

Bulletin:

# Fubon Bank China's Acquisition Plan Could Strengthen Its Retail Franchise

February 27, 2025

This report does not constitute a rating action.

Taiwan Ratings Corp. said today that **Fubon Bank (China) Co. Ltd.** could moderately boost its China retail coverage if the bank completes its plan to acquire the China retail banking business of United Overseas Bank (UOB).

Fubon Bank China (twAA/Stable/twA-1+) recently announced its proposal to purchase the China retail business of Singapore-based UOB. We estimate the transaction will expand Fubon Bank China's retail loan book in China by around 10%, based on 2023 figures for UOB's China retail business. The ratio is subject to change upon completion of the transaction. This acquisition would allow Fubon Bank China to increase its revenue streams by cross-selling wealth management products to UOB China's current retail clients.

Fubon Bank China has actively sought acquisition targets to enhance its retail banking operations over the past years. This includes the acquisition of Citigroup's mortgage loan and credit card advance businesses in 2023 and 2024, respectively.

We believe the proposed transaction will have limited impact on Fubon Bank China's credit profile, which is largely driven by its Taiwan-based parent group Fubon Financial Holding Co. Ltd. The bank will likely remain a highly strategic subsidiary to the parent group and continue to serve as an extension of parent's product platform in China. Fubon Bank China has maintained a sufficient regulatory capital position, with the bank's Tier 1 capital ratio at 12.9% as of Sept. 30, 2024.

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