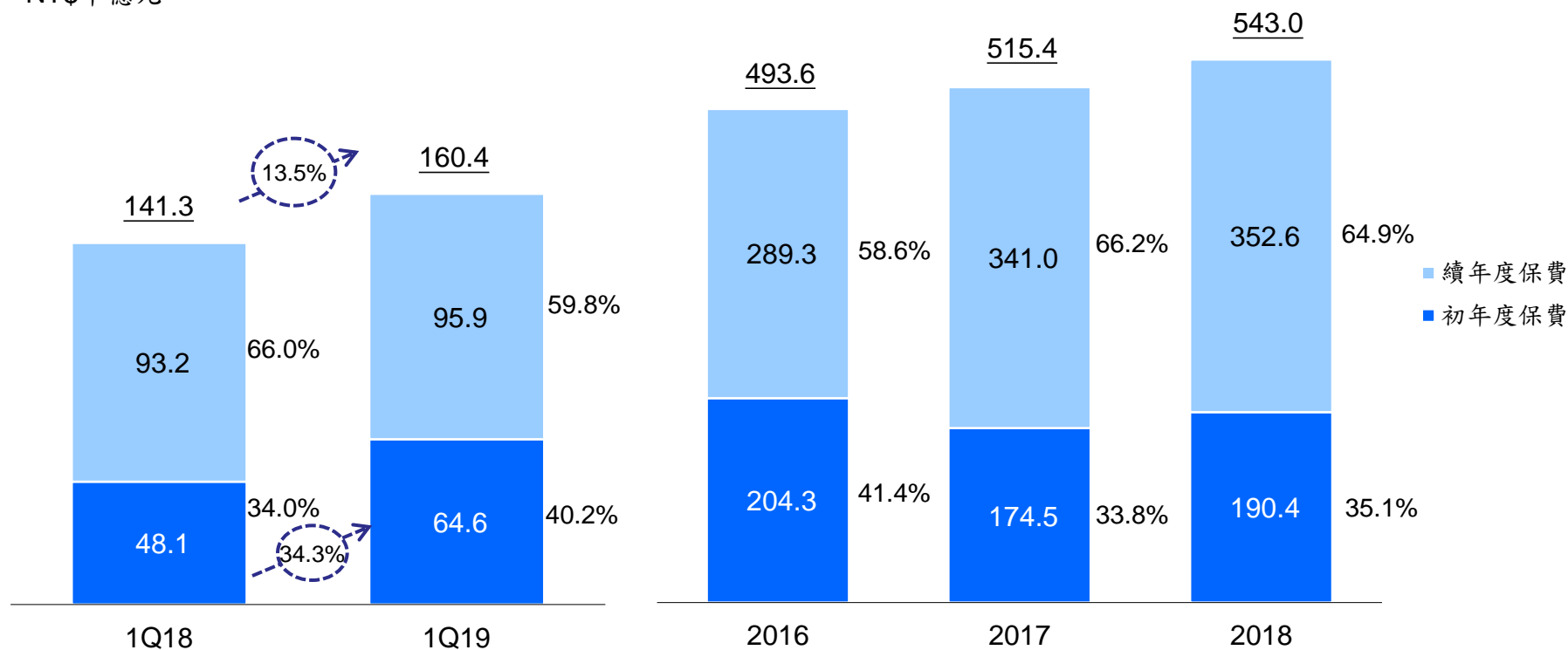
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富邦人壽 — 總保費收入



- 總保費收入較去年同期成長13.5%，主要受初年度保費成長34.3%帶動
- 初年度保費排名業界第一，初年度等價保費及總保費排名業界第二

NT\$十億元



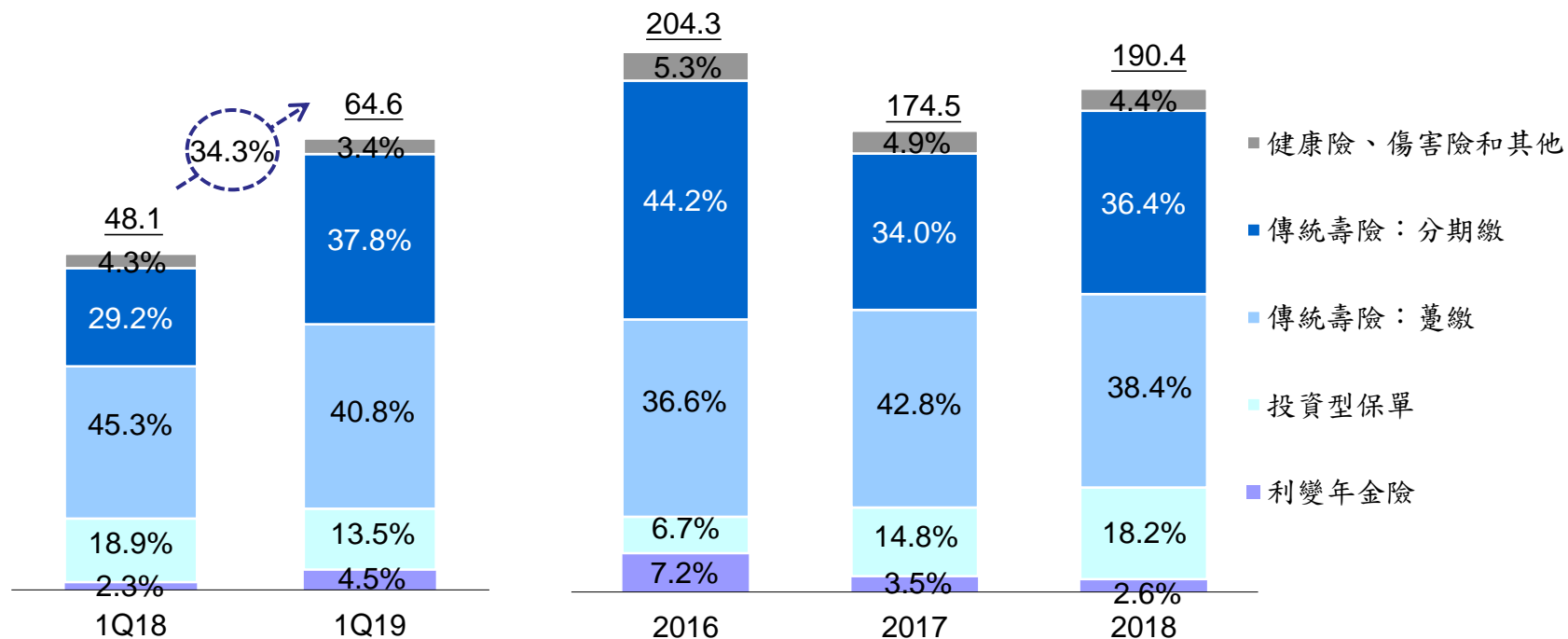
富邦人壽 — 初年度保費(FYP)收入



■ 初年度保費較去年同期成長34.3%，因台幣利變躉繳壽險停售效應及分期繳傳統壽險帶動

初年度保費收入組成

NT\$十億元



新台幣保單	49.1%	70.4%
外幣保單	50.9%	29.6%

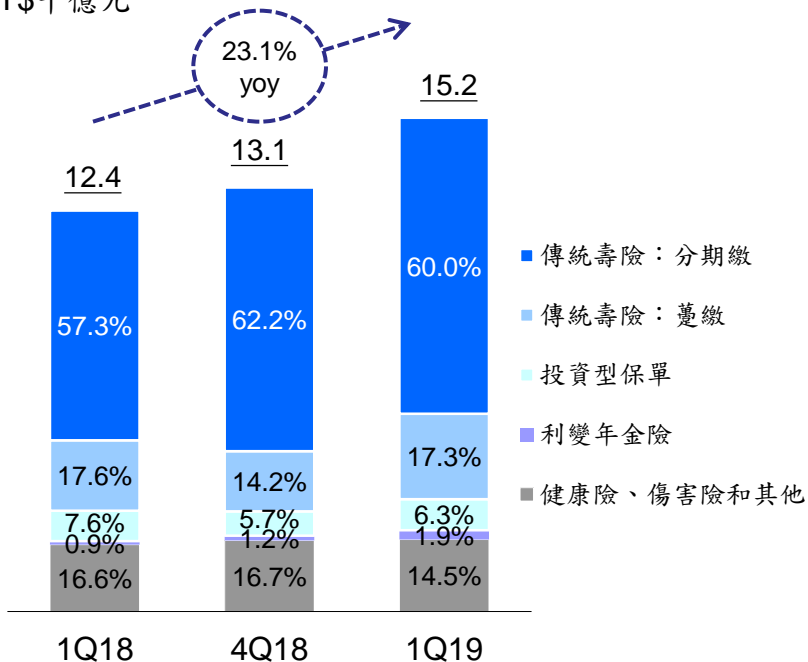
	76.2%	56.5%	60.3%
	23.8%	43.5%	39.7%

富邦人壽 — 初年度等價保費(FYPE)收入和 新契約價值(VNB)

- FYPE及VNB分別較去年同期成長23.1%與30.1%，因保費成長及產品組成分期繳占比上升
- 因台幣躉繳保單停售效應，VNB/FYP比率略低於去年同期

初年度等價保費

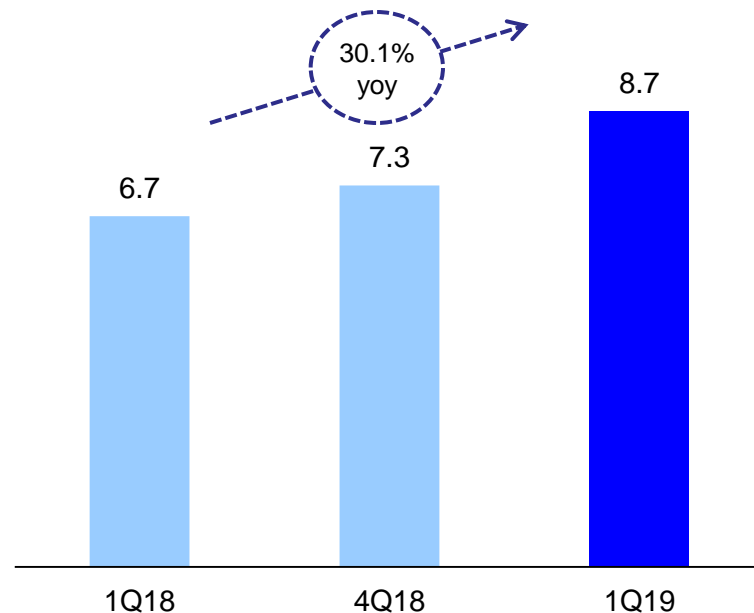
NT\$十億元



FYPE/ FYP	1Q18	4Q18	1Q19
	25.8%	25.5%	23.6%

新契約價值

NT\$十億元

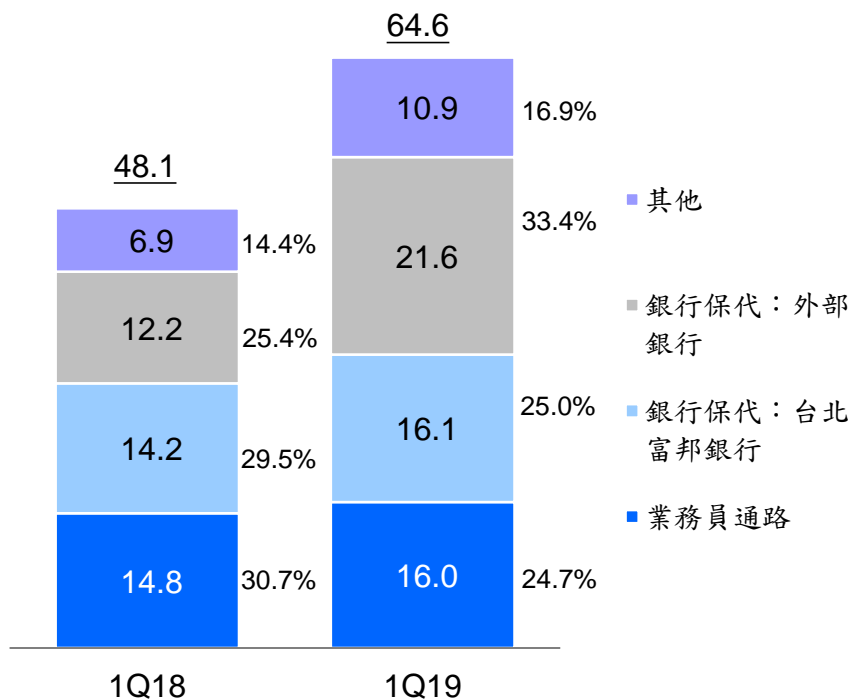


VNB/FYP	14.0%	14.2%	13.5%
VNB/FYPE	54.3%	55.8%	57.3%

■ 各通路初年度保費及初年度等價保費金額均成長，外部銀貢獻占比增加

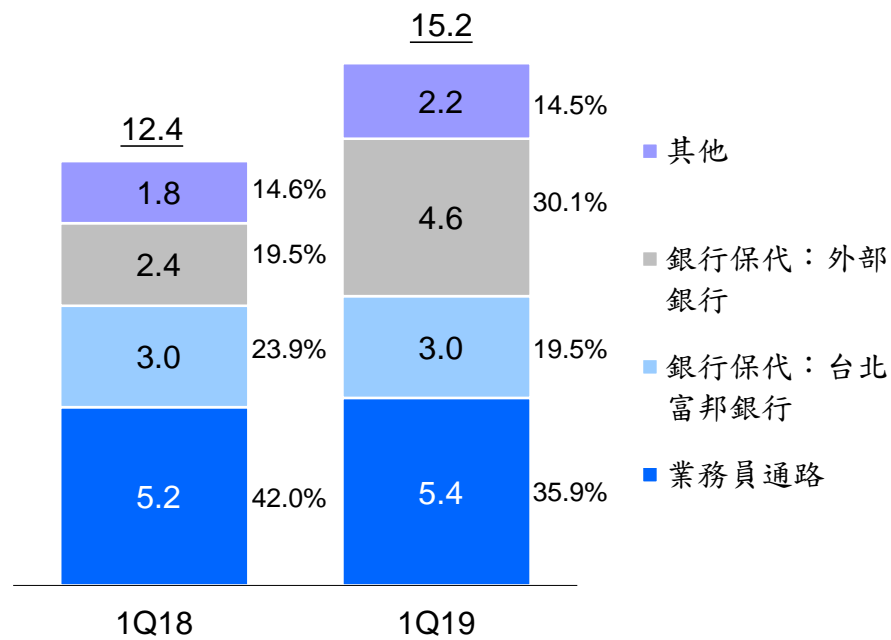
初年度保費依通路別

NT\$十億元



初年度等價保費依通路別

NT\$十億元



富邦人壽 — 投資組合



- 投資資產規模穩定成長，年增9.3%
- 第一季增加國內固定收益類型資產，後續視市場投放國內股票、國外債券等資產

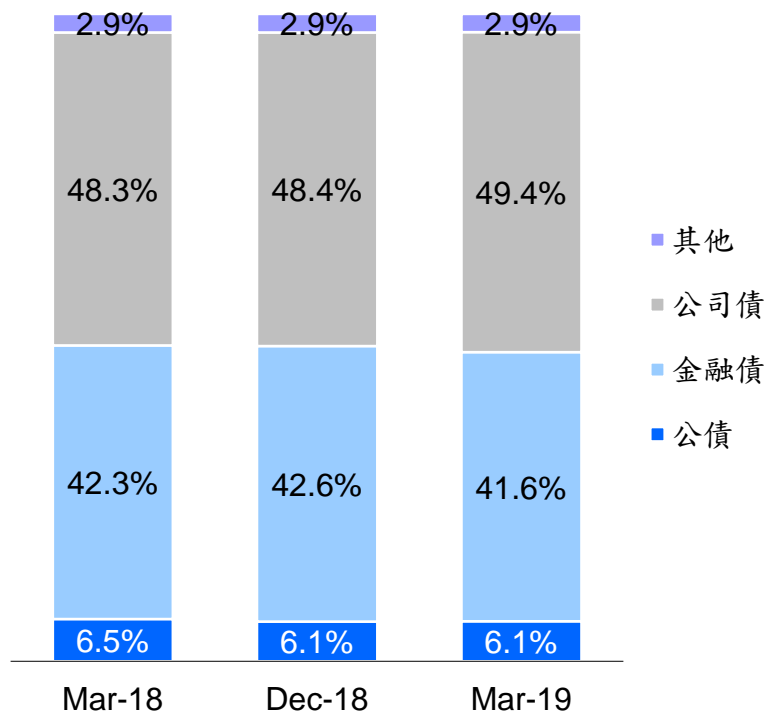
NT\$十億元	2018/03/31		2018/12/31		2019/03/31	
現金及約當現金	165.3	4.8%	170.5	4.7%	216.4	5.7%
國內債券 ⁽¹⁾	437.9	12.6%	466.4	12.9%	500.6	13.2%
國外債券 ⁽²⁾	1,897.2	54.7%	2,056.7	56.8%	2,093.8	55.3%
國內股票	373.8	10.8%	320.0	8.8%	345.1	9.1%
國外股票	192.4	5.6%	187.1	5.2%	188.4	5.0%
房貸	129.3	3.7%	143.9	4.0%	147.6	3.9%
保單貸款	63.9	1.8%	69.1	1.9%	68.6	1.8%
不動產	207.1	6.0%	208.6	5.7%	228.4	6.0%
總投資資產	3,466.9	100.0%	3,622.3	100.0%	3,788.9	100.0%
國內	1,281.0	36.9%	1,284.1	35.5%	1,394.1	36.8%
國外	2,185.9	63.1%	2,338.2	64.5%	2,394.8	63.2%

註：(1) 含台幣計價ETF債券，(2) 含國際板債券投資；截至2019年3月底，國際板債券投資金額佔總投資資產16.7%

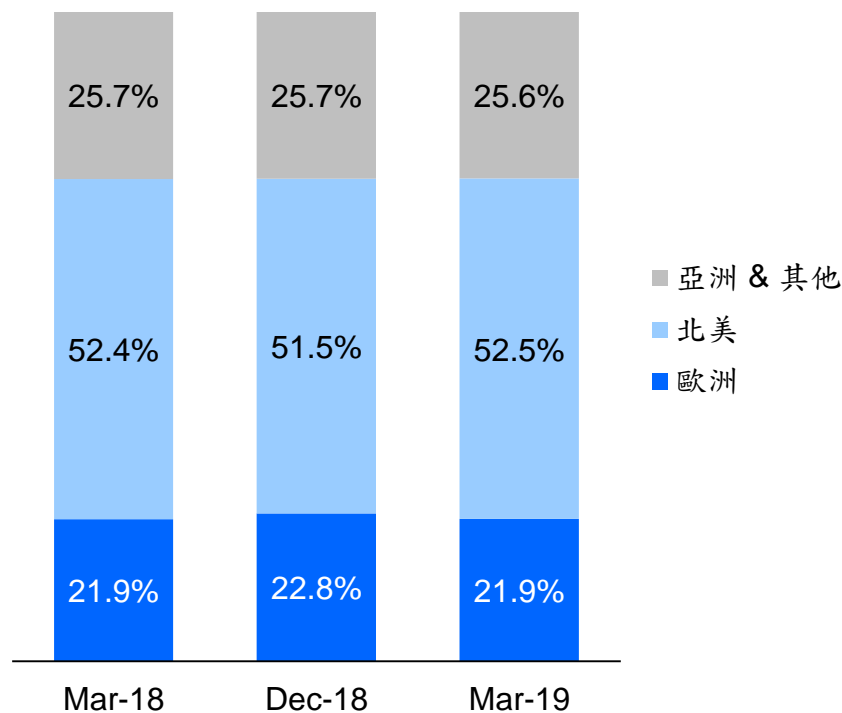
富邦人壽 — 海外固定收益組合

- 海外固定收益配置，以投資級公司債及金融債為主
- 北美為主要投資區域，其它區域採動態調整策略

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 — 投資收益組成

- 經常性投資收益為投資收益主要來源，1Q19成長幅度較總投資資產成長率高
- 債券類資本利得表現良好，惟去年同期股票利得之高基期，影響1Q19總投報率
- 外匯相關支出較去年同期增加，惟較4Q18之NT\$134億⁽¹⁾下降

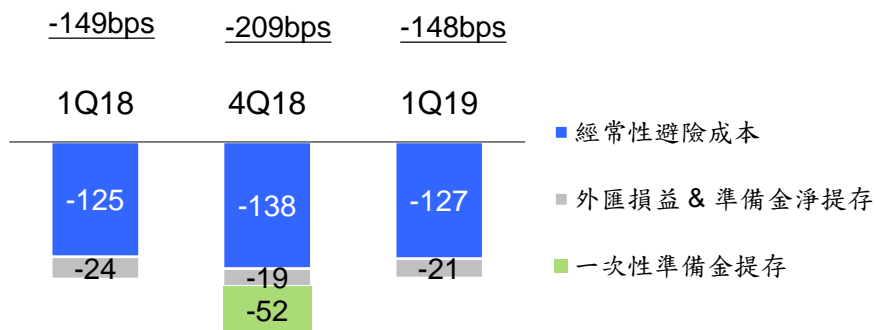
NT\$十億元	1Q18	1Q19	YoY growth	2016	2017	2018
經常性投資收益	24.6	28.9	17.2%	105.8	114.4	126.5
利息收入	22.6	25.5	13.0%	78.2	85.5	98.5
股票現金股利	0.1	0.1	-27.4%	14.9	18.8	18.9
租金及其他 ⁽²⁾	1.9	3.3	74.8%	12.7	10.1	9.1
債券類資本利得	4.4	5.5	25.2%	24.1	14.1	8.9
股票類資本利得	10.7	6.4	-40.3%	11.0	26.1	26.4
外匯及其他	-8.1	-9.8	20.6%	-17.0	-29.9	-34.8
總投資收入	31.6	31.0	-2.0%	123.9	124.7	127.0
總投資資產	3,466.9	3,788.9	9.3%	3,118.4	3,386.3	3,622.3
避險前投資報酬率	4.63%	4.34%		4.84%	4.76%	4.63%
避險後投資報酬率	3.68%	3.39%		4.30%	3.93%	3.62%

註：(1) 包含2018年12月一次性增提外匯價格變動準備金NT\$30億

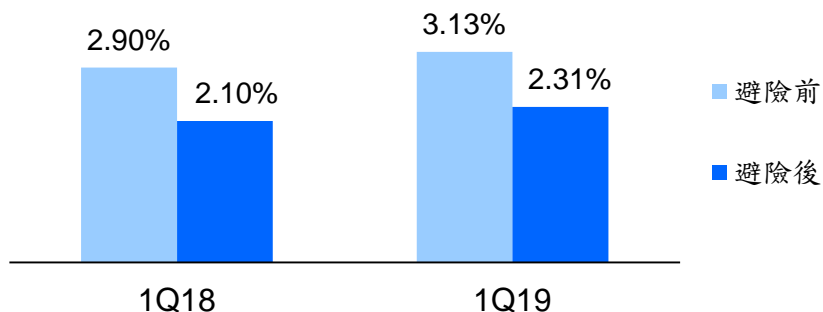
(2) 租金及其他包含基金類配息

- 避險成本逐漸改善，持續動態調整避險組成，管理外匯波動
- 避險前及避險後經常性收益率均提升

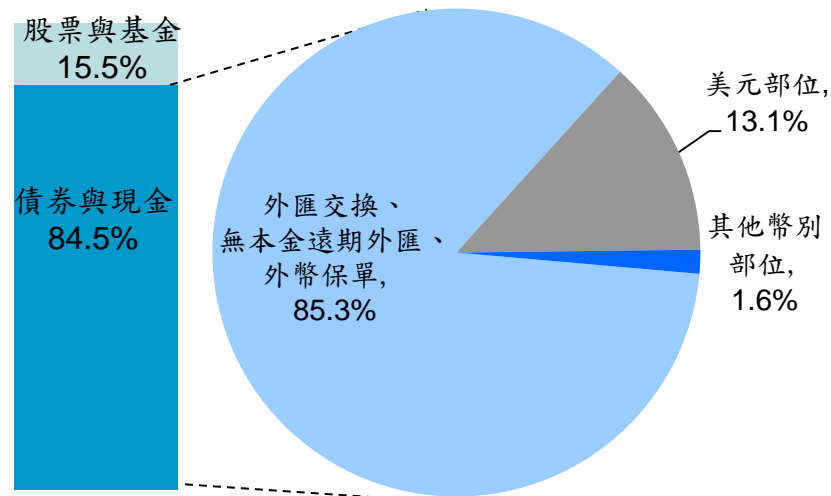
避險成本 & 外匯損益



經常性收益率



外幣金融資產

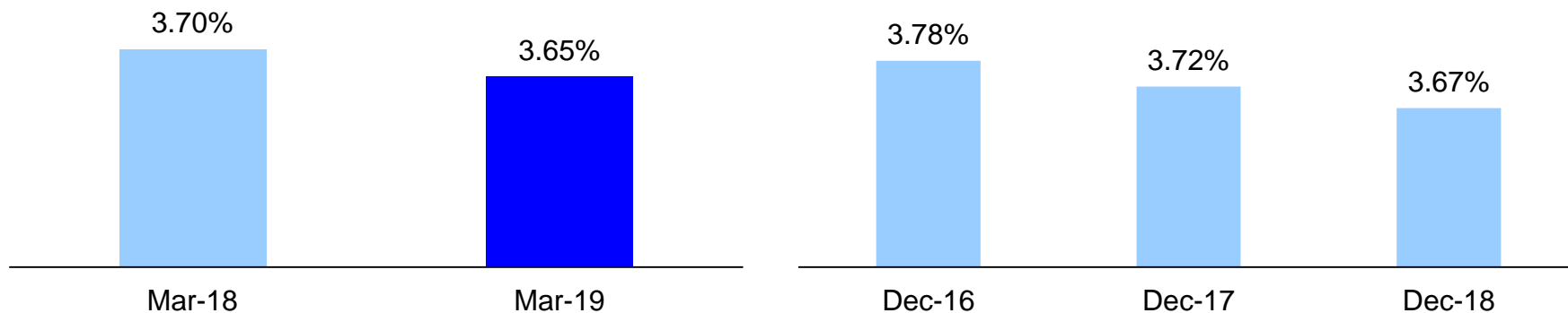


富邦人壽 — 負債成本及損益兩平點

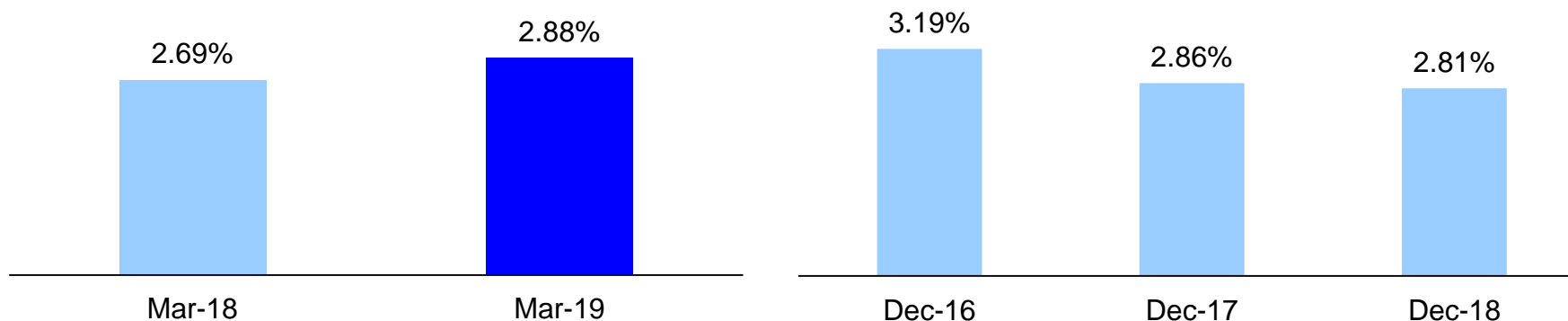


- 新契約較整體平均負債成本低，負債成本持續改善
- 1Q19初年度保費成長帶動下，使本季首年成本增加，故損益兩平點上升

負債成本



損益兩平點

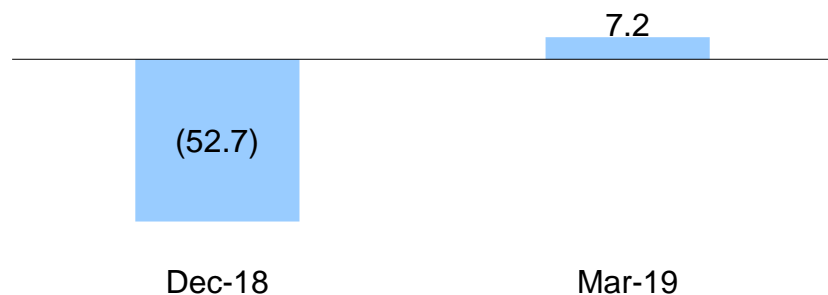


■ 金融資產未實現餘額回升，受惠於國內外股債金融資產上漲，帶動淨值回升

金融資產未實現餘額

NT\$十億元

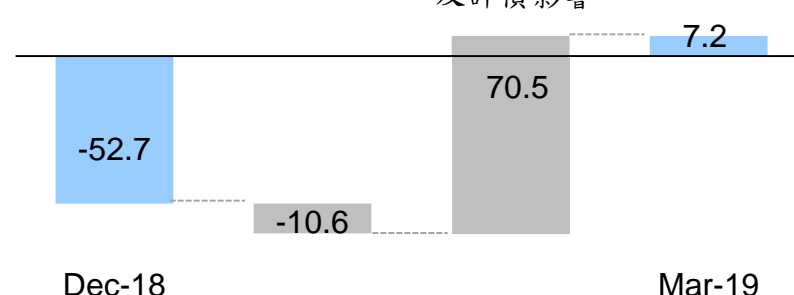
■ FVOCI及FVTPL+覆蓋法



OCI項下未實現餘額變動說明

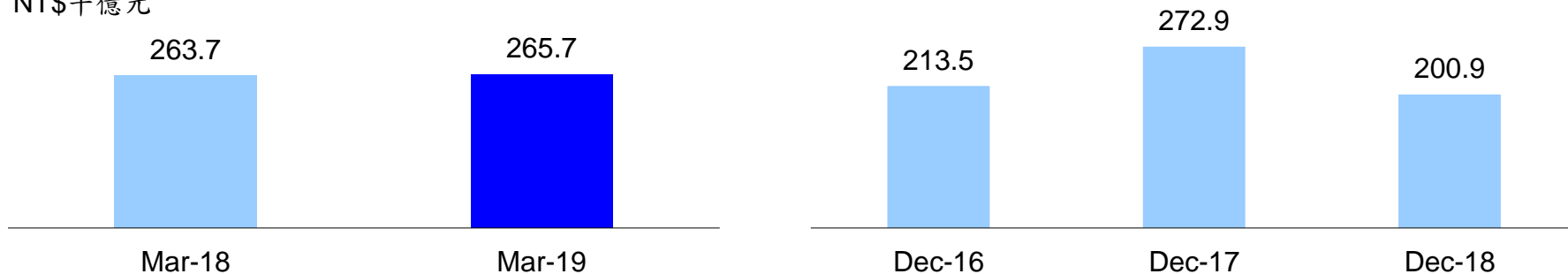
NT\$十億元

實現利得
現金股利、
基金配息
及評價影響



淨值

NT\$十億元



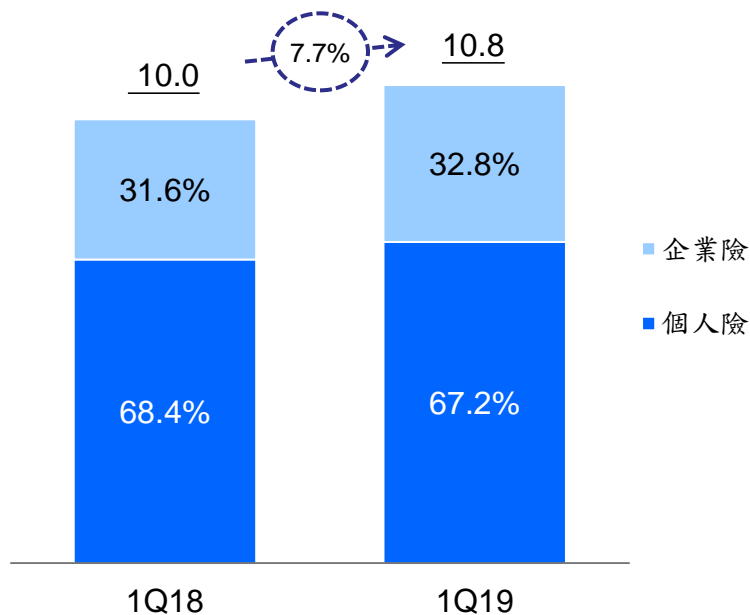
註：截至第一季底攤銷後成本(AC)金融資產未實現餘額為-NT\$20億，較2018年底-NT\$687億回升

- 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 2018年隱含價值

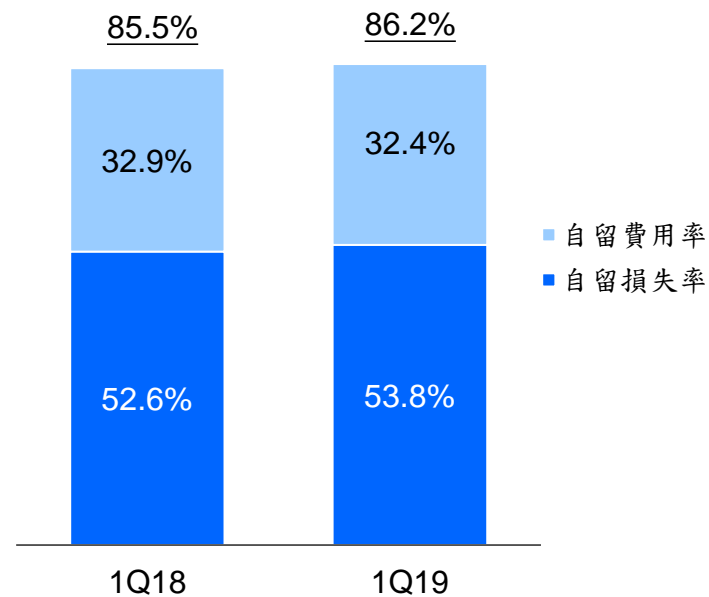
- 簽單市佔率24.2%，較去年同期增加0.5%，穩居產險龍頭
- 簽單保費成長7.7%，優於市場平均成長率5.7%
- 自留綜合率維持優異水準

險種別直接簽單保費

NT\$十億元



自留綜合率



註：為個體報表基礎

註：不包括汽車強制險，強制險係為無盈無虧之經營

- 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 2018年隱含價值

- 經紀及興櫃業務位居市場前三大
- ETF檔數及管理資產規模持續成長，管理資產較去年同期成長77%

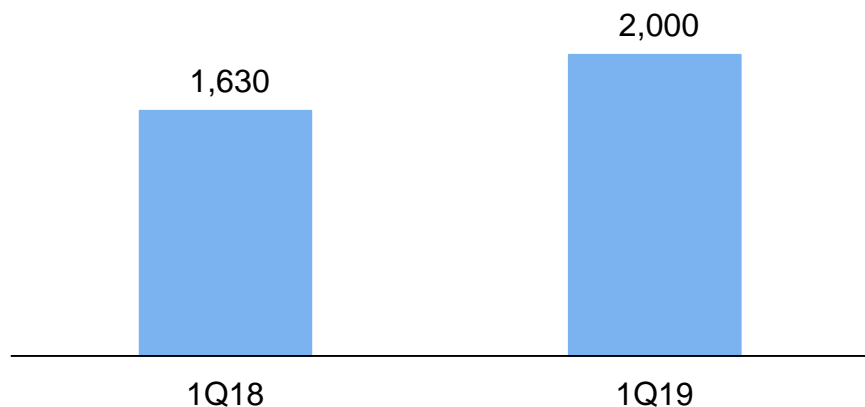
市場排名

	1Q19	市場排名	1Q18	市場排名
經紀市佔率	5.60%	3	6.04%	3
經紀單點市佔率*	0.13%	1	0.13%	1
興櫃市佔率	17.02%	2	27.49%	1
承銷(IPO+SPO) 金額市佔率	5.71%	4	4.85%	6
ETF管理資產規模(億)	1,511	3	853	2

註：*為前十大券商排名

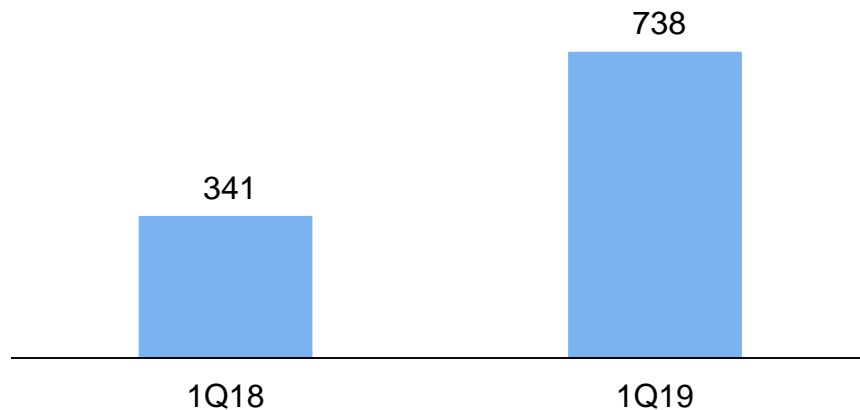
營業收入

NT\$百萬元



稅後淨利

NT\$百萬元



- 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 2018年隱含價值

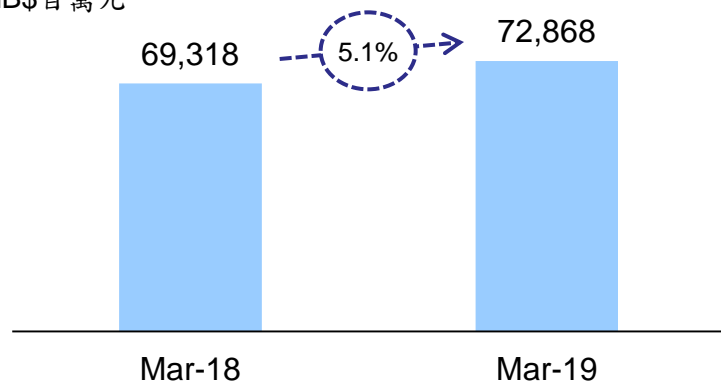
富邦華一銀行 — 資產負債摘要



■ 存、貸餘額皆創歷史新高，年成長分別達25.2%和16.3%，帶動資產規模上升

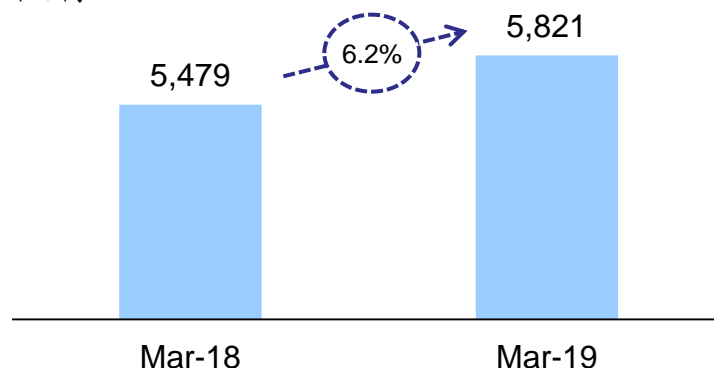
資產

RMB\$百萬元



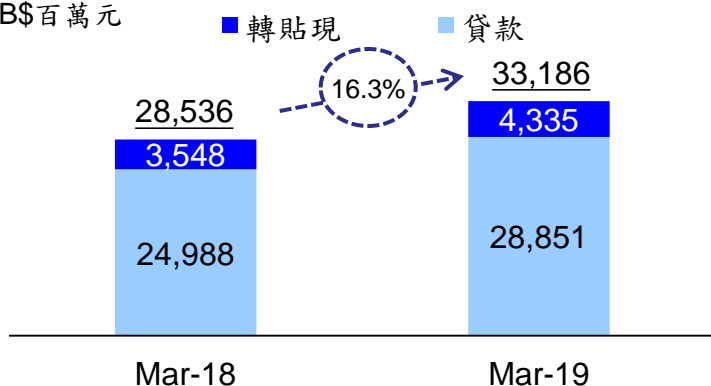
股東權益

RMB\$百萬元



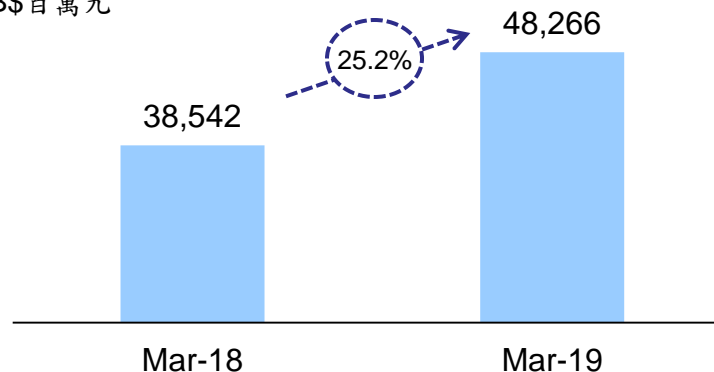
貸款

RMB\$百萬元



存款

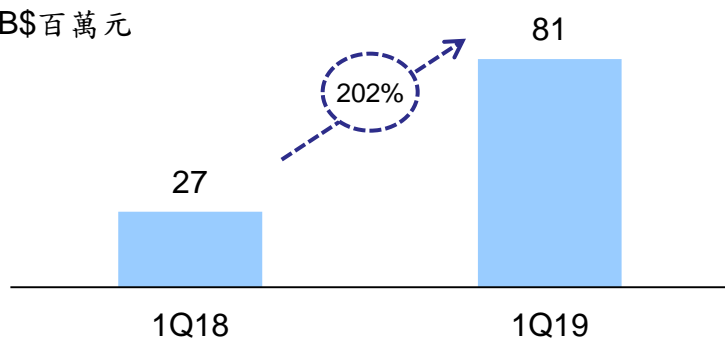
RMB\$百萬元



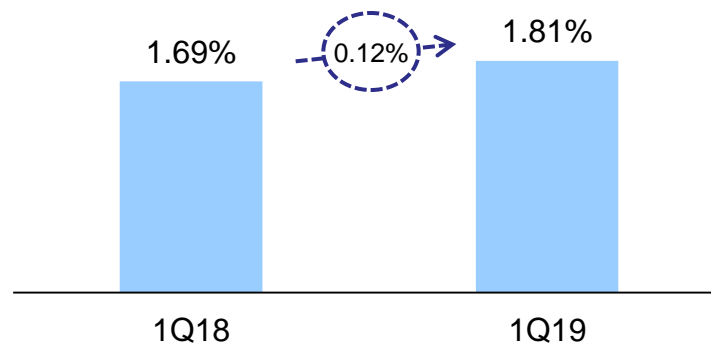
- 稅後淨利較去年同期成長202%，主要來自利息淨收益及金融商品收益增加
- NIM年增12bps，受惠於中長期貸款利率提升、零售線上貸款業務
- 資產品質穩定，逾放比降至1.36%

稅後淨利

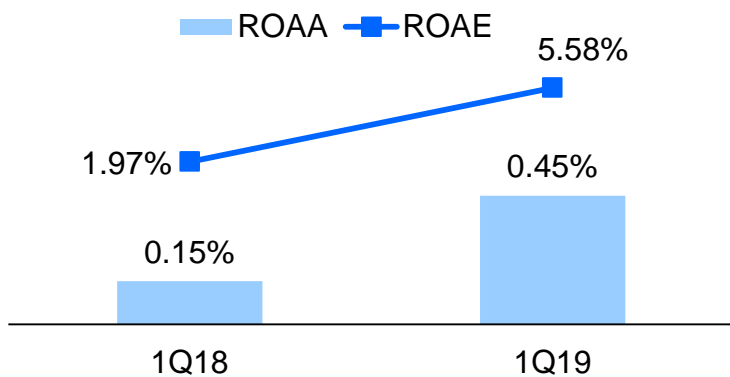
RMB\$百萬元



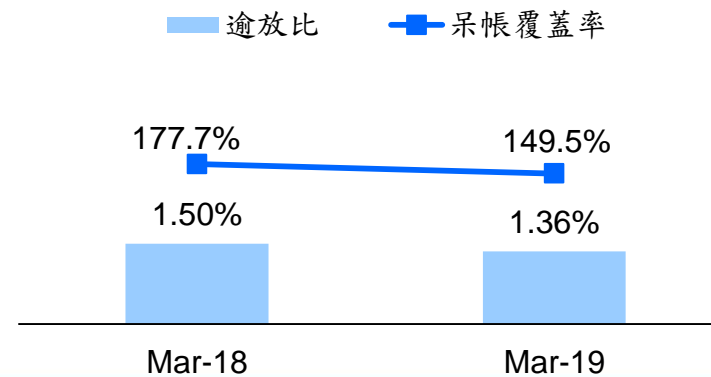
淨利差 (NIM)



資產報酬率&股東權益報酬率



逾放比&備抵呆帳覆蓋率



- 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 2018年隱含價值

2018年彙整



單位：新台幣十億元

項	目	2017	2018	YoY	Diff	影響
有效契約 價值創造	淨值(帳面價值)	272.9	200.9	-26.4%	-72.0	↓
	調整後淨值	254.0	202.0	-20.5%	-52.1	↓
	有效契約價值(未扣除資本成本)	380.2	399.5	5.1%	19.4	↑
	資本成本	(109.9)	(123.0)	-11.9%	-13.1	↓
	有效契約價值(扣除資本成本)	270.2	276.6	2.3%	6.3	↑
	隱含價值(Embedded Value)	524.3	478.5	-8.7%	-45.7	↓
新契約 價值創造	初年度保費(FYP)	174.5	190.4	9.1%	15.9	↑
	初年度等價保費(FYPE)	56.1	49.5	-11.7%	-6.6	↓
	新契約價值(VNB)	28.5	26.6	-6.6%	-1.9	↓
	新契約價值利潤率(VNB/FYP)	16.3%	14.0%	-14.4%	-2.4%	↓
	新契約價值利潤率(VNB/FYPE)	50.8%	53.7%	5.7%	2.9%	↑
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)	776.2	713.7	-8.0%	-62.4	↓
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	51.2	46.8	-8.7%	-4.5	↓
	每股精算評估價值	75.8	69.7	-8.0%	-6.1	↓
每股精算價值 (人壽)	在外流通股數(人壽)	8.3	11.1	33.6%	2.8	↑
	每股隱含價值	63.2	43.2	-31.7%	-20.0	↓
	每股精算評估價值	93.5	64.4	-31.2%	-29.2	↓

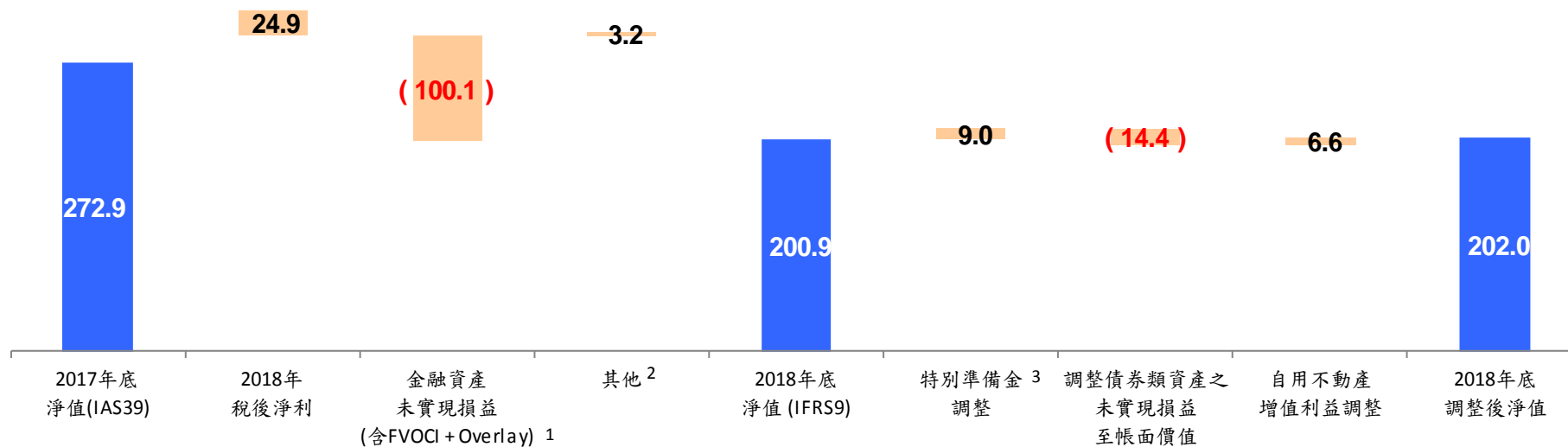
註1: 富邦人壽2018年將未分配盈餘278.61億轉增資發行新股27.861億股, 若排除此影響, 人壽每股隱含價值為57.7元, 較去年成長-8.7%。

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	+ 9.1%	-36.7%	+ 1.2%	-26.4%				
Adj %					+ 4.5%	-7.2%	+ 3.3%	+ 0.6%

註：

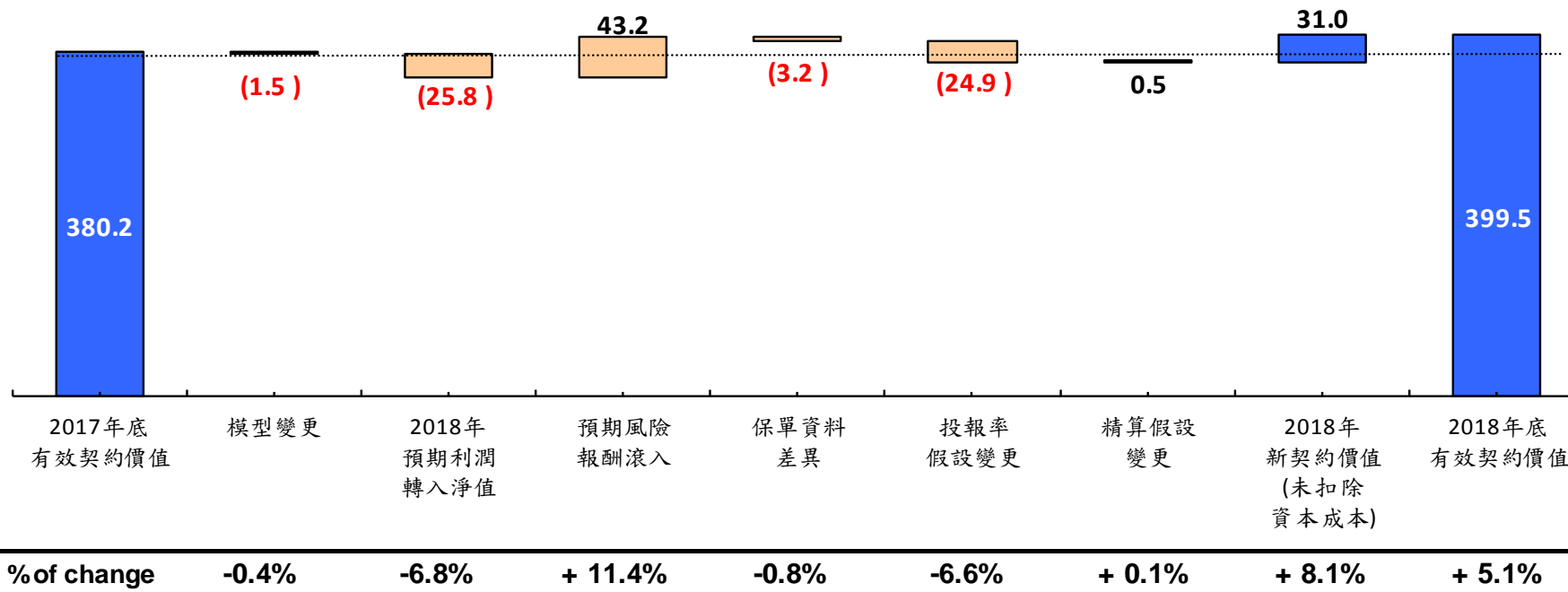
1. FVOCI為「透過其他綜合損益按公允價值衡量之資產」；Overlay為「損益採覆蓋法重分類至其他綜合損益」。
2. 其他：主要為適用IFRS9重分類影響95億元(+3.5%)及普通股股利-60億元(-2.2%)。
3. 特別準備金調整：包含外匯價格變動準備金及不動產增值利益特別準備金。

價值變動分析一

有效契約價值 (未扣除資本成本)



單位：新台幣十億元



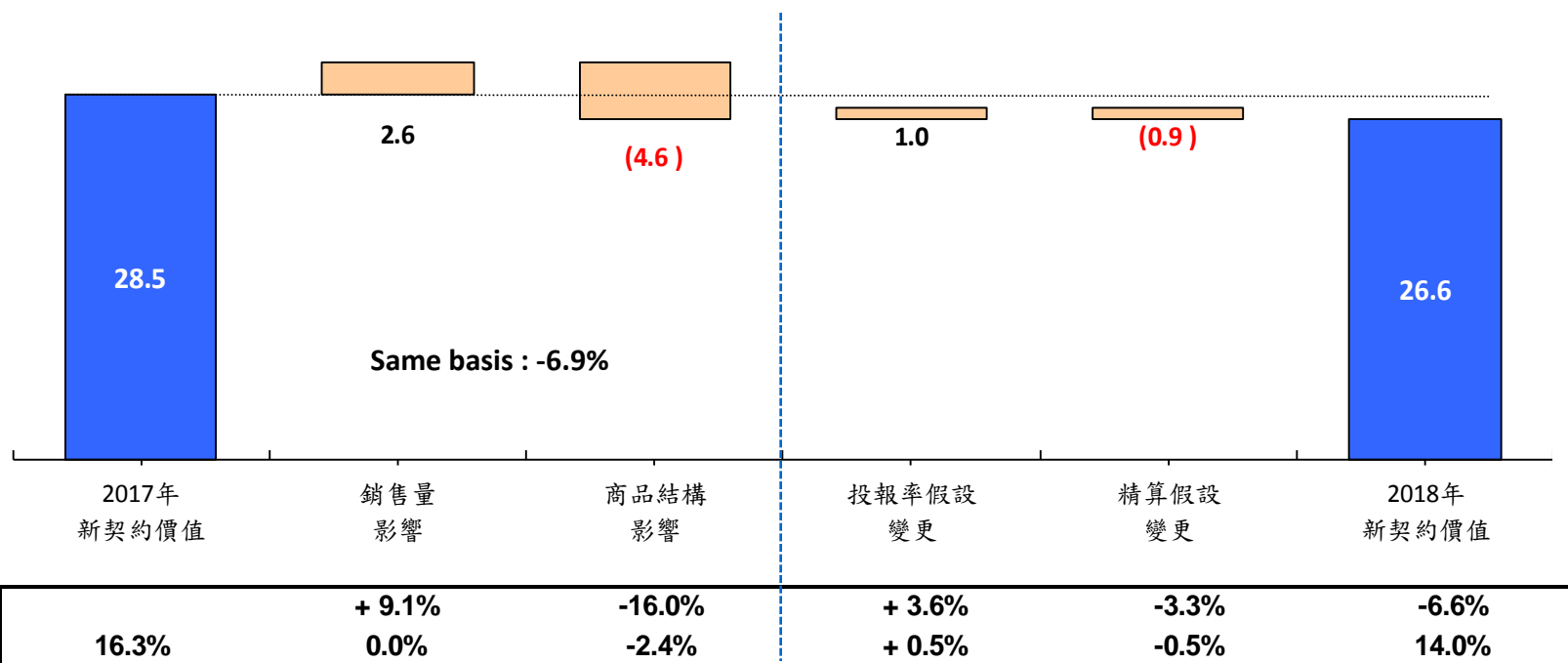
註：

1. 經濟假設變動包含匯率變更(+0.4%)及投資報酬率假設調整(-7.0%)。
2. 2017年有效契約價值之等價報酬率為 4.47%，反映rolling over 效果，增加為 4.53%。
3. 2018年有效契約價值之等價報酬率為 4.42%。
4. 2018 新契約價值(扣除資本成本)為 266億元。

價值變動分析 — 新契約價值



單位：新台幣十億元



註：

- 2017年新契約價值的等價投資報酬率為 4.36%，反映rolling over 效果及2018年新銷售保單商品組合，等價投資報酬率下降至4.32%。
- 2018年新契約價值的等價投資報酬率為 4.35%。

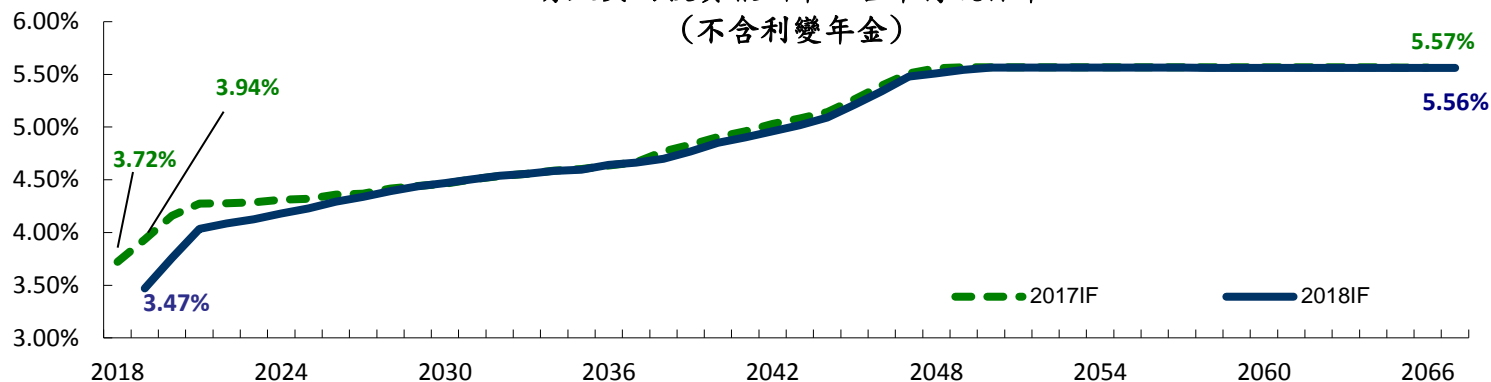
	2017 年	2018 年
投資報酬率假設	<p><u>有效契約價值</u> 台幣保單: 2018年至2049年為3.72%~5.57%(2050+) 美元保單: 2018年至2043年為4.44%~5.96%(2044+)</p> <p><u>一年新契約價值</u> 台幣傳統保單: 2017年至2049年為3.08%~5.54%(2050+) 美元保單: 2017年至2046年為3.85%~5.96%(2047+)</p> <p><u>利變年金</u> 平均利差益約50~100bps.</p>	<p><u>有效契約價值</u> 台幣保單: 2019年至2050年為3.47%~5.56%(2051+) 美元保單: 2019年至2044年為4.47%~5.96%(2045+)</p> <p><u>一年新契約價值</u> 台幣傳統保單: 2018年至2050年為2.96%~5.52%(2051+) 美元保單: 2018年至2047年為4.06%~5.96%(2048+)</p> <p><u>利變年金</u> 平均利差益約50~100bps.</p>
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：4.47% 新契約價值：4.36%	有效契約價值：4.42% 新契約價值：4.35%
評價日之殖利率 (10年期)期初/長期	台幣：1.17% / 3.50% 美元：2.40% / 5.25%	台幣：1.20% / 3.50% 美元：2.71% / 5.25%

- 外匯價格變動準備金於2012年3月實施，其相關成本反映於投資報酬率假設。

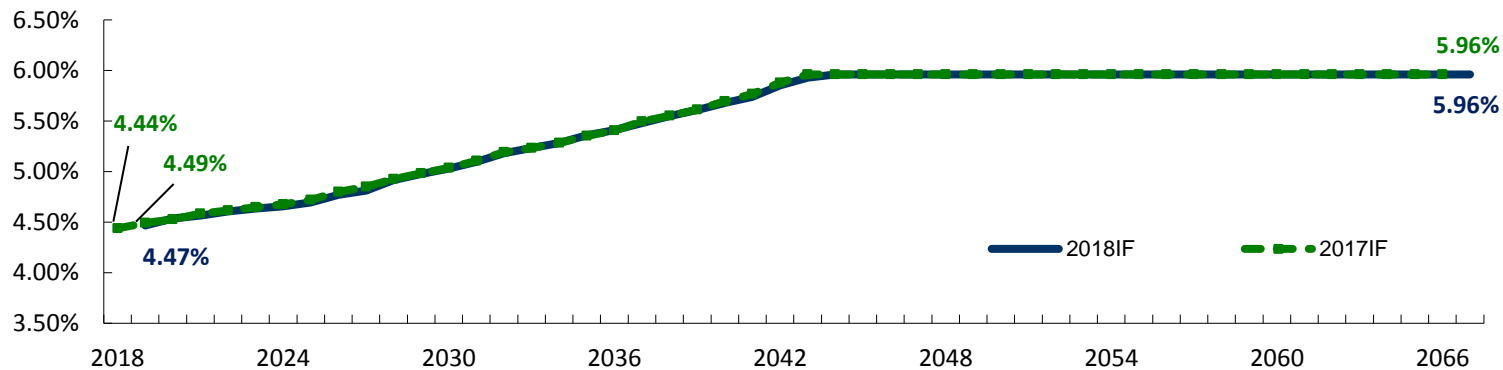
經濟假設 — 有效契約投資報酬率



有效契約投資報酬率：台幣傳統保單
(不含利變年金)

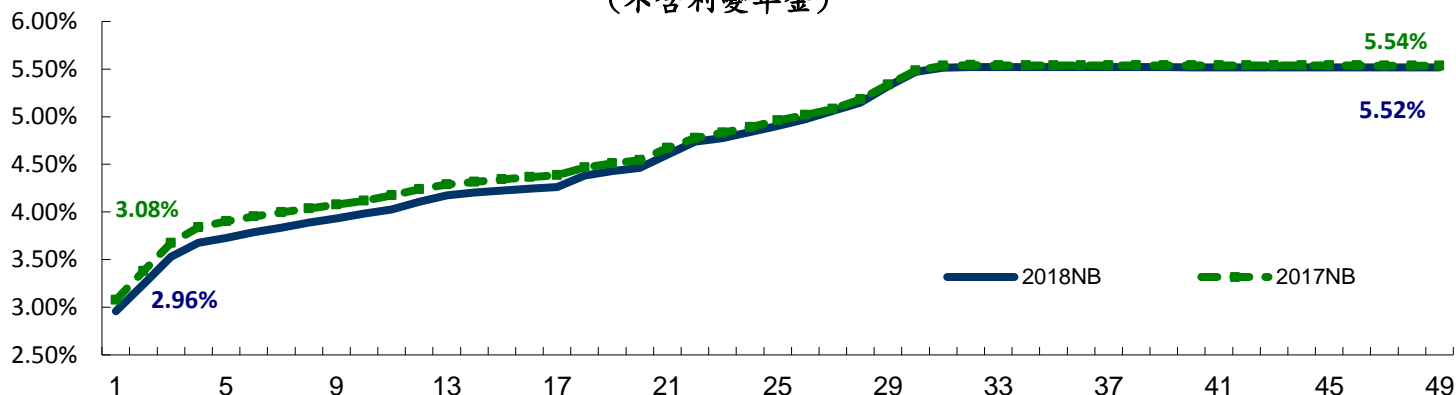


有效契約投資報酬率：美元保單

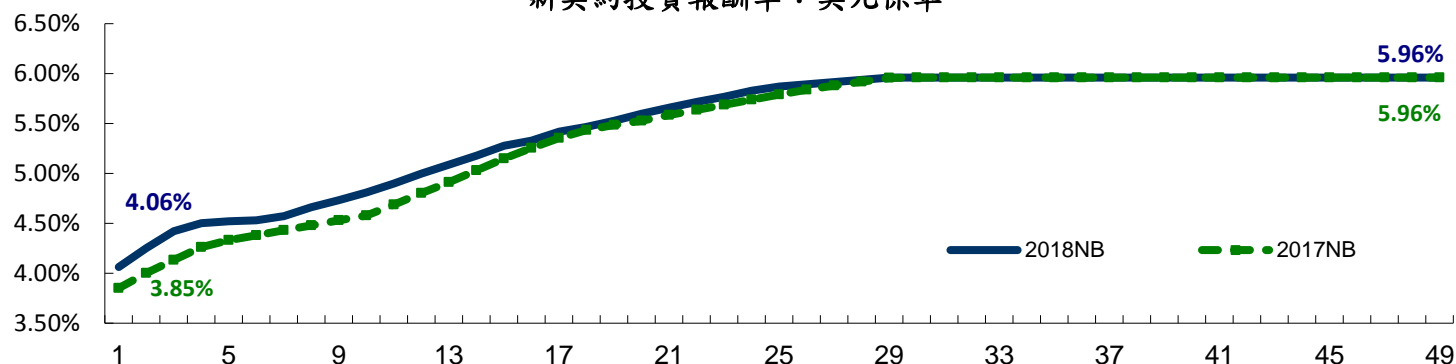


經濟假設 — 一年新契約投資報酬率

新契約投資報酬率：台幣傳統保單
(不含利變年金)



新契約投資報酬率：美元保單



經濟假設 — 貼現率

富邦人壽	2017/12/31	2018/12/31
無風險利率	1.17%~3.5%	1.20%~3.5%
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	8.97%~11.30%	9.0%~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「利率風險」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。

- 2018年風險資本(RBC)法規變動與調整：

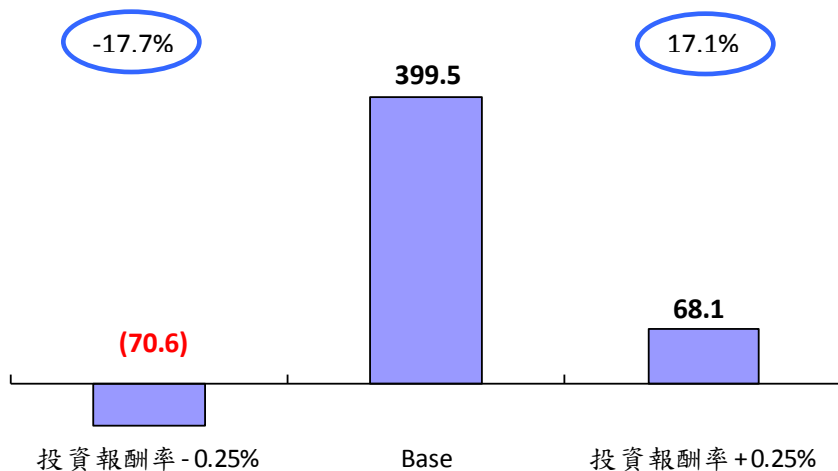
- 1) 修改現行C1「資產風險--非關係人風險」計算方式，調整「國外私募股權基金」分類由C1o「除股票及匯率以外之資產風險」，重分類至C1s「股票之資產風險」；
- 2) 提高匯率風險係數由4.25%至6.61%。

敏感度分析 — 投資報酬率

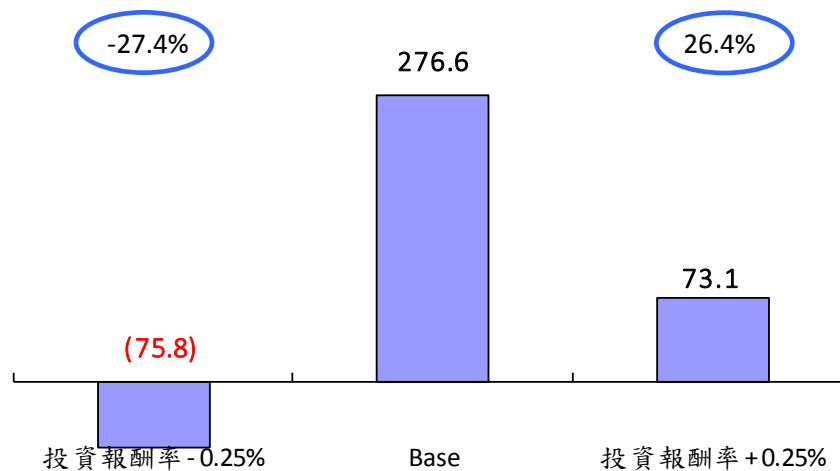


單位：新台幣十億元

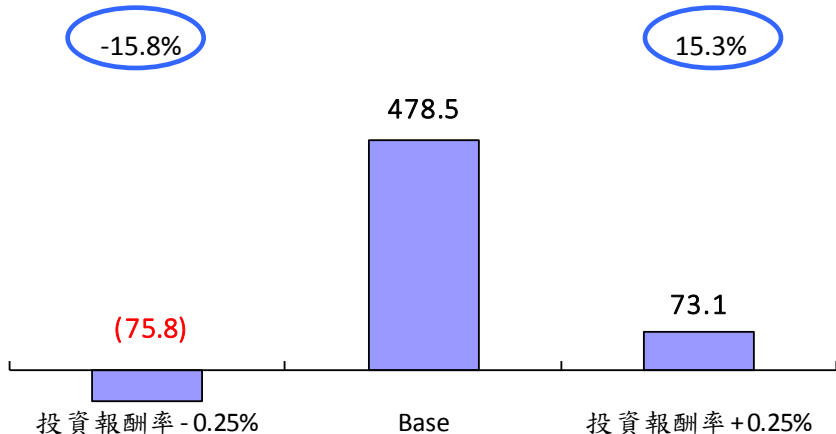
有效契約價值 (未扣除資金成本)



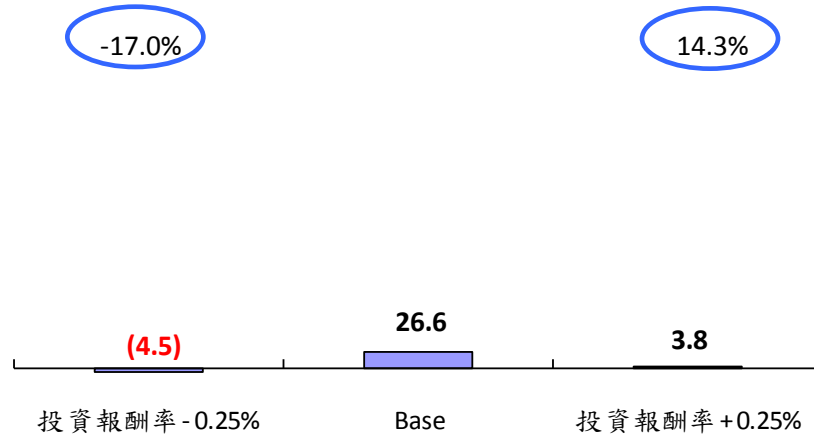
有效契約價值 (扣除資金成本)



隱含價值



新契約價值



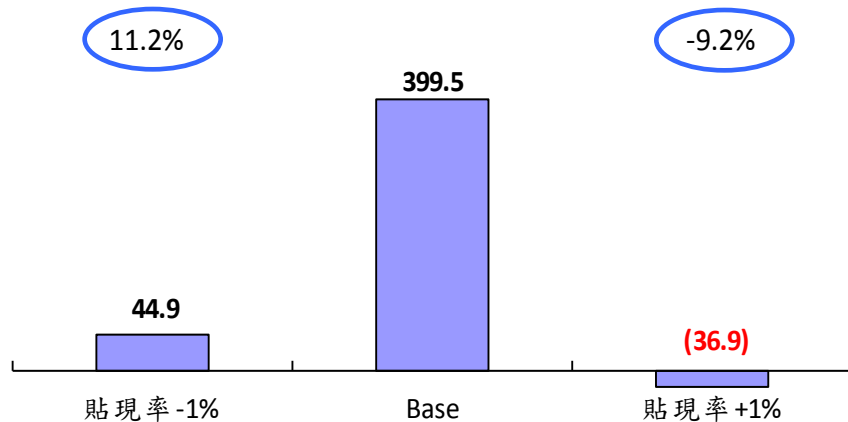
註：調整後淨值不受投資報酬率假設影響。

敏感度分析 — 貼現率

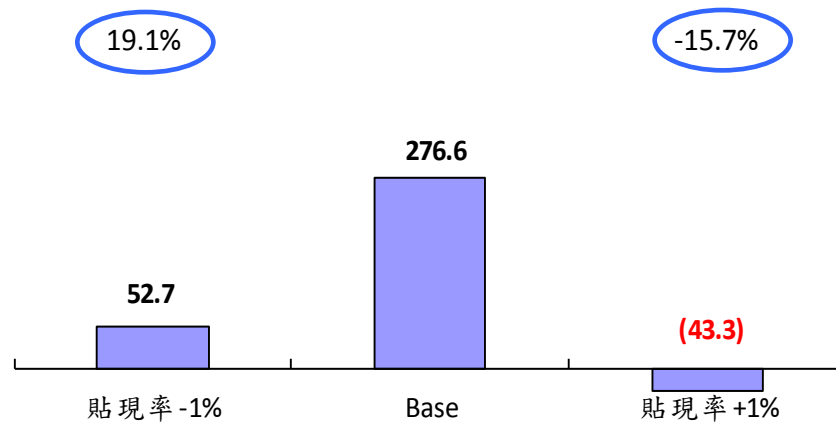


單位：新台幣十億元

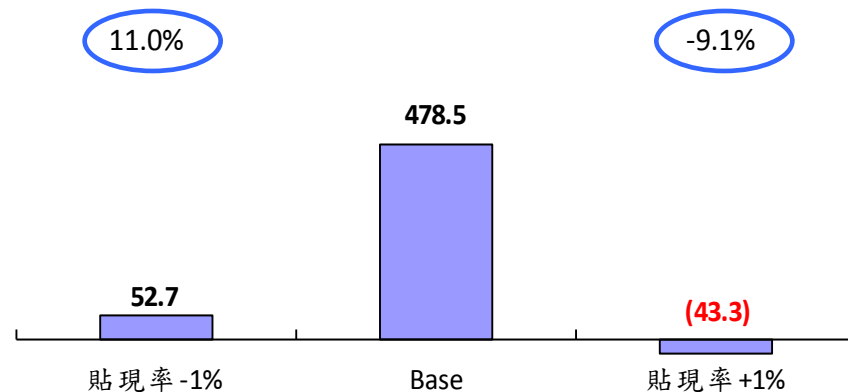
有效契約價值 (未扣除資金成本)



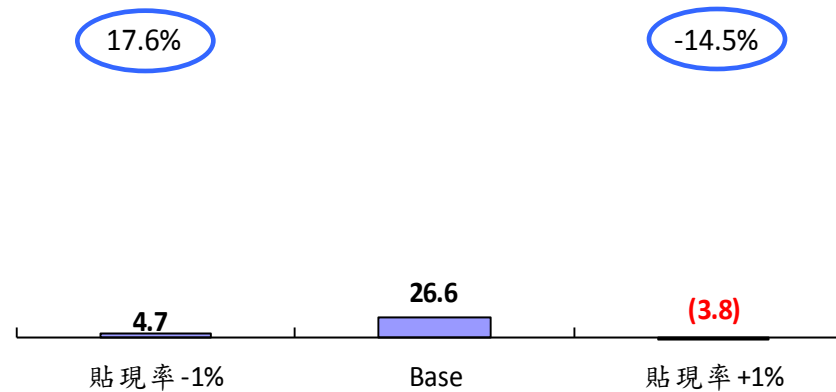
有效契約價值 (扣除資金成本)



隱含價值



新契約價值



註：調整後淨值不受貼現率假設影響。

The Engagement

- Deloitte Consulting (Pacific) Limited, Taiwan Branch (“Deloitte Consulting”) were retained by Fubon Life to perform an independent review of the Embedded Value (EV) as at 31 December 2018 and the Value of New Business (VNB) written over the period of 1 January 2018 to 31 December 2018.

Scope of Deloitte Consulting’s Involvement

- Review and opine on the reasonableness of the EV and VNB 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 2017 and 31 December 2018.

Risk Adjusted Discount Rates



Fubon Life calculated the EV and VNB 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”)	1.20%	3.50%	2.59%	2.68%
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	9.00%	11.30%	10.39%	10.48%
Risk Discount Rate used in the Valuation for VIF	11.00%			
Risk Discount Rate used in the Valuation for VNB	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 1.20% to 3.50% that derives the same VIF and VNB.
- 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.

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 VNB, 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 1.20% and 2.71% 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.

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.

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.

Deloitte Consulting have reviewed the Embedded Value and Value of 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 2017 to 2018;
- Review of the changes in the new business profit margin relative to that in 2017 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 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 - 財務摘要

(新台幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
利息淨收益	34,533	34,413	32,949	32,403	30,183	129,948	113,212	14.8%
保險業務淨收益	64,728	50,565	69,259	44,908	71,095	235,827	250,970	-6.0%
金融資產及兌換淨損益	12,183	(735)	17,649	16,831	10,627	44,373	40,612	9.3%
其他	(1,699)	(2,314)	1,315	1,613	171	785	1,351	-41.9%
淨收益	109,745	81,929	121,172	95,755	112,076	410,933	406,145	1.2%
呆帳費用及保證責任準備提存	(128)	(620)	(68)	(516)	(259)	(1,463)	(2,914)	-49.8%
保險負債準備淨變動	(79,444)	(68,368)	(83,355)	(59,584)	(82,116)	(293,423)	(289,890)	1.2%
營業費用	(14,838)	(16,527)	(14,213)	(14,076)	(13,615)	(58,432)	(55,290)	5.7%
稅前淨利	15,335	(3,586)	23,536	21,578	16,086	57,615	58,051	-0.7%
本期淨利	12,569	(2,441)	19,005	14,755	16,402	47,721	54,016	-11.7%
本期淨利歸屬於母公司	12,501	(2,470)	19,026	14,763	16,410	47,729	54,122	-11.8%

資產負債表								
總資產	7,840,013	7,715,060	7,567,509	7,188,839	6,968,736	7,715,060	6,919,454	11.5%
歸屬母公司業主權益	537,807	459,243	515,227	505,587	525,440	459,243	488,432	-6.0%
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	0.65%	-0.13%	1.03%	0.83%	0.94%	0.65%	0.81%	
平均股東權益報酬率	10.01%	-2.03%	14.91%	11.45%	12.83%	9.98%	11.83%	
股東權益 / 總資產	6.99%	6.08%	6.92%	7.04%	7.54%	6.08%	7.06%	
雙重槓桿比率	110.28%	112.09%	108.30%	108.19%	106.43%	112.09%	115.00%	
資本適足率		119.21%		127.76%		119.21%	129.50%	
每股現金股利							2.30	

註：2018各季度損益調整原因，請參照北富銀頁面附註說明

富邦人壽 - 財務摘要

(新台幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
初年度保費收入	64,552	51,334	42,950	48,044	48,051	190,379	174,460	9.1%
自留滿期保費	156,159	134,642	118,774	121,269	130,136	504,821	479,885	5.2%
總投資收益	33,494	22,108	40,488	36,221	31,921	130,738	125,578	4.1%
持續性投資收益	30,916	31,331	42,029	31,146	24,807	129,313	114,891	12.6%
其他投資收益	2,578	(9,223)	(1,541)	5,075	7,114	1,425	10,688	-86.7%
固定收益類已實現損益	5,568	1,952	840	1,624	4,416	8,833	14,080	-37.3%
股票類已實現損益	6,612	1,622	4,646	9,440	10,779	26,487	26,094	1.5%
匯兌及其他	(9,052)	(12,773)	(7,857)	(5,951)	(8,158)	(34,739)	(29,088)	19.4%
投資性不動產公允價值變動	(550)	(24)	830	(38)	77	844	(398)	-312.2%
其他營業收入	798	759	736	688	631	2,814	2,203	27.7%
總營業收入	190,451	157,510	159,999	158,178	162,688	638,374	607,666	5.1%
自留保險賠款與給付	94,982	87,048	53,293	79,713	62,398	282,453	242,452	16.5%
淨佣金費用	7,578	6,843	5,397	5,798	5,726	23,764	24,277	-2.1%
保險負債淨變動	78,574	65,218	82,656	57,593	82,444	287,912	291,922	-1.4%
營業費用	4,710	5,283	3,979	4,013	3,900	17,174	15,867	8.2%
其他營業成本	922	966	798	801	742	3,308	2,980	11.0%
營業成本與費用合計	186,766	165,358	146,124	147,918	155,210	614,610	577,498	6.4%
淨營業外收入	131	(5)	87	126	125	333	288	15.5%
稅前淨利	3,815	(7,854)	13,962	10,385	7,603	24,097	30,456	-20.9%
本期淨利	3,141	(6,260)	12,155	9,792	9,292	24,979	32,488	-23.1%
本期淨利歸屬於母公司	3,069	(6,309)	12,155	9,792	9,292	24,930	32,488	-23.3%
資產負債表								
總資產	4,495,472	4,385,528	4,271,467	3,857,458	3,740,144	4,385,528	3,662,772	19.7%
總資產(一般帳戶)	4,144,290	4,016,093	3,951,964	3,698,034	3,584,391	4,016,093	3,507,557	14.5%
保險負債	3,700,732	3,620,795	3,549,546	3,290,850	3,203,701	3,620,795	3,136,523	15.4%
總負債	4,219,626	4,175,279	4,003,328	3,601,921	3,476,434	4,175,279	3,389,882	23.2%
總負債(一般帳戶)	3,869,907	3,805,434	3,682,070	3,442,498	3,320,681	3,805,434	3,234,667	17.6%
歸屬母公司業主權益	265,692	200,859	259,625	255,537	263,710	200,859	272,890	-26.4%
主要財務比率								
平均資產報酬率	0.28%	-0.58%	1.20%	1.03%	1.00%	0.62%	0.93%	
平均股東報酬率	5.24%	-10.96%	18.88%	15.09%	13.61%	10.32%	13.36%	
股東權益 / 總資產	6.14%	4.79%	6.28%	6.62%	7.05%	4.79%	7.45%	
費用率	3.02%	3.92%	3.35%	3.31%	3.00%	3.40%	3.31%	
13個月繼續率	96.29%	96.95%	97.13%	97.42%	97.90%	96.95%	97.96%	
25個月繼續率	96.24%	96.44%	96.58%	96.69%	95.87%	96.44%	95.09%	

台北富邦銀行 - 財務摘要

(新台幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
利息收入	14,873	14,476	14,249	13,815	13,392	55,931	45,934	21.8%
利息費用	(8,040)	(7,957)	(7,540)	(7,491)	(6,618)	(29,606)	(22,382)	32.3%
淨利息收入	6,833	6,519	6,708	6,324	6,774	26,325	23,552	11.8%
淨手續費收入	3,232	2,551	2,565	2,907	3,112	11,135	11,232	-0.9%
其他淨收益	3,285	1,853	2,103	2,985	1,444	8,386	7,848	6.8%
淨收益	13,351	10,923	11,377	12,216	11,330	45,846	42,633	7.5%
營業費用	(5,934)	(6,398)	(5,575)	(5,521)	(5,418)	(22,912)	(21,188)	8.1%
提存前淨利	7,416	4,526	5,802	6,695	5,912	22,935	21,445	6.9%
呆帳費用	(49)	(452)	24	(317)	(52)	(797)	(2,183)	-63.5%
稅前淨利	7,368	4,074	5,826	6,378	5,861	22,138	19,262	14.9%
本期淨利	6,149	3,517	4,911	5,422	4,974	18,826	16,931	11.2%
本期淨利歸屬於母公司	6,036	3,477	4,850	5,340	4,951	18,619	16,778	11.0%
資產負債表								
貼現及放款-淨額	1,383,532	1,397,995	1,379,699	1,387,768	1,362,418	1,397,995	1,383,755	1.0%
存款及匯款	2,040,970	2,032,282	2,004,766	2,007,192	2,002,108	2,032,282	2,067,918	-1.7%
備抵呆帳*	16,582	16,632	16,438	16,453	16,144	16,632	16,142	3.0%
總資產	2,712,520	2,711,118	2,687,458	2,698,270	2,662,852	2,711,118	2,671,668	1.5%
歸屬母公司業主權益	192,608	185,886	182,624	178,232	183,795	185,886	179,965	3.3%
主要財務比率								
平均資產報酬率	0.91%	0.52%	0.73%	0.81%	0.75%	0.70%	0.67%	
平均股東權益報酬率	12.76%	7.55%	10.75%	11.80%	10.93%	10.22%	9.46%	
股東權益 / 總資產	7.80%	7.54%	7.47%	7.30%	7.61%	7.54%	7.43%	
成本收入比率	-44.45%	-58.57%	-49.00%	-45.19%	-47.82%	-49.97%	-49.70%	
逾期放款 / 總放款*	0.18%	0.17%	0.19%	0.20%	0.21%	0.17%	0.17%	
備抵呆帳 / 逾期放款*	766.99%	784.68%	694.06%	668.83%	627.57%	784.68%	764.46%	
第一類資本比率*		12.39%		11.48%		12.39%	12.11%	
資本適足率*		13.98%		13.02%		13.98%	13.93%	

註：1. *註記資料為個體基礎

2. 自2018年12月起，北富銀REITs類資產投資重分類會計科目，由原分類FVTPL改列FVTOCI，此調整數於2018Q1及2018全年度損益之調整，係經會計師核閱及查核，其他各季為公司自行調整數

富邦產險 - 財務摘要

(新台幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
簽單保費收入	11,687	10,053	10,346	11,405	10,976	42,780	40,837	4.8%
自留滿期保費收入	8,685	8,564	8,521	8,368	8,207	33,661	32,453	3.7%
淨投資收益	862	266	799	920	1,017	3,002	2,737	9.7%
其他營業收入	374	318	338	415	360	1,431	1,285	11.3%
自留保險賠款與給付	4,714	4,789	4,473	4,715	4,544	18,521	17,370	6.6%
保險負債準備淨變動	104	45	304	(222)	(118)	8	648	-98.8%
佣金及其他營業費用	3,699	3,843	3,676	3,709	3,601	14,830	14,434	2.7%
營業外收入及支出	(52)	(282)	(55)	(50)	(53)	(440)	(276)	59.2%
稅前淨利	1,352	189	1,150	1,451	1,504	4,294	3,747	14.6%
稅後淨利	1,180	124	1,015	1,276	1,294	3,710	3,338	11.1%
本期淨利歸屬於母公司業主	1,193	181	1,074	1,292	1,311	3,858	3,631	6.3%
資產負債表								
總資產	103,321	97,721	100,267	99,759	98,595	97,721	97,667	0.1%
投資資產	71,321	68,033	69,270	67,450	68,473	68,033	68,399	-0.5%
保險負債	52,595	51,769	53,080	52,725	51,812	51,769	51,353	0.8%
股東權益-歸屬母公司業主	33,737	30,216	31,473	30,633	31,740	30,216	31,241	-3.3%
主要財務比率								
平均資產報酬率	4.69%	0.50%	4.06%	5.15%	5.27%	3.80%	3.40%	
平均股東報酬率	14.93%	2.35%	13.84%	16.57%	16.65%	12.56%	11.95%	
總投資報酬率	4.95%	1.56%	4.64%	5.42%	5.94%	4.40%	4.11%	
淨簽單保費 / 股東權益	109.72%	112.57%	107.28%	117.36%	111.18%	115.02%	105.49%	
自留比率	74.45%	78.22%	75.96%	73.85%	75.41%	75.80%	75.85%	

富邦證券 - 財務摘要

(新台幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
經紀手續費收入	807	918	1,031	1,177	1,082	4,208	3,795	10.9%
淨利息收入	192	202	270	298	258	1,028	987	4.1%
手續費收入	258	259	189	240	195	882	694	27.2%
投資收益與淨金融商品收益	409	(230)	(109)	206	66	(67)	1,124	N.A.
其他收入	334	256	937	382	29	1,604	1,599	0.3%
營業收入	2,000	1,403	2,313	2,303	1,630	7,649	8,194	-6.7%
營業費用	(1,502)	(1,545)	(1,490)	(1,568)	(1,432)	(6,035)	(5,962)	1.2%
淨營業外收入	155	156	289	234	197	876	785	11.6%
稅前淨利	808	15	1,126	965	394	2,500	3,017	-17.1%
本期淨利	738	(100)	1,006	836	338	2,080	2,806	-25.9%
本期淨利歸屬於母公司	738	(98)	1,008	839	341	2,090	2,817	-25.8%
資產負債表								
應收證券融資款	11,210	9,949	12,753	15,441	14,294	9,949	14,420	-31.0%
總資產	137,496	123,228	133,094	146,201	123,410	123,228	125,210	-1.6%
歸屬母公司業主權益	36,602	35,427	35,938	34,668	35,628	35,427	33,755	5.0%
主要財務比率								
平均資產報酬率	2.26%	-0.31%	2.88%	2.48%	1.08%	1.67%	2.48%	
平均股東報酬率	8.20%	-1.10%	11.43%	9.55%	3.86%	5.94%	8.49%	
股東權益 / 總資產	26.62%	28.75%	27.00%	23.71%	28.87%	28.75%	26.96%	
總營業費用 / 總營業收入	-75.10%	-110.12%	-64.40%	-68.10%	-87.87%	-78.90%	-72.76%	
融資餘額 / 總資產	8.15%	8.07%	9.58%	10.56%	11.58%	8.07%	11.52%	
融資餘額 / 股東權益	30.63%	28.08%	35.49%	44.54%	40.12%	28.08%	42.72%	

富邦華一銀行 - 財務摘要

(人民幣-百萬元)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
損益表								
利息收入	774	739	711	732	737	2,919	2,692	8.4%
利息支出	(493)	(467)	(478)	(483)	(478)	(1,907)	(1,786)	6.8%
淨利息收入	282	271	232	250	259	1,012	907	11.6%
淨手續費收入	4	7	8	13	16	44	83	-46.7%
其他非利息淨收入	76	15	27	(12)	(62)	(32)	(37)	-13.6%
營業費用	(219)	(227)	(203)	(170)	(169)	(768)	(658)	16.6%
提存前淨利	143	67	65	80	44	256	293	-12.7%
各項提存	(35)	(15)	0	0	(12)	(27)	(17)	56.5%
稅前合計	108	52	65	80	32	230	276	-17.0%
本期淨利	81	39	51	64	27	180	220	-18.2%
資產負債表								
總放款	33,186	30,649	30,070	29,076	28,536	30,649	29,206	4.9%
總存款	48,266	46,198	42,841	37,883	38,542	46,198	44,529	3.7%
總資產	72,868	70,793	68,694	64,289	69,318	70,793	71,723	-1.3%
股東權益總額	5,821	5,763	5,639	5,586	5,479	5,763	5,409	6.5%
主要財務比率								
平均資產報酬率	0.45%	0.22%	0.31%	0.38%	0.15%	0.25%	0.32%	
平均股東權益報酬率	5.58%	2.72%	3.63%	4.61%	1.97%	3.23%	4.12%	
股東權益 / 總資產	7.99%	8.14%	8.21%	8.69%	7.90%	8.14%	7.54%	
成本收入比率*	-60.37%	-77.11%	-75.75%	-67.83%	-79.50%	-74.98%	-69.17%	
逾期放款 / 總放款	1.36%	1.38%	1.47%	1.49%	1.50%	1.38%	1.44%	
備抵呆帳 / 逾期放款	149.50%	150.69%	159.26%	167.97%	177.69%	150.69%	177.49%	
存放比 (人民幣)	74.33%	72.32%	74.81%	74.48%	75.09%	72.32%	72.16%	
第一類資本比率	11.25%	11.70%	11.92%	12.46%	12.11%	11.70%	11.49%	
資本適足率	13.63%	14.18%	12.48%	13.13%	12.85%	14.18%	12.19%	

註：*係以上表營業費用/淨收益

10 May 2019

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 2018 and Value of New Business of Fubon Life Insurance Company Limited

Deloitte Consulting (Pacific) Limited, Taiwan Branch ("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 2018 and the Value of New Business ("VNB") sold during the calendar year 2018 as calculated and published by the Company. The purpose of the publication of the EV and VNB 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 29 March 2019 between Fubon Life and Deloitte Consulting.

This Opinion Letter has been prepared by Deloitte Consulting (Pacific) Limited Taiwan Branch ("Deloitte Consulting") solely for the information and use of Fubon Life Insurance Company Limited ("Fubon Life") for the purpose set out in the introduction of this Opinion Letter, including its reporting or filing obligations under the requirements set out in two circulars, published by the Financial Supervisory Commission R.O.C. (Taiwan) (Circular No. 10202092580) and the Life Insurance Association of the Republic of China (Circular No. 103031433) respectively, regarding the principles to be followed by life insurers disclosing Embedded Value Results. 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 New Business Results

The Embedded Value as at 31 December 2018 and the Value of New Business written over the period of 1 January 2018 to 31 December 2018 as calculated by the Company is summarised as follows:

	Values (NT\$ bn)
Adjusted Net Worth	202.0
Value of In Force Business after Cost of Capital	276.6
Embedded Value	478.5
Value of New Business after Cost of Capital	26.6

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;
- Value of New Business ("VNB"): this is equal to the present value as at the policy issue date of the future statutory profits from the policies sold in 2018 less the Cost of Capital associated with such business;
- 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 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 VNB 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 2017;
- 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 2017 and 31 December 2018.

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 2018; 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 2018 as submitted by the Company to the Taiwanese regulator.
- Any other actuarial or other valuation figures, such as any "Fair Value" or potential transaction price.
Only the EV and VNB 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.
- 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 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 VNB 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 Consulting (Pacific) Limited, Taiwan Branch