TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank") and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and its subsidiaries as of June 30, 2022, December 31, 2021 and June 30, 2021, and its consolidated financial performance for the three months and the six months ended June 30, 2022 and 2021, and its consolidated cash flows for the six months ended June 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, certain other guidelines issued by the local authorities and International Accounting Standards (IAS) 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Bank and its subsidiaries' consolidated financial statements for the six months ended June 30, 2022 are stated as follows:

Impairment of Discounts and Loans

Refer to Note 4(8) to the consolidated financial statements for the accounting policies on the impairment of discounts and loans. Refer to Note 5.a to the consolidated financial statements for the critical estimations and judgments about the impairment of discounts and loans. Refer to Notes 14 and 53 to the consolidated financial statements for the details of the other related information about the impairment of discounts and loans.

Management assesses the impairment of discounts and loans based on the timely amended assumptions about the probability of default and the expected loss rate which are based on historical experience, existing market conditions, forward-looking estimates, etc. Amending and adjusting key assumptions used are critical judgments and estimates; therefore, the impairment of discounts and loans was identified as a key audit matter.

The procedures performed in respect of the above key audit matter include the following:

1. We understood whether management's methodology, assumptions and inputs used in the impairment model in International Financial Reporting Standards 9 appropriately reflect the actual outcome of discounts and loans.

2. We assessed whether the key assumptions used are reasonable and consistent with the calculation of expected credit losses. We also selected samples of discounts and loans cases, and verified their completeness and calculation accuracy.

3. We considered the related guidelines issued by the authorities and examined whether the allowance for loans and receivables complied with the regulations.

Impairment of Goodwill and Surplus of Investment Accounted for Using the Equity Method

Refer to Note 4(7) and (13) to the consolidated financial statements for the accounting policies on the impairment of goodwill and surplus of investment accounted for using the equity method. Refer to Note 5.b and c to the consolidated financial statements for the critical estimations and judgments about the impairment of goodwill and surplus of investment accounted for using the equity method. Refer to Note 22 to the consolidated financial statements for the details of the other related information about the impairment of goodwill and surplus of investment accounted for using the equity method.

The assumptions for the recoverable amount of goodwill and surplus of investment accounted for using the equity method are based on the future cash flows that are expected to arise from the future operating results which are based on professional judgment; therefore, the impairment of goodwill and surplus of investment accounted for using the equity method was identified as a key audit matter.

The procedures performed in respect of the above key audit matter include the following:

1. For cash flow forecasting, we assessed the suitability of the forecasting method and discount rate used by the management of the group and compared the discount rate with external information.

2. We considered whether there was a significant difference between the actual operations after the relevant business combination and the expected benefits at the time of acquisition to assess the accuracy of the estimates made by management in the past, and we determined that the disclosures in the consolidated financial statements were appropriate.

Other Matter

We have also audited the parent company only financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. as of and for the six months ended June 30, 2022 and 2021 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authorities and International Accounting Standards (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material going concern uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank and its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shia Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 17, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 46)	$ 86,690,079	2	$ 106,951,386	3	$ 70,808,569	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7, 46 and 49)	290,262,010	8	335,935,208	9	260,911,167	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 16 and 46)	147,093,174	4	105,438,525	3	84,103,203	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 16 and 26)	283,801,347	7	254,368,973	7	204,456,134	6
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 4, 10, 11, 16, 26 and 49)	878,979,902	23	880,672,482	24	812,422,010	24
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	5,069,515	-	1,470,281	-	1,764,904	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 6, 12 and 46)	21,740,478	1	7,518,691	-	5,494,914	-
RECEIVABLES, NET (Notes 4, 13 and 46)	119,771,604	3	110,863,781	3	94,557,624	3
CURRENT TAX ASSETS (Notes 4, 44 and 46)	356,107	-	356,141	-	519,228	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 46)	1,933,818,064	50	1,841,327,861	49	1,778,090,585	52
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 17)	15,358,566	1	5,581,954	-	5,371,854	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 49)	9,000,141	-	25,577,760	1	24,136,906	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	17,022,711	1	17,064,717	1	17,362,530	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 20 and 46)	4,960,548	-	4,432,993	-	4,645,783	-
INVESTMENT PROPERTIES (Notes 4 and 21)	3,061,400	-	3,061,400	-	3,212,700	-
INTANGIBLE ASSETS, NET (Notes 4 and 22)	15,131,725	-	14,940,080	-	14,520,503	-
DEFERRED TAX ASSETS (Notes 4 and 44)	2,203,753	-	1,346,545	-	1,434,631	-
OTHER ASSETS (Notes 23 and 46)	13,863,732	-	11,379,806	-	13,661,810	-
TOTAL ASSETS	$ 3,848,184,856	100	$ 3,728,288,584	100	$ 3,397,475,055	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 24 and 46)	$ 126,136,044	3	$ 166,767,039	5	$ 183,214,031	6
DUE TO THE CENTRAL BANK AND BANKS (Notes 25 and 48)	744,374	-	13,490,286	-	6,119,150	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 46)	38,071,717	1	23,545,101	1	28,143,723	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 11)	7,135,535	-	5,786,879	-	7,221,318	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 26 and 46)	91,246,068	2	115,277,521	3	120,773,344	3
PAYABLES (Notes 27 and 46)	63,463,002	2	46,346,566	1	54,274,432	2
CURRENT TAX LIABILITIES (Notes 4, 44 and 46)	1,980,907	-	1,535,350	-	1,502,573	-
DEPOSITS AND REMITTANCES (Notes 28 and 46)	3,036,436,172	79	2,893,814,783	78	2,551,574,433	75
BANK DEBENTURES (Notes 11, 29, 46 and 48)	112,861,302	3	113,800,162	3	106,472,297	3
OTHER FINANCIAL LIABILITIES (Notes 30 and 46)	94,053,726	3	80,162,525	2	79,163,134	2
PROVISIONS (Notes 4, 31 and 32)	3,209,704	-	3,224,698	-	3,469,692	-
LEASE LIABILITIES (Notes 4, 20, 46 and 48)	5,054,923	-	4,508,071	-	4,692,755	-
DEFERRED TAX LIABILITIES (Notes 4 and 44)	2,226,694	-	1,513,676	-	1,405,255	-
OTHER LIABILITIES (Notes 33 and 46)	21,065,441	1	13,215,367	-	15,238,389	1
Total liabilities	3,603,685,609	94	3,482,988,024	93	3,163,264,526	93
EQUITY (Notes 4 and 34)						
Attributable to owners of the Bank						
Capital stock						
Common stock	122,562,088	3	122,562,088	3	122,562,088	4
Reserve for raising capital	7,212,135	-	-	-	-	-
Total capital stock	129,774,223	3	122,562,088	3	122,562,088	4
Capital surplus	18,491,904	1	18,491,335	1	18,241,384	-
Retained earnings						
Legal reserve	67,910,779	2	61,789,528	2	61,789,528	2
Special reserve	2,808,577	-	2,949,929	-	2,949,929	-
Unappropriated earnings	11,834,807	-	20,404,170	1	9,564,624	-
Total retained earnings	82,554,163	2	85,143,627	3	74,304,081	2
Other equity	(5,460,161)	-	232,900	-	938,965	-
Total equity attributable to owners of the Bank	225,360,129	6	226,429,950	7	216,046,518	6
Non-controlling interests	19,139,118	-	18,870,610	-	18,164,011	1
Total equity	244,499,247	6	245,300,560	7	234,210,529	7
TOTAL LIABILITIES AND EQUITY	$ 3,848,184,856	100	$ 3,728,288,584	100	$ 3,397,475,055	100

The accompanying notes are an integral part of the consolidated financial statements.

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INTEREST INCOME (Notes 4, 35 and 46)								
Interest income	$ 17,603,486	132	$ 14,046,220	116	$ 33,277,387	115	$ 27,600,217	111
Interest expense	(6,893,496)	(52)	(4,727,748)	(39)	(12,428,421)	(43)	(9,502,693)	(38)
Total net interest income	10,709,990	80	9,318,472	77	20,848,966	72	18,097,524	73
NET NON-INTEREST INCOME								
Service fee income, net (Notes 4, 36 and 46)	1,844,589	14	2,046,726	17	4,463,363	15	5,164,706	21
Gains on financial assets and liabilities at fair value through profit or loss (Notes 37 and 46)	(958,918)	(7)	150,252	1	(1,779,335)	(6)	(172,433)	(1)
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 38)	674,346	5	317,185	3	1,052,371	4	532,028	2
Gains on derecognition of financial assets at amortized cost (Note 39)	(57,701)	-	7,863	-	172,291	-	320,394	1
Foreign exchange gains , net (Notes 4 and 40)	900,563	7	290,857	2	1,118,482	4	778,570	3
(Impairment loss on assets) reversal of impairment loss on assets (Notes 4, 9, 10 and 12)	31,693	-	(65,420)	(1)	(29,728)	-	(118,005)	-
Share of loss of associates accounted for using the equity method (Note 17)	50,629	-	(34,911)	-	(51,423)	-	(61,806)	-
Other non-interest income, net (Note 46)								
Gain from bargain purchase (Note 17)	16,345	-	-	-	2,822,982	10	-	-
Other gains and losses	129,129	1	106,905	1	264,986	1	253,431	1
Total net non-interest income	2,630,675	20	2,819,457	23	8,033,989	28	6,696,885	27
TOTAL NET REVENUES	13,340,665	100	12,137,929	100	28,882,955	100	24,794,409	100
ALLOWANCE FOR BAD DEBT EXPENSE, COMMITMENTS, AND GUARANTEE (Notes 4 and 46)	(636,480)	(5)	(1,064,449)	(9)	(1,614,961)	(6)	(1,654,026)	(7)
OPERATING EXPENSES (Notes 41, 42, 43 and 46)								
Employee benefits	(3,490,226)	(26)	(3,273,737)	(27)	(7,193,047)	(25)	(6,900,224)	(28)
Depreciation and amortization	(930,812)	(7)	(860,673)	(7)	(1,836,833)	(6)	(1,714,102)	(7)
Other general and administrative	(2,068,613)	(15)	(1,741,211)	(14)	(3,960,270)	(14)	(3,391,416)	(13)
Total operating expenses	(6,489,651)	(48)	(5,875,621)	(48)	(12,990,150)	(45)	(12,005,742)	(48)

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 6,214,534	47	$ 5,197,859	43	$ 14,277,844	49	$ 11,134,641	45
INCOME TAX EXPENSE (Notes 4 and 44)	(824,980)	(6)	(564,020)	(5)	(2,179,438)	(7)	(1,371,890)	(6)
NET INCOME FOR THE PERIOD	5,389,554	41	4,633,839	38	12,098,406	42	9,762,751	39
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Gains on investments in equity instruments at fair value through other comprehensive income (Note 34)	(4,433,719)	(34)	68,231	1	(4,761,875)	(16)	1,521,744	6
Share of the other comprehensive income/(loss) of associates ventures accounted for using the equity method	(12,553)	-	-	-	(12,553)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 44)	117,305	1	5,575	-	117,299	-	29,697	-
	(4,328,967)	(33)	73,806	1	(4,657,129)	(16)	1,551,441	6
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 34)	(386,013)	(3)	(578,276)	(5)	1,755,259	6	(245,310)	(1)
Share of the other comprehensive income/(loss) of associates ventures accounted for using the equity method	(160,577)	(1)	-	-	(58,018)	-	-	-
Losses on investments in debt instruments at fair value through other comprehensive income	(1,408,424)	(10)	334,670	3	(3,183,703)	(11)	(304)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	177,707	1	(76,649)	(1)	472,209	1	(63,453)	-
	(1,777,307)	(13)	(320,255)	(3)	(1,014,253)	(4)	(309,067)	(1)
Other comprehensive loss for the period, net of income tax	(6,106,274)	(46)	(246,449)	(2)	(5,671,382)	(20)	1,242,374	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ (716,720)	(5)	$ 4,387,390	36	$ 6,427,024	22	$ 11,005,125	44

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO								
Owners of the Bank	$ 5,190,197	39	$ 4,428,830	36	$ 11,716,477	41	$ 9,387,340	38
Non-controlling interests	199,357	2	205,009	2	381,929	1	375,411	1
	$ 5,389,554	41	$ 4,633,839	38	$ 12,098,406	42	$ 9,762,751	39
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Owners of the Bank	$ (431,208)	(3)	$ 4,226,403	34	$ 6,158,516	21	$ 10,749,131	43
Non-controlling interests	(285,512)	(2)	160,987	2	268,508	1	255,994	1
	$ (716,720)	(5)	$ 4,387,390	36	$ 6,427,024	22	$ 11,005,125	44
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 45)								
Basic	$ 0.42		$ 0.36		$ 0.96		$ 0.77	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Note 34)													
	Capital Stock				Retained Earnings				Other Equity					
	Shares (Thousands)	Common Stock	Reserve for Raising Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Profit or Loss of Hedging Instruments	Revaluation Surplus	Non-controlling Interests (Notes 4 and 34)	Total Equity
BALANCE AT JANUARY 1, 2021	12,256,209	$ 122,562,088	$ -	$ 17,363,236	$ 56,207,034	$ 4,633,378	$ 18,608,315	$ 79,448,727	$ (3,753,467)	$ 2,838,906	$ -	$ 676,599	$ 18,778,102	$ 237,914,191
Appropriation of the 2020 earnings														
Legal reserve	-	-	-	-	5,582,494	-	(5,582,494)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(1,683,449)	1,683,449	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(14,709,270)	(14,709,270)	-	-	-	-	-	(14,709,270)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	483	-	-	-	-	-	-	-	-	-	483
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	9,387,340	9,387,340	-	-	-	-	375,411	9,762,751
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	(35,369)	1,397,160	-	-	(119,417)	1,242,374
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,387,340	9,387,340	(35,369)	1,397,160	-	-	255,994	11,005,125
Changes in ownership interest in subsidiaries	-	-	-	877,665	-	-	-	-	29,173	(36,753)	-	-	(870,085)	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	177,284	177,284	-	(177,284)	-	-	-	-
BALANCE AT JUNE 30, 2021	12,256,209	$ 122,562,088	$ -	$ 18,241,384	$ 61,789,528	$ 2,949,929	$ 9,564,624	$ 74,304,081	$ (3,759,663)	$ 4,022,029	$ -	$ 676,599	$ 18,164,011	$ 234,210,529
BALANCE AT JANUARY 1, 2022	12,256,209	$ 122,562,088	$ -	$ 18,491,335	$ 61,789,528	$ 2,949,929	$ 20,404,170	$ 85,143,627	$ (3,684,651)	$ 3,240,952	$ -	$ 676,599	$ 18,870,610	$ 245,300,560
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	-	6,121,251	-	(6,121,251)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(141,352)	141,352	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	-	(7,212,135)
Common stock dividends	-	-	7,212,135	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	569	-	-	(15,103)	(15,103)	-	(1,668)	-	-	-	(16,202)
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	11,716,477	11,716,477	-	-	-	-	381,929	12,098,406
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	(10,042)	(10,042)	1,252,351	(6,880,350)	80,080	-	(113,421)	(5,671,382)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	11,706,435	11,706,435	1,252,351	(6,880,350)	80,080	-	268,508	6,427,024
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	143,474	143,474	-	(143,474)	-	-	-	-
BALANCE AT JUNE 30, 2022	12,256,209	$ 122,562,088	$ 7,212,135	$ 18,491,904	$ 67,910,779	$ 2,808,577	$ 11,834,807	$ 82,554,163	$ (2,432,300)	$ (3,784,540)	$ 80,080	$ 676,599	$ 19,139,118	$ 244,499,247

The accompanying notes are an integral part of the consolidated financial statements.

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 14,277,844	$ 11,134,641
Adjustments for:		
Depreciation expense	1,299,901	1,280,060
Amortization expense	536,932	434,042
Provision for bad-debt expense	1,629,432	1,638,217
Net loss on financial assets and liabilities at fair value through profit or loss	1,779,335	172,433
Interest expense	12,428,421	9,502,693
Net gain on derecognition of financial assets at amortized cost	(172,291)	(320,394)
Interest income	(33,277,387)	(27,600,217)
Dividend income	(695,891)	(338,080)
Net change in provision for guarantee liabilities	34,566	14,745
Net change in other provisions	(42,917)	(194)
Share of loss of associates accounted for using the equity method	51,423	61,806
Loss on disposal of property and equipment	380	2,582
Gains on disposals of investments	(356,480)	(193,948)
Impairment loss of financial assets	40,274	133,550
Reversal of impairment loss on assets	(12,476)	-
Gain from bargain purchase	(2,822,982)	-
Other adjustments	(10,977)	553
Changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	39,120,796	10,850,384
(Increase) decrease in financial assets at fair value through profit or loss	(23,696,381)	31,751,679
(Increase) decrease in financial assets at fair value through other comprehensive income	(33,416,910)	6,548,836
Increase in investments in debt instruments at amortized cost	(7,110,481)	(55,080,157)
Increase in securities purchased under resell agreements	(1,052,199)	(1,061,869)
(Increase) decrease in receivables	(8,381,890)	14,374,243
Increase in discounts and loans	(94,324,966)	(143,733,971)
Decrease (increase) in other financial assets	16,597,802	(4,197,964)
(Increase) decrease in other assets	(2,503,935)	2,352,705
(Decrease) increase in deposits from the Central Bank and other banks	(40,630,995)	40,724,509
Decrease in financial liabilities at fair value through profit or loss	(5,691,017)	(29,239,148)
(Decrease) increase in securities sold under repurchase agreements	(24,031,453)	40,615,915
Increase in payables	15,292,143	7,995,067
Increase in deposits and remittances	142,621,389	54,938,362
Increase in other financial liabilities	13,891,201	2,713,612
Increase in provisions for employee benefits	40,501	61,243
Increase (decrease) in other liabilities	7,784,484	(659,441)
Cash used in operations	(10,804,804)	(25,123,506)
Interest received	33,478,311	31,636,559

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	**2021**
Dividends received	$ 509,054	$ 211,550
Interest paid	(10,320,098)	(9,268,488)
Income tax paid	(1,288,529)	(2,115,993)
Net cash provide from (used in) operating activities	11,573,934	(4,659,878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(7,289,959)	-
Acquisition of property and equipment	(521,664)	(492,513)
Proceeds from disposal of property and equipment	43	-
Acquisition of intangible assets	(310,530)	(228,852)
Net cash used in investing activities	(8,122,110)	(721,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and other banks	(12,760,290)	(845,880)
Proceeds from issuing bank debentures	5,300,000	1,000,000
Repayments of bank debentures	(4,700,000)	(12,071,688)
Principal repayment of lease obligation	(743,031)	(703,750)
Cash dividends paid	(7,212,135)	(14,709,270)
Net cash used in financing activities	(20,115,456)	(27,330,588)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,003,756	(674,877)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,659,876)	(33,386,708)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	234,698,369	171,549,763
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 221,038,493	$ 138,163,055

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2022 and 2021:

	June 30	
	2022	**2021**
Cash and cash equivalents in the consolidated balance sheets	$ 86,690,079	$ 70,808,569
Due from the Central Bank and call loans to other banks qualifying for cash and cash equivalents under the definition of IAS 7	116,024,613	63,120,216
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	18,323,801	4,234,270
Cash and cash equivalents in the consolidated statements of cash flows	$ 221,038,493	$ 138,163,055

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

1. GENERAL INFORMATION

TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank" or "Taipei Fubon Bank") began operations as a financial institution under the Taipei City Government ("TCG") in 1969. On July 1, 1984, it was reorganized into a limited liability corporation and was renamed City Bank of Taipei Co., Ltd. On January 1, 1993, the Bank was renamed TAIPEIBANK Co., Ltd. ("TAIPEIBANK"). On November 30, 1999, the Bank was privatized through the sale of its shares to the public, with TCG's holdings reduced to less than 50% of the Bank's outstanding capital stock. In a special meeting on October 4, 2002, the shareholders approved a share swap, which resulted in the Bank becoming a wholly-owned subsidiary of the Fubon Financial Holdings Company ("FFH"). The board of directors designated December 23, 2002 as the effective date of the share swap and the delisting of the Bank's stock from the Taiwan Stock Exchange.

To fully benefit from the synergy of the two diversified businesses and reduce operating costs, the boards of directors of the Bank and Fubon Bank Co., Ltd. ("Fubon Bank", also a wholly-owned subsidiary of FFH) decided on January 1, 2005 to combine these two entities. On January 1, 2005, the Bank acquired the assets and liabilities of Fubon Bank through a share swap and changed its name to TAIPEI FUBON COMMERCIAL BANK Co., Ltd.

On September 20, 2006, the boards of directors of the Bank and Fubon Bills Finance Co., Ltd. ("FBFC") decided to merge the Bank and FBFC to strengthen their operating synergies and lower operating costs, with the Bank as the surviving entity. The Bank set December 25, 2006 as the effective date of the merger.

Later, under the terms and conditions of the "Sale and Assumption Agreement" signed by the Bank, Chinfon Commercial Bank Co., Ltd. ("Chinfon Bank"), the Central Deposit Insurance Corp. and the Executive Yuan's Financial Reconstruction Trust Corporation on October 30, 2009, the Bank assumed the assets, liabilities and businesses of the Hanoi branch and Ho Chi Minh City sub branch of Chinfon Bank, effective on March 6, 2010, with the relevant authorities' approval and then completed the settlement procedure.

On December 31, 2013, the Bank acquired 10% equity interest in First Sino Bank ("FSB", which was renamed Fubon Bank (China) in April 2014). Fubon Bank (China) is the joint venture bank founded by the Shanghai Pudong Development Bank and Lotus Worldwide Ltd. on March 20, 1997 in Shanghai Pudong in accordance with "Regulations Governing Foreign Financial Institutions in the People's Republic of China" and acquired an additional 41% equity interest on January 7, 2014. With the Bank's 51% interest in FSB, the Bank became FSB's parent company. On June 28, 2021, the Bank acquired additional equity interest again, with FFH and the Bank's 42.08% and 57.92% interest in FSB.

The boards of directors of the Bank and Taipei Fubon Bank Life Insurance Agency Co., Ltd. decided to merge the Bank and Taipei Fubon Bank Life Insurance Agency Co., Ltd. to strengthen their operating synergies, with the Bank as the surviving entity. The Bank has set April 29, 2016 as the effective date of the merger.

On December 9, 2020, the Bank established TFB Capital Co., Ltd., which is a subsidiary of the Bank with 100% equity interest.

Under its business license, the Bank engages in all commercial banking operations authorized under the Banking Act.

As of June 30, 2022, the Bank had a trust department, an offshore banking unit ("OBU"), 135 domestic branches (including a business department), 5 overseas branches and 2 preparatory office.

The operations of the Bank's Trust Department include: (1) planning, managing and operating a trust business; and (2) custodianship of nondiscretionary trust funds in local and foreign securities and mutual funds. These operations are regulated under the Banking Act and Trust Law.

Fubon Bank (China) mainly renders foreign currency and RMB services to customers. As of June 30, 2022, Fubon Bank (China) had its headquarters and 25 branches (including preparatory offices) within mainland China.

The Bank's ultimate parent is FFH, which holds all the ordinary shares of the Bank.

The functional currency of the Bank is the New Taiwan dollar, and the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on August 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

   The application of the revised IFRSs approved and issued by the Financial Services Commission will not cause major changes in the accounting policies of the Bank and its subsidiaries:

   1) Annual Improvements to IFRS Standards 2018-2020

      Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

   2) Amendments to IFRS 3 "'Reference to the Conceptual Framework"

      The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Bank and its subsidiaries shall restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

In addition to the above-mentioned effects, as of the date of issuance of this consolidated financial report, the Bank and its subsidiaries will assess other standards and amendments to interpretations that will not have a material impact on its financial position and financial performance.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Bank and its subsidiaries should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Bank and its subsidiaries may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Bank and its subsidiaries changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Bank and its subsidiaries chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Bank and its subsidiaries is required to make significant judgements or assumptions in applying an accounting policy, and the Bank and its subsidiaries discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Bank and its subsidiaries may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Bank and its subsidiaries uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendment clarifies that the exemption from the original recognition of IAS 12 does not apply to transactions that give rise to the same amount of taxable and deductible temporary differences at the time of original recognition. The Bank and its subsidiaries will recognise deferred tax assets on January 1, 2022 for all deductible and taxable temporary differences related to leases and decommissioning obligations (if it is probable that taxable income will be available for deductible for temporary differences) and deferred tax liabilities, and the cumulative effect is recognised as an adjustment to the initial balance of retained earnings on that date. For transactions other than leases and servitude obligations, the amendments are deferred from January 1, 2022.

In addition to the above effects, as of the date the consolidated financial statements were authorized for issue, the Bank and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on financial position and financial performance that will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"

The amendment stipulates that if the Bank and its subsidiaries sell or invest assets in an affiliated enterprise (or joint venture), or if the Bank and its subsidiaries lose control over the subsidiary but retain significant influence (or joint control) over the subsidiary, If the aforementioned assets or former subsidiaries meet the definition of "business" in IFRS 3 "Business Combinations", the Bank and its subsidiaries fully recognize the profits and losses arising from such transactions.

In addition, if the Bank and its subsidiaries sell or invest assets to an affiliated enterprise (or joint venture), or the Bank and its subsidiaries lose control of the subsidiary in the transaction with the affiliated enterprise (or joint venture), but retain the subsidiary If the aforementioned assets or ex-subsidiaries do not meet the definition of "business" in IFRS 3, the Bank and its subsidiaries are only in the scope of the investor's interests in these affiliates (or joint ventures) unrelated to The profit or loss arising from the transaction is recognized in the bank, that is, the share of the profit or loss of the Bank and its subsidiaries shall be eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendment clarifies that when judging whether a liability is classified as non-current, it should assess whether the Bank and its subsidiaries have the right to defer settlement for at least 12 months after the reporting period at the end of the reporting period. A liability is classified as non-current if the Bank and its subsidiaries had that right at the end of the reporting period, regardless of whether the Bank and its subsidiaries expected to exercise the right. The amendment clarifies that, if the bank and its subsidiaries are subject to certain conditions before they have the right to defer settlement of liabilities, the bank and subsidiaries must have complied with certain conditions by the end of the reporting period, even if the lender tests the principal at a later date. whether the bank and its subsidiaries comply with these conditions.

The amendment stipulates that for the purpose of classification of liabilities, the aforementioned repayment refers to the elimination of liabilities by transferring cash, other economic resources or equity instruments of the Bank and its subsidiaries to the counterparty. However, if the terms of the liability may, at the option of the counterparty, transfer the equity instruments of the Bank and its subsidiaries resulting in their settlement, and if the option is separately identified in IAS 32 “Financial Instruments: Expression” Equity, the preceding clauses do not affect the classification of liabilities.

In addition to the above effects, as of the date the consolidated financial statements were authorized for issue, the Bank and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on financial position and financial performance that will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and IAS 34 “Interim Financial Reporting” as endorsed and issued by the FSC. This interim consolidated financial report does not contain all IFRSs disclosure information as required by the entire annual financial report.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments, investment properties and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3, described below, on the basis of the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety.

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for the assets or liabilities.

Classification of Current and Non-current Assets and Liabilities

Since the Bank's accounts are a major part of the consolidated accounts and the operating cycle in the banking industry is harder to determine, accounts included in the consolidated financial statements of the Bank and its subsidiaries were not classified as current or non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Refer to Note 54 for the maturity analysis of assets and liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank and its subsidiaries.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

The total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this attribution results in the non-controlling interests having a deficit balance.

When the Bank's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the bank and non-controlling interests has been adjusted to reflect changes in its relative equity in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the Bank.

See Note 15 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Foreign Currencies

In the preparation of the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise, but cash flow hedges or effective portions of the hedging of net investments in foreign operations are recognized in other comprehensive income.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Bank and non-controlling interests as appropriate).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits that can be readily terminated without the reduction of principal, and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows, cash and cash equivalents include cash and cash equivalents in balance sheets, and those amounts due from the Central Bank and call loans to other banks and securities purchased under resell agreements that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows", etc.

Investments in Associates

An associate is an entity over which the Bank and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Bank and its subsidiaries' share of the associate's profit or loss and other comprehensive income. The Bank and its subsidiaries also recognize the changes in the Bank and its subsidiaries' share of equity of the associates.

Any acquisition cost in excess of the Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. The Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities in excess of the cost of acquisition, after reassessment, is recognized immediately as the current bargain purchase.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank and its subsidiaries become parties to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such a financial asset is mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income and debt instruments that do not meet the amortized cost criteria or the fair value through other comprehensive income criteria.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at fair value through profit or loss are subsequently measured at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 53.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

c) Investments in debt instruments at fair value through other comprehensive income

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial asset; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment loss or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Bank and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Bank and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Bank and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost, and impairment loss in debt instruments investments that are measured at fair value through other comprehensive income. For all other financial instruments, the Bank and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

A loss allowance for full lifetime expected credit losses is required for certain trade receivables that do not constitute a financing transaction.

The Bank and its subsidiaries recognize an impairment loss on all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations") issued by the authorities, the Bank assesses the recoverability of credit assets on the basis of a customer's financial position, delinquency in interest or principal payments, and the Bank's internal valuation of collaterals.

Under the Regulations, the Bank categorizes credit assets (other than loans to the ROC government) into normal, special mention, substandard, doubtful, and loss, for which minimum provisions are 1%, 2%, 10%, 50%, and 100%, respectively. In addition, under FSC guidelines No. 10010006830, there should be a provision of more than 1% of the sum of a minimum allowance for credit losses and the provision for losses on guarantees. Based on Rule No. 10300329440 issued by the FSC, for the banks to have enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets. Based on Rule No. 10410001840 issued by the FSC, for the Bank to have an enhanced control of the exposure to risk in mainland China, the minimum provision for the loan loss reserve is 1.5% of the loans that were granted to companies based in mainland China and classified as normal assets.

Under the loan risk classification guidelines of the China Banking Insurance Regulatory Commission (CBIRC), Fubon Bank (China) classifies its credit assets into normal, concern, subprime, doubtful, and losses. Based on the notice of the CBIRC in 2022 and 2021, the minimum provision requirements for loan loss coverage are both 1.5%, respectively, and the minimum allowances for bad debts are both 120%, respectively. Thus, Fubon Bank (China) assesses its credit assets for both individual and collective impairment and complies with these ratio requirements for its minimum reserve.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

3) Derecognition of financial assets

The Bank and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Bank and its subsidiaries recognize their retained interest in the asset and an associated liability for amounts they may have to pay. If the Bank and its subsidiaries retain substantially all the risks and rewards of ownership of a transferred financial asset, the Bank and its subsidiaries continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of an investment in a debt instrument measured at amortized cost, the difference between the asset's carrying amount and given consideration is recognized in profit and loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive income, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at fair value through other comprehensive income, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On the partial derecognition of a financial asset (e.g., when the Bank and its subsidiaries retain an option to repurchase part of a transferred asset), the Bank and its subsidiaries allocate the previous carrying amount of the financial asset between the part they continue to recognize under continuing involvement and the part they no longer recognize on the basis of the respective fair value of these parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of their respective fair value.

b. Equity instruments

Debt and equity instruments issued by the Bank and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and whether the instruments meet the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Bank and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these repurchased instruments.

c. Financial liabilities

1) Subsequent measurement

Except for the following, all financial liabilities are measured at amortized cost using the effective interest method:

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are either held for trading or are designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 53.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with Bank and its subsidiaries' documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividend paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 53.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Bank and its subsidiaries, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses, and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies, and assessed according to the minimum standard stipulated by "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans".

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through profit or loss.

e. Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Hedge Accounting

The Bank and its subsidiaries designate certain hedging instruments, which include derivatives, embedded derivatives and nonderivatives in respect of foreign currency risk, as fair value hedges.

At the start of a hedge relationship, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Bank and its subsidiaries document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 11 sets out the details of the fair value of the derivative instruments used for hedging purposes.

Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss, if the hedged item is invested in equity instruments measured at fair value through other comprehensive profit or loss, it is recognized in other comprehensive profit or loss, in the line item relating to the hedged item.

The Bank and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The fair value adjustment to the carrying amount of the hedged instrument, for which the effective interest method is used is amortized to profit or loss from the date of the discontinuation of hedge accounting. The adjustment is based on the recalculated effective interest rate at the date amortization begins.

Repurchase and Resell Transactions

Securities under repurchase or resell agreements are accounted for as securities sold under repurchase agreements or securities purchased under resell agreements. Related interest expenses and interest income are accrued over the period from the date of sale to the date of repurchase or from the date of purchase to the date of resell.

Property and Equipment

Property and equipment (P&E) are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each part of a P&E item with a cost that is significant in relation to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which these changes arise.

The decision of the Bank and its subsidiaries to transfer items of property into or out of the classification as investment properties depends on the actual use of the assets. The value of a piece of property classified as investment properties should be based on its fair value assessment when transferring it to investment properties and it should be reclassified appropriately. For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value. When property and equipment is adjusted to be recognized as investment properties, the difference between the original carrying amount and the fair value is recognized in other comprehensive income.

On derecognition of an item of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as of the date of acquisition less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units of the Bank and its subsidiaries that are expected to benefit from the synergies resulting from the business acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually-or more frequently when there is an indication that the unit may be impaired-by comparing its carrying amount, including the allocated goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit has been acquired in a business combination during the current annual period, this unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first used to reduce the carrying amount of any goodwill allocated to the unit and the rest of the impairment loss is then allocated to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognized directly in profit or loss, and is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the respective values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value (which is regarded as their cost) at the acquisition date. After initial recognition, these are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

   On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right of Use and Intangible Assets Other than Goodwill

At the end of each reporting period, the Bank and its subsidiaries review the carrying amounts of their property and equipment, right of use tangible and intangible assets, excluding goodwill, to determine if there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Bank and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication of asset impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit and loss.

When an impairment loss reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized for short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related employee services.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

   Costs (including service cost, net interest and remeasurement) of the defined benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expense in the period they arise. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), are recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

   Pension costs for an interim period are calculated on a year-to-date basis by using the actuarially determined pension cost rate determined at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for the defined benefit plan, except that remeasurement is recognized in profit or loss.

d. Employee benefit - employees' preferential deposits

The Bank has granted a preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential interest rate in excess of market interest rate is considered employee benefits.

Under Article 30 of the "Regulations Governing the Preparation of Financial Reports by Public Banks", if the Bank's preferential deposit interest rate for an employee as stated in the employment contract exceeds the market interest rate, the excess would be subject to IAS 19 "Employee Benefits" upon the employees' retirement. The actuarial valuation assumptions and parameters are based on the guidelines announced by the authorities.

Share-based Payment

Equity-settled share-based payment arrangements is based on the fair value of the payment date, and during the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized fee is adjusted according to the expected amount of rewards that meet the service conditions and non-market-priced vested conditions; and the final recognized amount is measured on the basis of the amount of rewards that meet the service requirements and non-market-priced vested conditions on the vesting day.

The non-vested conditions for the share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment, and the difference between the expected and actual results do not need to be verified and adjusted.

The bank and its subsidiary or parent handle Cash-settled share-based payment plan that reserved for employees to subscribe. The day when the number of shares to be subscribed by the employee is confirmed as the date of the share-based payment.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

a. Current tax

The bank determines current year's tax provision in accordance with the laws and regulations established by each jurisdiction for income tax reporting, and calculates the tax liabilities accordingly.

Based on the Income Tax Law, an additional tax rate on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of how the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

c. Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, but taxes that relate to items recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity respectively.

Recognition of Interest Income and Interest Expense

Except for financial assets and liabilities at fair value through profit or loss, all interest-earning financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest income and interest expense in the consolidated statement of comprehensive income.

Recognition of Service Fee Income and Service Fee Expense

Service fee income and expense are recognized when loans or other services are provided. Service fees on significant projects are recognized when the project has been completed, for instance, loan syndication fees are recognized as revenue when the syndication has been completed. If service fee income and expense are related to provide service on loans, service fee income and expense are either recognized over the period that service is performed or as an adjustment to the effective interest rate on the loans and receivables, mainly depending on the materiality of these loans.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Current non-controlling interests, which entitle their holders to a proportionate share of an acquiree's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Leases

The bank and its subsidiaries determines whether contracts are, or contain a lease at the inception of a contract.

a. The Bank and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Bank and its subsidiaries assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Bank and its subsidiaries. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Bank and its subsidiaries as lessee

The Bank and its subsidiaries recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Bank and its subsidiaries is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Bank and its subsidiaries uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Bank and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank and its subsidiaries' accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Bank and its subsidiaries' considers the recent development of the COVID-19 in Taiwan, climate change, the Russian-Ukrainian War and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Estimated impairment loss on discounts and loans

Estimated impairment loss on discounts and loans was based on the assumptions about the probability of default and the expected loss rate made by the Bank and its subsidiaries. The Bank and its subsidiaries considered historical experience, existing market conditions, and forward-looking estimates in making the assumptions and in choosing the inputs to the impairment assessment. Refer to Note 54 for related information about material assumptions adopted. When the actual cash flows in the future are less than expected, a material impairment loss may arise.

b. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and to use a discount rate suited to the calculation of the present value of the cash flows. When the actual future cash flows are less than expected or changes in circumstances lead to downward revision of future cash flow or upward revision of discount rate, a material impairment loss may arise.

c. Impairment of investments in associates

The Bank and its subsidiaries immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Bank and its subsidiaries' management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate. The Bank and its subsidiaries also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	$ 6,156,630	$ 6,991,702	$ 5,924,083
Due from other banks, net	78,951,572	95,837,183	63,653,722
Notes and checks for clearing	1,581,877	4,122,501	1,230,764
	$ 86,690,079	$ 106,951,386	$ 70,808,569

Cash and cash equivalents are assessed for impairment using the approach similar to those used for investments in debt instruments. The Bank and its subsidiaries consider their cash and cash equivalents to have low credit risk, so their loss allowance evaluation is on a 12-month expected credit loss basis. As of June 30, 2022, December 31, 2021 and June 30, 2021, a loss allowance of $17,015 thousand, $19,454 thousand and $37,922 thousand was recognized.

Refer to the consolidated statements of cash flows for the reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2022 and 2021. The adjustments as of December 31, 2021 are as follows:

For the consolidated statements of cash flows, cash and cash equivalents include the accounts listed below:

	December 31, 2021
Cash and cash equivalents on the balance sheets	$ 106,951,386
Due from the Central Bank and call loans to other banks qualifying as cash and cash equivalents based on the definition of IAS 7 “Statement of Cash Flows”	122,592,770
Securities purchased under resell agreements qualifying as cash and cash equivalents based on the definition of IAS 7 “Statement of Cash Flows”	5,154,213
Cash and cash equivalents in the consolidated statements of cash flows	$ 234,698,369

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans to banks, net	$ 168,818,955	$ 229,087,348	$ 146,681,354
Deposit reserves	105,254,225	94,081,795	101,123,694
Due from the Central Bank - others	16,188,830	12,766,065	13,106,119
	$ 290,262,010	$ 335,935,208	$ 260,911,167

Under a directive issued by the Central Bank of the Republic of China, the New Taiwan dollar (NTD) denominated deposit reserves are determined by applying a prescribed percentage to the average monthly balances of customers’ deposits denominated in NTD. As of June 30, 2022, December 31, 2021 and June 30, 2021, deposit reserves for checking accounts amounted to $21,737,166 thousand, $11,970,864 thousand and $21,153,429 thousand, respectively, and the required deposit reserves amounted to $49,385,920 thousand, $46,608,291 thousand and $43,428,920 thousand, respectively. The deposit reserves for checking accounts are not interest bearing and may be withdrawn anytime. The required deposit reserves are subject to withdrawal restrictions. In addition, foreign-currency deposit reserves are determined at a prescribed percentage of the balances of foreign-currency deposits. These reserves may be withdrawn anytime but bear no interests.

Fubon Bank (China) uses the ending balance of deposits at the end of the month or certain balances reached the average of 10-day periods as basis for making provisions, as required under the regulations of the People's Bank of China.

The Bank and its subsidiaries assess the allowances for due from the Central Bank and call loans to other banks with the expected credit loss model. The assessment method is the same as for the debt instrument investment.

Due to the low credit risk of due from the Central Bank and call loans to other banks, the allowance is recognized as 12-month expected credit losses. As of June 30, 2022, December 31, 2021 and June 30, 2021, allowances of $0 thousand, $15,755 thousand and $0 thousand were recognized from the deposits in the Central Bank and call loans to other banks, respectively.

The deposits in the Central Bank and call loans to other banks pledged as collateral are disclosed in Note 49.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily measured as at fair value through profit or loss			
Commercial paper	$ 31,149,443	$ 25,549,297	$ 13,468,172
Convertible corporate bonds	21,757,691	26,792,295	16,290,692
Beneficiary Certificates	16,415,988	1,219,045	33,575
Negotiable certificates of deposits	6,308,512	7,532,150	1,673,343
Corporate bonds	5,179,127	6,057,056	4,180,399
Bank debentures	4,665,037	4,336,236	3,878,393
Government bonds	4,573,292	6,802,583	12,678,304
Others	4,104,026	7,456,941	4,693,281
	94,153,116	85,745,603	56,896,159
Derivatives			
Currency swap contracts	39,498,996	12,922,018	20,000,802
Interest rate swap contracts	7,796,088	2,686,540	2,708,809
Others	5,644,974	4,084,364	4,497,433
	52,940,058	19,692,922	27,207,044
Financial assets at fair value through profit or loss	$ 147,093,174	$ 105,438,525	$ 84,103,203
Held-for-trading financial liabilities			
Bonds and securities lending	$ 449,663	$ 148,564	$ -
Derivatives			
Currency swap contracts	25,158,108	15,223,774	19,548,164
Interest rate swap contracts	5,690,592	2,771,650	3,042,028
Cross-currency swap contracts	3,201,985	1,955,778	2,556,711
Forward Exchange Agreement	2,145,781	1,034,038	847,380
Option contracts	888,276	2,036,082	1,763,018
Others	537,312	375,215	386,422
	37,622,054	23,396,537	28,143,723
Financial liabilities at fair value through profit or loss	$ 38,071,717	$ 23,545,101	$ 28,143,723

The Bank and its subsidiaries engage in derivative transactions mainly to accommodate customers' needs, manage their exposure positions, and meet their funding needs in different currencies.

The contract (notional) amounts of the Bank and its subsidiaries' outstanding derivative financial instruments as of June 30, 2022, December 31, 2021 and June 30, 2021 are summarized as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Currency swap contracts	$ 2,416,994,439	$ 2,957,397,826	$ 2,749,778,921
Interest rate swap contracts	1,124,659,602	893,448,654	795,876,278
Forward contracts	169,084,313	182,107,824	176,762,270
Cross-currency swap contracts	114,833,868	122,044,560	117,781,278
Option contracts	78,524,690	92,153,711	81,666,051
Futures contracts	55,344,537	12,173,645	490,462
Equity swap contracts	7,192,641	6,940,929	7,957,929
Commodity swap contracts	250,911	455,386	170,826
Credit default swap contracts	44,365	43,467	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in equity instruments at fair value through comprehensive income	$ 34,612,413	$ 30,839,956	$ 26,075,431
Investments in debt instruments at fair value through comprehensive income	249,188,934	223,529,017	178,380,703
	$ 283,801,347	$ 254,368,973	$ 204,456,134

a. Investments in equity instruments at fair value through comprehensive income

	June 30, 2022	December 31, 2021	June 30, 2021
Listed shares and emerging market shares (Note 11)	$ 24,687,556	$ 20,906,785	$ 16,914,334
REITs (Note 11)	8,080,896	7,955,086	7,137,279
Unlisted shares	1,843,961	1,978,085	2,023,818
	$ 34,612,413	$ 30,839,956	$ 26,075,431

Since the Bank and its subsidiaries hold part of the equity instruments for the purpose of strategic investment instead of for trading, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income.

For the six months ended 2022 and 2021, the Bank and its subsidiaries sold part of their shares designated as at fair value through other comprehensive income in order to manage and adjust the investment portfolio. The sold shares had fair values of $1,862,785 thousand and $1,410,153 thousand, respectively. The Bank and its subsidiaries transferred a gain of $145,253 thousand and $194,114 thousand from other equity to retained earnings.

Dividends income generated from investments the Bank and its subsidiaries held at the end of the reporting period or derecognized in the reporting period are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividend income				
Held at the end of the reporting period	$ 494,693	$ 245,903	$ 633,360	$ 333,095
Derecognized in the reporting period	62,531	4,985	62,531	4,985
	$ 557,224	$ 250,888	$ 695,891	$ 338,080

b. Investments in debt instruments at fair value through comprehensive income

	June 30, 2022	December 31, 2021	June 30, 2021
Government bonds (Note 11)	$ 77,721,620	$ 54,584,813	$ 49,793,443
Bank debentures (Note 11)	63,792,492	81,156,137	73,439,572
Corporate bonds (Note 11)	52,916,619	53,077,326	49,976,292
Interbank lending	46,031,463	27,302,989	-
Others	8,726,740	7,407,752	5,171,396
	$ 249,188,934	$ 223,529,017	$ 178,380,703

Refer to Note 54 for information relating to the credit risk management and impairment of debt instruments at fair value through other comprehensive income.

Investments in debt instruments at fair value through other comprehensive income sold under repurchase agreements are disclosed in Note 26.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Negotiable certificates of deposits	$ 323,385,901	$ 366,561,518	$ 335,357,697
Corporate bonds (Note 11)	206,838,658	194,156,639	191,891,518
Bank debentures (Note 11)	198,354,849	184,044,410	163,526,003
Government bonds (Note 11)	108,949,069	95,856,802	89,903,996
Others	42,080,294	40,661,227	32,296,172
	879,608,771	881,280,596	812,975,386
Less: Allowance for impairment loss	628,869	608,114	553,376
	$ 878,979,902	$ 880,672,482	$ 812,422,010

Refer to Note 54 for information relating to the credit risk management and impairment of investments in debt instruments measured at amortized cost.

Investments in debt instruments measured at amortized cost sold under repurchase agreements are disclosed in Note 26, and those pledged as collateral are disclosed in Note 49.

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets for hedging			
Fair value hedge - interest rate swap	$ 5,069,515	$ 1,470,281	$ 1,764,904
Financial liabilities for hedging			
Fair value hedge -call loans	$ 3,787,966	$ -	$ -
Fair value hedge - interest rate swap	3,347,569	5,786,879	7,221,318
	$ 7,135,535	$ 5,786,879	$ 7,221,318

Fair Value Hedges

The Bank and its subsidiaries are exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the government bonds, corporate bonds, bank debentures included in available-for-sale financial assets and bank debentures issued. Since the risk is considered material, the Bank and its subsidiaries enter into interest rate swap contracts to hedge against this risk.

The Bank and its subsidiaries are exposed to the risk of adverse fair value fluctuations due to changes in exchange rates when foreign currencies are converted into functional currencies for the foreign currency-denominated stocks and REITs issued. Since the risk is considered material, the Bank and its subsidiaries enter into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

June 30, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 179,787,854	111.09.04-139.02.15	Financial assets and liabilities for hedging	$ 5,069,515	$ 3,347,569	$ 6,076,959
Call loans	3,787,966	111.07.19-111.09.28	Financial liabilities for hedging	-	3,787,966	56,292

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 66,182,502	$ -	$ (2,132,901)	$ 3,145,719
Financial assets at fair value through other comprehensive income - government bonds	145,097	-	(4,498)	-	(6,764)
Financial assets at fair value through other comprehensive income - corporate bonds	297,250	-	(1,786)	-	(10,263)
Financial assets at fair value through other comprehensive income - bank debentures	1,947,601	-	(98,163)	-	(122,435)
Financial assets at amortized cost - government bonds	16,546,396	-	444,327	-	(1,527,501)
Financial assets at amortized cost - corporate bonds	71,985,359	-	(2,950,050)	-	(5,913,074)
Financial assets at amortized cost - bank debentures	21,286,748	-	(1,240,305)	-	(1,638,410)
Exchange rate risk					
Financial assets at fair value through other comprehensive income - stock	479,381	-	(1,188)	-	(1,188)
Financial assets at fair value through other comprehensive income - REITs	2,983,658	-	(55,104)	-	(55,104)

December 31, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 175,134,815	111.01.24-139.02.15	Financial assets and liabilities for hedging	$ 1,470,281	$ 5,786,879	$ 2,427,875

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 68,871,786	$ -	$ 1,036,102	$ 1,009,104
Financial assets at fair value through other comprehensive income - government bonds	141,989	-	2,403	-	(367,619)
Financial assets at fair value through other comprehensive income - corporate bonds	288,783	-	8,283	-	(61,429)
Financial assets at fair value through other comprehensive income - bank debentures	2,396,437	-	27,999	-	(94,808)
Financial assets at amortized cost - government bonds	16,101,677	-	1,915,338	-	1,269,060
Financial assets at amortized cost - corporate bonds	77,373,584	-	2,983,869	-	(3,529,762)
Financial assets at amortized cost - bank debentures	21,052,789	-	414,926	-	(653,348)

June 30, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 164,419,190	2021.07.14-2050.02.15	Financial assets and liabilities for hedging	$ 1,764,904	$ 7,221,318	$ 1,324,227

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 61,704,744	$ -	$ 1,552,579	$ 495,888
Financial assets at fair value through other comprehensive income - government bonds	293,408	-	12,040	-	(358,055)
Financial assets at fair value through other comprehensive income - corporate bonds	296,970	-	13,371	-	(56,399)
Financial assets at fair value through other comprehensive income - bank debentures	2,635,234	-	65,181	-	(57,838)
Financial assets at amortized cost - government bonds	13,012,892	-	1,683,021	-	1,024,801
Financial assets at amortized cost - corporate bonds	80,309,704	-	4,498,123	-	(2,039,526)
Financial assets at amortized cost - bank debentures	19,197,668	-	737,722	-	(333,677)

Comprehensive Income	Gains or Losses on Ineffective Hedge Recognized in Comprehensive Income				Comprehensive Income Statement Line Item of Hedge
	For the Three Months Ended June 30		For the Six Months Ended June 30		
	2022	2021	2022	2021	
Fair value hedge					
Bank debentures	$ 2,239	$ (824)	$ 4,231	$ (579)	Financial assets and liabilities at fair value through profit or loss

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Corporate bonds	$ 11,073,240	$ 2,412,703	$ 2,528,652
Bank debentures	4,666,411	4,339,225	2,239,477
Government bonds	4,618,116	770,638	728,784
Commercial paper	1,388,565	-	-
	21,746,332	7,522,566	5,496,913
Less: Accumulated impairment	5,854	3,875	1,999
	$ 21,740,478	$ 7,518,691	$ 5,494,914

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Dates of resell agreements	2022.07.01-2022.09.28	2022.01.04-2022.03.30	2021.07.01-2021.09.28
Amounts of resell agreements	$ 21,765,629	$ 7,532,717	$ 5,501,217

(Concluded)

13. RECEIVABLES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Credit card receivables	$ 56,196,217	$ 58,229,403	$ 48,683,164
Accounts receivable - factoring	23,074,845	18,328,433	16,831,627
Acceptances	22,184,659	17,406,022	13,050,721
Interest receivables	11,492,567	11,405,319	10,382,437
Accounts receivable	4,430,544	2,464,549	3,533,390
Others	3,045,856	3,529,742	2,652,436
	120,424,688	111,363,468	95,133,775
Less: Allowance for impairment loss	653,084	499,687	576,151
	$ 119,771,604	$ 110,863,781	$ 94,557,624

The Bank and its subsidiaries have accrued an allowance for impairment loss on receivables. Refer to Note 54 for information relating to the credit risk management and impairment of receivables.

14. DISCOUNTS AND LOANS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Discounts and overdrafts	$ 1,231,699	$ 557,952	$ 314,858
Accounts receivable - financing	2,722,447	3,508,990	2,915,807
Short-term loans	365,483,222	347,989,937	366,292,094
Short-term secured loans	160,758,834	147,316,602	147,806,797
Medium-term loans	325,766,956	307,054,254	305,470,644
Medium-term secured loans	211,743,250	214,273,665	205,124,246
Long-term loans	35,330,174	30,300,400	24,690,537
Long-term secured loans	850,102,327	808,748,858	743,150,976
Import and export bill negotiation	2,037,505	2,449,068	1,992,046
Nonperforming loans transferred from loans	3,841,831	3,153,186	3,405,919
	1,959,018,245	1,865,352,912	1,801,163,924
Less: Allowance for impairment loss	24,774,131	23,594,147	22,572,258
Less: Adjustments of premium and discount	426,050	430,904	501,081
	$ 1,933,818,064	$ 1,841,327,861	$ 1,778,090,585

The Bank and its subsidiaries have an allowance for impairment loss on discounts and loans. Refer to Note 54 for information relating to the credit risk management and impairment of discounts and loans.

The Bank and its subsidiaries sold credit assets in order to accelerate the recovery of debts, and recognized the loss of credit assets measured by amortized cost of $72,333 thousand from January 1, 2022 to June 30, 2022, please refer to Note 39.

For the conditions of transactions with repurchase agreements provided in discounts and loans, please refer to Note 26.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Percentage of Ownership		
				December 31,	
Investor	**Investee**	**Nature of Activities**	**June 30, 2022**	**2021**	**June 30, 2021**
TAIPEI FUBON Bank	Fubon Bank (China)	Bank	57.92	57.92	57.92
TAIPEI FUBON Bank	TFB Capital Co., Ltd.	Venture Investment	100.00	100.00	100.00

On June 28, 2021, the Bank participated in issuance of ordinary shares of cash by RMB1,000,000 thousand by Fubon Bank (China), and its shareholding ratio increased from 51% to 57.92%.

b. Material non-controlling interests

		Percentage of Ownership and Voting Rights Held by Non-controlling Interests		
			December 31,	
Subsidiary	**Principal Place of Business**	**June 30, 2022**	**2021**	**June 30, 2021**
Fubon Bank (China)	China	42.08	42.08	42.08

	Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended June 30		For the Six Months Ended June 30			December 31,	
Subsidiary	**2022**	**2021**	**2022**	**2021**	**June 30, 2022**	**2021**	**June 30, 2021**
Fubon Bank (China)	$ 199,357	$ 205,009	$ 381,929	$ 375,411	$ 19,139,118	$ 18,870,610	$ 18,164,011

The summarized financial information below represents amounts before intragroup eliminations, and reflects effects of acquisition using the acquisition method.

Fubon Bank (China)

	June 30, 2022	**December 31, 2021**	**June 30, 2021**
Total assets	$ 621,449,116	$ 627,420,125	$ 568,517,380
Total liabilities	(574,135,113)	(580,781,256)	(523,570,974)
Equity	$ 47,314,003	$ 46,638,869	$ 44,946,406
Equity attributable to:			
Owners of the Bank	$ 28,174,885	$ 27,768,259	$ 26,782,395
Non-controlling interests	19,139,118	18,870,610	18,164,011
	$ 47,314,003	$ 46,638,869	$ 44,946,406

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Total net revenue	$ 1,811,357	$ 1,775,100	$ 3,829,695	$ 3,325,246
Net income for the period	$ 473,757	$ 418,388	$ 907,626	$ 766,146
Other comprehensive income loss for the period	(1,181,864)	(105,011)	(232,493)	(264,684)
Total comprehensive income (loss) for the period	$ (708,107)	$ 313,377	$ 675,133	$ 501,462
Net income attributable to:				
Owners of the Bank	$ 274,400	$ 213,379	$ 525,697	$ 390,735
Non-controlling interests	199,357	205,009	381,929	375,411
	$ 473,757	$ 418,388	$ 907,626	$ 766,146
Total comprehensive income (loss) attributable to:				
Owners of the Bank	$ (422,595)	$ 152,390	$ 406,625	$ 245,468
Non-controlling interests	(285,512)	160,987	268,508	255,994
	$ (708,107)	$ 313,377	$ 675,133	$ 501,462
Net cash inflow (outflow) from:				
Operating activities	$ 6,583,325	$ 8,098,028	$ (27,425,039)	$ 1,069,218
Investing activities	(31,626)	(47,983)	(204,329)	(74,200)
Financing activities	(29,672)	4,277,943	(110,032)	4,217,296

16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. The unconsolidated structured entities held by the Bank and its subsidiaries are shown below. The funds are from the Bank and its subsidiaries and external third parties:

Type of Structured Entity	Nature and Purpose	Equity Attributable to the Bank and Its Subsidiaries
Asset securitization	Investment in asset securitization for investment gain	Investment in the securities issued by unconsolidated structured entities
Trust plan - property right	Investment in trust plans for debt redemption	Investment in trust issued by unconsolidated structured entities
Private equity investment	Investment in private equity investment for investment purpose	Invest in units or limited partnership interests issued by these funds.

b. The carrying amounts of the Bank and its subsidiaries' involvement with the structured entities, which were recognized in the consolidated balance sheets as of June 30, 2022, December 31, 2021 and June 30, 2021, were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Asset securitization			
Financial assets at fair value through profit or loss	$ 794,500	$ 919,266	$ 1,222,803
Financial assets at fair value through other comprehensive income	9,726,046	10,516,343	10,197,815
Investments in debt instruments measured at amortized cost	33,761,421	32,867,179	28,152,247
Trust plan - property right			
Financial assets at fair value through profit or loss	131,634	128,971	128,016
Private equity investment			
Financial assets at fair value through profit or loss	13,378	-	-
	$ 44,426,979	$ 44,431,759	$ 39,700,881

The amount of the maximum exposure to loss is the carrying amount of the assets held by the Bank.

c. The Bank and its subsidiaries did not provide any financial support to the unconsolidated structured entities for the six months ended June 30, 2022 and 2021.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Associates that are not individually material	$ 15,358,566	$ 5,581,954	$ 5,371,854

Information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Bank and its subsidiaries' share of:				
Net loss	$ 50,629	$ (34,911)	$ (51,423)	$ (61,806)
Other comprehensive loss	(173,130)	-	(70,571)	-
Total comprehensive loss for the period	$ (122,501)	$ (34,911)	$ (121,994)	$ (61,806)

Line Bank Taiwan Ltd. (LINE Bank) processed a capital reduction of 2.5 billion on June 28, 2022 (the base date for capital reduction), and then processed a cash capital increase of 7.5 billion on June 29, 2022 (the base date for capital increase). Based on the shareholding ratio of the Bank at 25.1%, the Bank's shareholding decreased from 251,000 thousand shares to 188,250 thousand shares after the capital reduction, and then participated in the cash capital increase of LINE Bank to subscribe for 219,500 thousand shares. Therefore, at the end of the period, the Bank held 407,750 thousand shares of LINE Bank, and Shares rose to 27.18%

The Bank subscribed for Hyundai Card Co., Ltd. with cash of $5,094,959 thousand in February 2022, holding 10% of the shares, and obtained a bargain purchase benefit of $2,822,982 thousand which was separately presented in the consolidated statement of profit and loss. The bargain purchase benefit of Hyundai Card Co., Ltd., which is an investment using the equity method, is only tentative on the balance sheet date, and will be revised if new information is obtained within one year of the acquisition date related to the facts and circumstances that existed on the acquisition date bargain purchase benefit amount.

The subsidiaries of the Bank Fubon Bank (China) invested RMB 125,000 thousand and held 25% of the shares in Sichuan Vip Fubon Consumer Finance Ltd. The company was established on October 19, 2021.

The abovementioned investments accounted for using the equity method are not pledged as security.

18. OTHER FINANCIAL ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Other financial institution deposits not qualifying as cash equivalents	$ 8,996,129	$ 25,573,976	$ 24,117,738
Nonperforming loans transferred from other than loans	61,084	46,996	97,445
	9,057,213	25,620,972	24,215,183
Less: Allowance for impairment loss	57,072	43,212	78,277
	$ 9,000,141	$ 25,577,760	$ 24,136,906

Refer to Note 54 for information relating to the credit risk management and impairment of other financial assets.

Refer to Note 49 for information relating to other financial assets pledged as security.

19. PROPERTY AND EQUIPMENT, NET

	For the Six Months Ended June 30, 2022							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2021	$ 6,477,554	$ 11,111,969	$ 4,388,050	$ 275,930	$ 1,160,293	$ 2,885,893	$ 631,840	$ 26,931,529
Additions	-	5,527	63,628	6,217	39,590	32,353	374,349	521,664
Disposals	-	(775)	(152,253)	(4,408)	(17,196)	(15,203)	-	(189,835)
Reclassification	-	4,702	12,195	520	6,370	63,331	(236,979)	(149,861)
Effect of foreign currency exchange differences	-	141,114	22,736	1,966	10,814	14,252	56	190,938
Balance at June 30, 2021	6,477,554	11,262,537	4,334,356	280,225	1,199,871	2,980,626	769,266	27,304,435
Accumulated depreciation and impairment								
Balance at January 1, 2021	-	3,471,134	3,435,336	230,629	922,691	1,807,022	-	9,866,812
Depreciation	-	149,570	181,274	8,372	42,377	154,592	-	536,185
Disposals	-	(775)	(152,099)	(4,219)	(17,128)	(15,191)	-	(189,412)
Effect of foreign currency exchange differences	-	30,281	15,701	1,410	9,390	11,357	-	68,139
Balance at June 30, 2021	-	3,650,210	3,480,212	236,192	957,330	1,957,780	-	10,281,724
Carrying amount at December 31, 2020 and January 1, 2021	$ 6,477,554	$ 7,640,835	$ 952,714	$ 45,301	$ 237,602	$ 1,078,871	$ 631,840	$ 17,064,717
Carrying amount at June 30, 2021	$ 6,477,554	$ 7,612,327	$ 854,144	$ 44,033	$ 242,541	$ 1,022,846	$ 769,266	$ 17,022,711

	For the Six Months Ended June 30, 2021							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2021	$ 6,349,678	$ 11,111,598	$ 4,123,926	$ 271,736	$ 1,174,549	$ 2,763,158	$ 1,410,508	$ 27,205,153
Additions	-	5,618	105,598	6,653	29,838	22,964	321,842	492,513
Disposals	-	-	(25,193)	(3,316)	(13,810)	(8,282)	-	(50,601)
Reclassification	-	-	34,970	270	8,751	25,120	(757,145)	(688,034)
Effect of foreign currency exchange differences	-	(76,278)	(9,397)	(606)	(5,112)	(5,829)	(43)	(97,265)
Balance at June 30, 2021	6,349,678	11,040,938	4,229,904	274,737	1,194,216	2,797,131	975,162	26,861,766
Accumulated depreciation and impairment								
Balance at January 1, 2021	-	3,182,065	3,173,539	221,174	902,926	1,548,315	-	9,028,019
Depreciation	-	146,710	189,925	9,694	45,751	157,726	-	549,806
Disposals	-	-	(24,713)	(3,256)	(13,716)	(6,334)	-	(48,019)
Effect of foreign currency exchange differences	-	(14,983)	(6,604)	(396)	(4,423)	(4,164)	-	(30,570)
Balance at June 30, 2021	-	3,313,792	3,332,147	227,216	930,538	1,695,543	-	9,499,236
Carrying amount at December 31, 2020 and January 1, 2021	$ 6,349,678	$ 7,929,533	$ 950,387	$ 50,562	$ 271,623	$ 1,214,843	$ 1,410,508	$ 18,177,134
Carrying amount at June 30, 2021	$ 6,349,678	$ 7,727,146	$ 897,757	$ 47,521	$ 263,678	$ 1,101,588	$ 975,162	$ 17,362,530

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-61 years
Machinery and computer equipment	3-6 years
Transportation equipment	3-6 years
Office and other equipment	3-21 years
Leasehold improvements	3-8 years

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Buildings	$ 4,348,639	$ 4,163,615	$ 4,361,341
Machinery and computer equipment	487,575	136,936	156,291
Transportation equipment	33,419	38,474	38,680
Office and other equipment	90,915	93,968	89,471
	$ 4,960,548	$ 4,432,993	$ 4,645,783

	For the Six Months Ended June 30	
	2022	2021
Additions to right-of-use assets	$ 1,330,526	$ 1,316,938

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets				
Buildings	$ 348,746	$ 345,456	$ 696,371	$ 683,960
Machinery and computer equipment	29,125	9,913	39,003	19,718
Transportation equipment	5,571	4,336	11,166	8,498
Office and other equipment	8,619	8,927	17,176	18,078
	$ 392,061	$ 368,632	$ 763,716	$ 730,254

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts	$ 5,054,923	$ 4,508,071	$ 4,692,755

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	0.39%-4.96%	0.34%-4.96%	0.62%-4.96%
Machinery and computer equipment	0.52%-0.82%	0.35%-0.82%	0.77%-0.82%
Transportation equipment	0.48%-3.50%	0.52%-3.50%	0.72%-3.50%
Office and other equipment	0.55%-3.51%	0.55%-3.51%	0.55%-3.51%

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense on lease liabilities	$ 40,009	$ 39,868	$ 80,110	$ 78,443

c. Other lease information

Lease arrangements under operating leases for the leasing out investment properties are set out in Note 21.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses on short term lease contract	$ 1,361	$ 590	$ 2,951	$ 1,593
Expenses relating to leases of low-value asset	$ 3,643	$ 3,069	$ 6,809	$ 5,008
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 12,981	$ 15,719	$ 26,055	$ 30,918
Total cash outflow for leases			$ (839,901)	$ (810,490)

The Bank and its subsidiaries have opted to apply the exemption from the recognition requirements without recognizing their related right-of-use assets and lease liabilities for short-term or low-value subject leases.

The maturity analysis for lease arrangements was based on the earliest date required to repay and the undiscounted cash flow (including principal and estimated interest).

The maturity analysis for lease liabilities is as follows:

June 30, 2022

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 138,971	$ 275,929	$ 1,228,112	$ 3,318,481	$ 464,742	$ 5,426,235

December 31, 2021

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 117,137	$ 247,820	$ 1,046,719	$ 2,891,132	$ 606,090	$ 4,908,898

June 30, 2021

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 126,032	$ 246,761	$ 1,055,994	$ 2,941,701	$ 760,244	$ 5,130,732

21. INVESTMENT PROPERTIES

Item	June 30, 2022	December 31, 2021	June 30, 2021
Land	$ 2,656,160	$ 2,656,160	$ 2,803,236
Buildings	405,240	405,240	409,464
	$ 3,061,400	$ 3,061,400	$ 3,212,700

The movements of investment properties are shown below:

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	$ 3,061,400	$ 3,212,700
Reclassification	-	-
Change in fair value of investment properties	-	-
Balance, end of the period	$ 3,061,400	$ 3,212,700

The investment properties were leased out as operating lease with terms of 3 to 10 years. Some of the lease contracts included clauses requiring the lessees to pay contingent rentals at a specified percentage every year.

The total amount of the lease payment that will be received in the future when the investment properties are leased out as operating leases is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	$ 90,791	$ 96,285	$ 101,670
Year 2	42,460	57,384	80,518
Year 3	24,057	20,422	30,022
Year 4	19,235	11,164	10,389
Year 5	8,098	8,252	5,549
Year 6 onwards	4,385	7,860	5,700
	$ 189,026	$ 201,367	$ 233,848

The fair values of the investment properties as of December 31, 2021 were based on the valuations carried out on these dates by independent qualified professional appraisers, Dai Guang-Ping, Chang Hung-Kai, Chang Yi-Chih. Yeh Yu-Fen and Yeh Shi-Yu, from the real estate appraisal office, Savills plc, a duly certified ROC real estate appraiser.

The fair values of the investment properties as of December 31, 2020 were based on the valuations carried out on these dates by independent qualified professional appraisers, Dai Guang-Ping, Chang Hung-Kai, Chang Yi-Chih and Yeh Yu-Fen, from the real estate appraisal office, Savills plc, a duly certified ROC real estate appraiser.

The Bank assigned appraisers to review the original appraisal report, and the fair values of the investment properties on December 31, 2021 and 2020 were still deemed to be valid as June 30, 2022 and 2021, respectively.

The fair value of investment properties, except undeveloped land, was measured using the income approach, which included a discounted cash flow analysis. Among the significant assumptions used was that an increase in estimated future net cash inflows or a decrease in discount rates would result in higher fair value.

	June 30, 2022	December 31, 2021	June 30, 2021
Expected future cash inflows	$ 4,330,473	$ 4,376,994	$ 4,529,563
Expected future cash outflows	(149,156)	(156,833)	(148,796)
Expected future cash inflows, net	$ 4,181,317	$ 4,220,161	$ 4,380,767
Discount rate	3.595%	3.595%	3.595%

The market rentals in the area where the investment properties are located were between $1 thousand and $20 thousand per ping.

The expected future cash inflows generated by investment properties included rental income, interest income on rental deposits and disposal value. Thus, rental income was extrapolated using the Bank's current lease agreements and market rentals, taking into account the annual rental growth rate and an income analysis covering 10 years, with the interest income on rental deposits extrapolated using the interest rate for 1 year; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment properties included expenditures such as land value taxes, house taxes, insurance premium, and maintenance costs. These expenditures were extrapolated on basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the discount rate was based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and an asset-specific risk premium of 2%.

For the three months ended June 30, 2022 and 2021 and six months ended June 30, 2022 and 2021, the rental income and direct operating expense from investment properties of the Bank and its subsidiaries were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income	$ 24,314	$ 25,973	$ 48,597	$ 51,907
Direct operating expenses	2,740	2,813	5,462	5,634

22. INTANGIBLE ASSETS, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Banking licenses and operating rights	$ 5,446,883	$ 5,349,747	$ 5,316,811
Core deposits	4,780,028	4,844,828	4,969,261
Computer software	2,805,669	2,679,652	2,177,760
Goodwill	2,065,365	2,028,320	2,015,037
Customer relationships	31,780	35,533	39,634
Others	2,000	2,000	2,000
	$ 15,131,725	$ 14,940,080	$ 14,520,503

The movements of intangible assets are listed below:

	For the Six Months Ended June 30					
	2022			2021		
	Goodwill	Others	Total	Goodwill	Others	Total
Balance, beginning of the period	$ 2,028,320	$ 12,911,760	$ 14,940,080	$ 2,035,062	$ 12,115,087	$ 14,150,149
Additions	-	310,530	310,530	-	228,852	228,852
Amortizations	-	(515,846)	(515,846)	-	(410,738)	(410,738)
Reclassification	-	149,861	149,861	-	688,034	688,034
Effect of foreign currency exchange differences	37,045	210,055	247,100	(20,025)	(115,769)	(135,794)
Balance, end of the period	$ 2,065,365	$ 13,066,360	$ 15,131,725	$ 2,015,037	$ 12,505,466	$ 14,520,503

The above core deposits, customer relationships, banking licenses, operating rights, and goodwill from the Bank's acquisitions from the Hanoi branch and Ho Chi Minh City sub branch of Chinfon Bank, which were monitored by the Financial Restructuring Fund and Fubon Bank (China).

Except for intangible assets that have indefinite useful lives, the other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Core deposits	23 years
Operating rights	97 years
Computer software	3-10 years
Customer relationships	10-14 years

For the purpose of goodwill impairment testing, Fubon Bank (China) and branches in Vietnam were deemed as individual cash generating units, and the recoverable amounts of these branches were determined on the basis of their net fair value. The key assumptions used in the net fair value calculation included the business cycle stage, the overall state of the economy, and the profitability and estimated salvage value of Fubon Bank (China) and the Vietnam branches.

An assessment by the Bank and its subsidiaries as of June 30, 2022, December 31, 2021 and June 30, 2021, showed there was no material goodwill impairment.

23. OTHER ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Refundable deposits	$ 12,326,759	$ 10,361,837	$ 11,581,575
Prepaid expense	899,719	623,986	1,152,807
Others	637,254	393,983	927,428
	$ 13,863,732	$ 11,379,806	$ 13,661,810

24. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Call loans	$ 119,252,213	$ 150,995,533	$ 175,339,002
Deposit from the Central Bank and banks	6,751,136	15,596,139	7,699,662
Others	132,695	175,367	175,367
	$ 126,136,044	$ 166,767,039	$ 183,214,031

25. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2022	December 31, 2021	June 30, 2021
Due to Interbank	$ 744,374	$ 692,836	$ -
Due to the Central Bank	-	12,797,450	6,119,150
	$ 744,374	$ 13,490,286	$ 6,119,150

26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Bank debentures	$ 44,610,133	$ 35,463,407	$ 41,079,933
Corporate bonds	44,111,631	71,368,674	67,286,301
Government bonds	2,325,575	8,445,440	12,407,110
Others	198,729	-	-
	$ 91,246,068	$ 115,277,521	$ 120,773,344
Dates of repurchase agreements	2022.07.01-2022.10.31	2022.01.03-2022.03.31	2021.07.01-2022.01.05
Amounts of repurchase agreements	$ 91,591,457	$ 115,355,907	$ 120,869,111

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Bank and its subsidiaries' investments were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at fair value through other comprehensive income	$ 10,493,310	$ 8,502,569	$ 7,191,941
Investments in debt instruments measured at amortized cost	87,534,579	109,232,034	116,578,707
Discounting and lending	194,609	-	-

27. PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Acceptances	$ 22,205,636	$ 17,406,022	$ 13,052,195
Accrued interest	8,519,011	6,694,718	6,249,114
Accounts payable	8,502,892	1,519,270	5,353,070
Payable collection	6,504,629	1,401,012	14,133,573
Accounts payable - factoring	5,782,705	4,565,458	5,002,480
Accrued expenses	4,381,680	6,230,068	4,652,529
Accrued payroll and transfer of provisional funds	3,270,784	2,872,224	3,060,694
Accrued notes and checks	2,288,379	3,174,864	1,233,366
Others	2,007,286	2,482,930	1,537,411
	$ 63,463,002	$ 46,346,566	$ 54,274,432

28. DEPOSITS AND REMITTANCES

	June 30, 2022	December 31, 2021	June 30, 2021
Checking	$ 19,572,328	$ 16,228,221	$ 15,989,615
Public treasury	47,891,293	41,395,045	37,183,018
Demand	714,196,330	739,079,915	671,240,212
Savings	1,105,874,855	1,074,184,841	1,036,958,946
Time	988,073,063	841,997,123	671,761,140
Negotiable certificates of deposit	160,297,256	180,266,060	117,809,586
Other	531,047	663,578	631,916
	$ 3,036,436,172	$ 2,893,814,783	$ 2,551,574,433

29. BANK DEBENTURES

Taipei Fubon Bank

To maintain its capital adequacy ratio and the medium-term to long-term working capital, the Bank had applied and obtained approval from the FSC to issue bank debentures. The outstanding balances of bank debentures as of June 30, 2022, December 31, 2021 and June 30, 2021 are summarized as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Second issue of subordinated bank debentures in 2012; fixed 1.68%; maturity: May 2022	$ -	$ 4,700,000	$ 4,700,000
First issue of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 2023	500,000	500,000	500,000
First issue of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 2024	4,500,000	4,500,000	4,500,000
Second issue of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 2024	3,700,000	3,700,000	3,700,000
Second issue of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 2024	3,000,000	3,000,000	3,000,000
Fourth issue of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 2024	1,750,000	1,750,000	1,750,000
Fifth issue of dominant bank debentures in 2017; 0%; maturity: December 2047 (US$100,000 thousand)	3,572,479	3,261,773	3,217,280
Second issue of dominant bank debentures in 2018; 0%; maturity: March 2048 (US$195,000 thousand)	6,966,162	6,352,767	6,258,569
Third issue of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 2025	1,200,000	1,200,000	1,200,000
Third issue of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 2028	1,800,000	1,800,000	1,800,000
Fifth issue of dominant bank debentures in 2018; 0%; maturity: November 2048 (US$80,000 thousand)	2,826,762	2,571,144	2,526,316

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Sixth issue of dominant bank debentures in 2018; fixed 1.1%; maturity: November 2028	$ 3,700,000	$ 3,700,000	$ 3,700,000
Seventh issue of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000	6,500,000
First issue of dominant bank debentures in 2019; fixed 0.98%; maturity: March 2029	1,500,000	1,500,000	1,500,000
Second issue of dominant bank debentures in 2019; fixed 0.95%; maturity: May 2029	1,300,000	1,300,000	1,300,000
Third issue of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000	3,100,000
Fourth issue of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000	4,400,000
Fifth issue of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 2029	6,000,000	6,000,000	6,000,000
Sixth issue of dominant bank debentures in 2019; fixed 0.88%; maturity: October 2029	6,600,000	6,600,000	6,600,000
Seventh issue of subordinated bank debentures in 2019; fixed 0.88%; maturity: December 2029	3,100,000	3,100,000	3,100,000
First issue of dominant bank debentures in 2020; fixed 0.75%; maturity: March 2030	5,000,000	5,000,000	5,000,000
Second issue of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000	3,150,000
Third issue of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 2027	200,000	200,000	200,000
Third issue of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 2030	1,800,000	1,800,000	1,800,000
Fourth issue of subordinated bank debentures in 2020; fixed 1.50%;perpetual	2,850,000	2,850,000	2,850,000
First issue of dominant bank debentures in 2021; fixed 0.4%; maturity: January 2026	1,000,000	1,000,000	1,000,000
Second issue of dominant bank debentures in 2021; fixed 0.4%; maturity: September 2026	1,000,000	1,000,000	-
Third issue of subordinated bank debentures in 2021; fixed 0.70%; maturity: September 2031	2,400,000	2,400,000	-
Fourth issue of dominant bank debentures in 2021; fixed 0.45%; maturity: September 2026	2,700,000	2,700,000	-
Fourth issue of dominant bank debentures in 2021; fixed 0.52%; maturity: September 2028	1,400,000	1,400,000	-
First issue of dominant bank debentures in 2022; fixed 0.70%; maturity: May 2025	1,000,000	-	-
Third issue of subordinated bank debentures in 2022; fixed 2.00%;perpetual	2,300,000	-	-
Second issue of subordinated bank debentures in 2022; fixed 2.00%; maturity: June 2029	2,000,000	-	-
Valuation adjustments of bank debentures	(2,132,901)	1,036,102	1,552,579
	$ 90,682,502	$ 92,071,786	$ 84,904,744

(Concluded)

Fubon Bank (China)

In order to increase the capital adequacy ratio, Fubon Bank (China) optimized the matching structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities, and support the development of medium and long-term asset. The outstanding balances of bank debentures as of June 30, 2022, December 31, 2021 and June 30, 2021 are summarized as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Tier-2 capital bond (first period); fixed rate of 5.43%; maturity: December 2028 (RMB1,000,000 thousand)	$ 4,436,475	$ 4,346,730	$ 4,314,552
Tier-2 capital bond (first period); fixed rate of 5.20%; maturity: April 2029 (RMB1,000,000 thousand)	4,436,475	4,346,730	4,314,552
FBCN, fixed rate of 4.08%; maturity: January 2025 (RMB1,000,000 thousand)	4,432,900	4,341,456	4,309,345
Capital bond; fixed rate of 3.20%; maturity: March 2023 (RMB1,000,000 thousand)	4,436,475	4,346,730	4,314,552
Capital bond; fixed rate of 3.92%; maturity: December 2023 (RMB1,000,000 thousand)	4,436,475	4,346,730	4,314,552
	$ 22,178,800	$ 21,728,376	$ 21,567,553

30. OTHER FINANCIAL LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Principal amount of structured products	$ 93,951,345	$ 80,096,572	$ 79,091,467
Others	102,381	65,953	71,667
	$ 94,053,726	$ 80,162,525	$ 79,163,134

31. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Provisions for employee benefits (Note 32)	$ 2,524,931	$ 2,484,430	$ 2,706,466
Reserve for financial commitments	292,556	333,342	259,442
Reserve for losses on guarantees	249,533	212,990	231,005
Others	142,684	193,936	272,779
	$ 3,209,704	$ 3,224,698	$ 3,469,692

Refer to Note 54 for information relating to the credit risk management and impairment of reserve for losses on guarantees, other reserves - letters of credit and financial commitments.

32. EMPLOYEE BENEFITS PLANS

	June 30, 2022	December 31, 2021	June 30, 2021
Provisions for employee benefits			
Defined benefit plans	$ 1,661,659	$ 1,684,791	$ 1,710,985
Preferential interest rate plan for employees' deposits	608,637	611,231	682,248
Other long-term employee benefits plan	254,513	188,294	313,119
Others	122	114	114
	$ 2,524,931	$ 2,484,430	$ 2,706,466

a. Defined contribution plans

The Bank and its subsidiaries has a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, monthly contributions to employees' individual pension accounts are at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for the six months ended June 30, 2022 and 2021 were $175,148 thousand and $164,558 thousand, and for the three months ended June 30, 2022 and 2021 were $87,420 thousand and $81,713 thousand, respectively, which represent contributions payable to these plans by the Bank and its subsidiaries at rates specified in the rules of the plan.

b. Defined benefit plans

The defined benefit plan adopted by the Bank in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the years before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of next year. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy for these contributions.

The total expenses recognized in profit or loss for the six months ended June 30, 2022 and 2021 were $24,720 thousand and $18,091 thousand, and for the three months ended June 30, 2022 and 2021 were $12,360 thousand and $13,544 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

c. Preferential interest rate plan for employees' deposits

The Bank was obligated to pay retired employees a fixed preferential interest rate for their deposits in conformity with "Rules of Deposits of Taipei Fubon Commercial Bank".

The total expenses recognized in profit or loss for the six months ended June 30, 2022 and 2021 were $27,020 thousand and $36,151 thousand, and for the three months ended June 30, 2022 and 2021 were $13,510 thousand and $18,076 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

d. Defined contribution plans of overseas subsidiaries

To enhance the employee's pension benefits and build a multilevel pension insurance system, Fubon Bank (China) implemented an enterprise annuity plan. The plan is based on the "Enterprise Annuity Trial Measures" and the "Enterprise Annuity Fund Management Trial Measures" and other guidelines. It is aimed at providing long-term incentives to employees and giving them security after retirement.

For the six months ended June 30, 2022 and 2021, Fubon Bank (China), the Bank's overseas subsidiary, recognized expenses of $52,991 thousand and $40,417 thousand, and for the three months ended June 30, 2022 and 2021 were $27,604 thousand and $20,148 thousand, respectively.

33. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Advance receipts	$ 12,079,414	$ 4,135,542	$ 6,857,190
Guarantee deposits received	7,596,763	7,966,534	7,326,776
Suspended accounts and payments for clearing	1,058,855	831,821	763,368
Others	330,409	281,470	291,055
	$ 21,065,441	$ 13,215,367	$ 15,238,389

34. EQUITY

a. Capital stock

Common stock

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands)	18,000,000	13,000,000	13,000,000
Amount of capital stock authorized	$ 180,000,000	$ 130,000,000	$ 130,000,000
Number of shares issued and received (in thousands)	12,256,209	12,256,209	12,256,209
Amount of outstanding and issued shares (par value of NT$10)	$ 122,562,088	$ 122,562,088	$ 122,562,088

On May 18, 2022, the Bank's board of directors exercised the power and authority of the shareholders' meeting and resolved to capitalize $7,212,135 thousand of retained earnings and to issue 721,213 thousand shares. On August 2, 2022, these transactions were approved by competent authority, and the record date was August 23, 2022.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
Distributed to offset a deficit, provide cash, or transfer to capital			
Arising from consolidation	$ 7,490,431	$ 7,490,431	$ 7,490,431
Arising from issuance of common shares	10,121,242	10,121,242	9,872,100

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Distributed to offset a deficit			
Changes in the equity of investee accounted for using the equity method	$ 2,566	$ 1,997	$ 1,188
Changes in ownership interests in subsidiaries	877,665	877,665	877,665
	$ 18,491,904	$ 18,491,335	$ 18,241,384

(Concluded)

The capital surplus arising from shares issued in excess of par (from the issuance of common shares, issuance of shares in a business combination, and treasury stock transactions, etc.) and donations may be used to offset a deficit; in addition, when the Bank has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a prescribed certain percentage of the Bank's paid-in capital and once a year).

The share-based payments is that the cash increase of common stock and preferred stock - C handled by FFH in 2021, and 10% of the total number of new shares to be issued will be reserved for subscription by employees of FFHs and its subsidiaries, according to the corporation law. Share-based payments transactions between the bank and its subsidiaries were as follows:

Agreement Type	Fair Value At Grant Date	Units	Vested Conditions
Cash-settled share-based payment plan that reserved for employees to subscribe (common stock)	2021.09.11	13,311	Immediately vested
Cash-settled share-based payment plan that reserved for employees to subscribe (preferred stock - C)	2021.09.11	2,477	Immediately vested

The capital surplus generated by the bank and its subsidiaries' share-based payments in 2021 is $249,142 thousand.

c. Special reserve

	June 30, 2022	December 31, 2021	June 30, 2021
Appropriations by TAIPEIBANK under its Articles of Incorporation	$ 1,285,676	$ 1,285,676	$ 1,285,676
Transferred from trading loss reserve	123,497	123,497	123,497
Deduction arising from the first-time adoption of IFRSs and the debits to other equity items	113,950	237,962	237,962
Application of the fair value model to investment properties	1,057,259	1,070,934	1,070,934
Expenditure of employees' financial technology development	228,195	231,860	231,860
	$ 2,808,577	$ 2,949,929	$ 2,949,929

Under Rule No. 1090150022 issued by the FSC on March 31, 2021 and the directive titled "Questions and Answers for Special Reserves Appropriated Following the Adoption of IFRSs," on the first-time adoption of IFRSs, a company should appropriate to a special reserve an amount that is the same as the sum of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments would be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. Earnings should be appropriated until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

Under Rule No. 10310000140 issued by the FSC on February 19, 2014, if the Public Bank chose the fair value model to investment properties in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Public Bank should appropriate a special reserve at the amount that was the same as the net increase arising from the fair value measurement and transfer it to retained earnings. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve 0.5% to 1% of net income from 2016 through 2018. From fiscal year 2017, the Bank can reverse the amount of expenditure of employees' transfer and settlement arising from financial technology development within the amount of the above special reserve. However, under Rule No. 10802714560, from fiscal year 2019, the Bank should not appropriate special reserve for financial technology development and protection of the Bank's employees' rights. Furthermore, the Bank should reverse the abovementioned appropriations for expenditure of employees' transfer and settlement and necessary expenditure on employees' educational courses for financial technology and the Bank's business development.

d. Appropriation of earnings and dividend policy

Under the Bank's Articles of Incorporation, the Bank should make appropriations from its net income (less any deficit) in the following order:

1) 30% as legal reserve and, under FSC rules, a special reserve (or special reserve reversal);

2) The remaining net income and unappropriated accumulated earnings can be distributed as dividends to shareholders, as proposed by the board of directors and approved in the shareholders' meeting. If the legal reserve equals the Bank's paid-in capital, or if the Bank meets the standards of sound finance and business practices prescribed by the regulatory authorities as stated in Article 50 of the Banking Act and has set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not prevail.

On November 12, 2009, the FSC prescribed regulations, stated in Article 50 of the Banking Act, for sound finance and business practices. On April 30, 2012, these regulations were amended, specifying the criteria for sound finance and business.

According to the corporation law, the statutory surplus reserve is provided until its balance reaches the total paid-in capital of the company. The statutory surplus reserve can be used to make up for deficits. When the company has no deficits, the portion of the statutory surplus reserve exceeding 25% of the total paid-in capital can be allocated in cash, in addition to other appropriations. According to the Banking Act of the Republic of China, before the statutory surplus reserve reaches the total capital, the maximum cash surplus distribution shall not exceed 15% of the total capital.

The appropriation of earnings is approved at the shareholders' meeting held in, and reflected in the financial statements of, the year following the year of earnings generation. Under the Financial Holdings Company Law, the Bank's board of directors is designated to exercise the power of the shareholders' meeting, and the regulations on the shareholders' meeting, which are included in the Company Law, will not prevail.

On May 18, 2022 and April 28, 2021, the Bank's board of directors exercised the power and authority of the shareholders' meeting and approved the appropriations of the 2021 and 2020 earnings, respectively. The appropriations were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 6,121,251	$ 5,582,494		
Special reserve	(141,352)	(1,683,449)		
Stock dividends	7,212,135	-	$ 0.59	$ -
Cash dividends	7,212,135	14,709,270	0.59	1.20

e. Other equity items

1) Exchange differences on the translation of financial statements of foreign operations

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	$ (3,684,651)	$ (3,753,467)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	1,363,511	(35,369)
Share of affiliated companies using the equity method	(111,160)	-
Other comprehensive income recognized during the period	1,252,351	(35,369)
Changes in ownership interests in subsidiaries	-	29,173
Balance, end of the period	$ (2,432,300)	$ (3,759,663)

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	For the Six Months Ended June 30	
	2022	**2021**
Balance, beginning of the period	$ 3,240,952	$ 2,838,906
Recognized during the period		
Unrealized gains		
Debt instruments	(2,000,554)	(59,594)
Equity instruments	(4,647,087)	1,552,206
Adjustment of allowance for debt instruments	19,244	14,551
Share of affiliated companies using the equity method	(19,167)	-
Reclassification adjustment		
Disposal of investments in debt instruments	(232,786)	(110,003)
Other comprehensive income recognized during the period	(6,880,350)	1,397,160
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	(143,474)	(177,284)
Changes in ownership interests in subsidiaries	-	(36,753)
Changes in equity in affiliates recognized using the equity method	(1,668)	-
Balance, end of the period	$ (3,784,540)	$ 4,022,029

3) Gains (losses) on hedges

	For the Six Months Ended June 30	
	2022	**2021**
Balance, beginning of the period	$ -	$ -
Recognized during the year		
Share of affiliated companies using the equity method	80,080	-
Other comprehensive income recognized during the period	80,080	-
Balance, end of the period	$ 80,080	$ -

4) Gains on property revaluation

	For the Six Months Ended June 30	
	2022	**2021**
Balance, beginning of the period	$ 676,599	$ 676,599
Recognized during the year		
Real estate revaluation appreciation	-	-
Other comprehensive income recognized during the period	-	-
Balance, end of the period	$ 676,599	$ 676,599

f. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of the period	$ 18,870,610	$ 18,778,102
Attributable to non-controlling interests:		
Net income for the period	381,929	375,411
Other comprehensive income recognized during the period		
Exchange differences arising from the translation of financial statements of foreign operations	391,747	(209,941)
Unrealized losses on financial assets at fair value through other comprehensive income	(505,168)	90,524
Other comprehensive income or loss for the period	(113,421)	(119,417)
Changes in ownership interests in subsidiaries	-	(870,085)
Balance, end of the period	$ 19,139,118	$ 18,164,011

35. NET INTEREST INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest income				
Discounts and loans	$ 11,126,683	$ 9,319,023	$ 21,184,945	$ 18,234,322
Investments in debt instruments measured at amortized cost	3,886,733	3,021,917	7,257,066	5,879,776
Investments in debt instruments measured at fair value through other comprehensive income	1,558,567	919,554	2,980,085	1,800,978
Due from banks and call loans to banks	663,266	515,393	1,200,560	1,098,455
Others	368,237	270,333	654,731	586,686
	17,603,486	14,046,220	33,277,387	27,600,217
Interest expense				
Deposits	4,864,261	3,103,585	8,637,422	6,283,190
Structured products	851,721	837,428	1,653,229	1,665,549
Bank debentures	476,294	424,097	916,644	862,548
Call loans from and due to the Central Bank and other banks	379,766	190,597	619,376	364,930
Securities sold under repurchase agreements	235,981	110,905	411,473	221,940
Others	85,473	61,136	190,277	104,536
	6,893,496	4,727,748	12,428,421	9,502,693
Net interest	$ 10,709,990	$ 9,318,472	$ 20,848,966	$ 18,097,524

Interest income and interest expense shown on the table above exclude those from financial assets and liabilities at fair value through profit or loss.

36. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Service fee income				
Trust and custody business	$ 1,161,746	$ 1,217,270	$ 2,474,108	$ 2,960,370
Insurance service fee income	917,878	812,607	2,271,588	1,991,198
Loan service fee	350,926	370,270	739,079	640,640
Credit card service fee	330,831	318,418	588,497	734,200
Others	420,591	396,545	886,584	777,786
	3,181,972	3,115,110	6,959,856	7,104,194
Service fee expense				
Loan service fee	587,094	440,423	1,176,348	787,869
Credit card service fee	358,081	272,122	518,708	424,660
Office space expense	95,437	94,464	196,673	175,214
Interbank service fee	90,358	72,385	175,691	190,866
Others	206,413	188,990	429,073	360,879
	1,337,383	1,068,384	2,496,493	1,939,488
Net service fee	$ 1,844,589	$ 2,046,726	$ 4,463,363	$ 5,164,706

The Bank and its subsidiaries provided custody, trust, investment management and consultation services to the third parties, which involve the Bank and its subsidiaries' planning, management, and trading rules of financial instruments. Trust funds or investment portfolios managed and administered on behalf of investors were not included in the Bank and its subsidiaries' financial statements, but separate accounts were established and separate financial statements were prepared for the purpose of internal management.

37. GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest income	$ 123,092	$ 122,407	$ 274,931	$ 261,776
Dividend income	81,326	747	205,099	2,790
Realized gains (losses)				
Derivatives	634,777	229,437	407,374	379,606
Corporate bonds	8,164	57,166	26,708	161,960
Negotiable certificate of deposit	10,513	8,735	12,718	18,433
Government bonds	38,542	137,310	(71,874)	113,436
Stock	(176,170)	18,035	(203,716)	31,747
Others	30,754	17,291	13,513	17,920
	546,580	467,974	184,723	723,102

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Gains on valuation				
Derivatives	$ 384,998	$ (537,862)	$ 1,748,473	$ (1,687,582)
Bank debentures	(28,600)	(1,670)	(139,617)	(65,152)
Beneficiary certificates	(38,551)	1,911	(186,187)	2,221
Stock	(184,141)	(5,816)	(292,315)	(7,957)
Corporate bonds	(48,735)	4,129	(326,134)	(180,644)
Convertible corporate bonds	(1,790,394)	100,648	(3,217,480)	772,787
Others	(4,493)	(2,216)	(30,828)	6,226
	(1,709,916)	(440,876)	(2,444,088)	(1,160,101)
	$ (958,918)	$ 150,252	$ (1,779,335)	$ (172,433)

(Concluded)

38. REALIZED GAINS OR LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividend revenue	$ 557,224	$ 250,888	$ 695,891	$ 338,080
Bank debentures	54,295	28,846	184,365	183,625
Government bonds	51,877	28,619	153,435	8,247
Corporate bonds	10,615	8,832	15,859	2,076
Others	335	-	2,821	-
	$ 674,346	$ 317,185	$ 1,052,371	$ 532,028

39. GAIN ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank debentures	$ (591)	$ (400)	$ 213,984	$ 133,009
Corporate bonds	6,416	28,700	17,718	213,648
Beneficiary Securities	8,807	(20,437)	12,922	(26,263)
Credit assets	(72,333)	-	(72,333)	-
	$ (57,701)	$ 7,863	$ 172,291	$ 320,394

Based on the consideration of fund allocation, the Bank and its subsidiaries have successively disposed of these bond investments due to reasons such as the bonds nearing their maturity dates, forced redemption by the bond issuer and control the assets of significant increase in credit risk and infrequent sales or the individual and aggregate amounts are not significant, etc.

40. FOREIGN EXCHANGE GAINS (LOSSES)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
General exchange gains	$ 850,137	$ 321,291	$ 1,017,547	$ 793,583
Exchange gains or losses from private capital	50,426	(30,434)	100,935	(15,013)
	$ 900,563	$ 290,857	$ 1,118,482	$ 778,570

41. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Salaries and wages	$ 2,932,726	$ 2,753,412	$ 6,050,869	$ 5,798,651
Labor insurance, national health insurance, and group life insurance	282,227	260,029	578,908	559,899
Post-employment benefit expense	147,919	138,928	292,807	269,328
Other employee benefits expense	127,354	121,368	270,463	272,346
	$ 3,490,226	$ 3,273,737	$ 7,193,047	$ 6,900,224

For compliance with the Articles of Incorporation of the Bank, the Bank stipulates the distribution of employees' compensation at rates of 1% to 5% of net profit before income tax and employees' compensation, but the Bank should not make appropriations from earnings if it has a deficit. The employees' estimated compensation were $141,081 thousand and $107,359 thousand for the six months ended June 30, 2022 and 2021, and $60,432 thousand and $50,484 thousand for the three months ended June 30, 2022 and 2021, respectively.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

On March 9, 2022 and March 23, 2021, the Bank's board of directors exercised the power and authority of the shareholders' meeting proposed amounts of employees' compensation that were the same as the accrued amounts reflected in the consolidated financial statements in 2021 and 2020.

Information on the appropriation of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

42. DEPRECIATION AND AMORTIZATION

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Depreciation	$ 659,741	$ 641,649	$ 1,299,901	$ 1,280,060
Amortization	271,071	219,024	536,932	434,042
	$ 930,812	$ 860,673	$ 1,836,833	$ 1,714,102

43. GENERAL AND ADMINISTRATIVE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Taxation and government fee	$ 527,136	$ 412,756	$ 991,122	$ 834,843
Marketing	320,204	170,675	567,559	424,647
Equipment repair	186,280	201,083	415,935	374,089
Rental	195,549	158,832	385,140	365,595
Insurance	177,568	167,502	345,255	329,661
Others	661,876	630,363	1,255,259	1,062,581
	$ 2,068,613	$ 1,741,211	$ 3,960,270	$ 3,391,416

44. INCOME TAX

Since 2003, Fubon Financial Holdings Co., Ltd. and its eligible subsidiaries, including the Bank, have been using the linked-tax system for filing regular corporate income tax and 10% income tax on undistributed earnings.

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Current period	$ 960,803	$ 682,267	$ 1,741,346	$ 1,359,678
Adjustments for prior years	(9,688)	(74,998)	(22,099)	(74,998)
	951,115	607,269	1,719,247	1,284,680
Deferred tax				
Current period	(126,135)	(43,249)	460,191	87,210
Income tax expense recognized in profit or loss	$ 824,980	$ 564,020	$ 2,179,438	$ 1,371,890

b. Income tax recognized in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	$ (1,750)	$ -	$ 1,779	$ 16,830
Deferred tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	1,750	-	(1,779)	(16,830)
	$ -	$ -	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Deferred tax				
Recognized during the period				
Unrealized gains on financial assets at fair value through other comprehensive income	$ (284,713)	$ 71,074	$ (579,227)	$ 33,756
Share of other comprehensive profits and losses of related companies using the equity method	(10,281)	-	(10,281)	-
	$ (295,012)	$ 71,074	$ (589,508)	$ 33,756

d. The income tax returns of the Bank through 2017 were assessed by the Taipei National Tax Administration (TNTA). The Bank disagreed with the tax authorities' assessment of the Bank's 2012 to 2013 additional amount returns on its sports lottery program and applied for a re-examination.

e. Income tax returns of Fubon Bank (China) through 2021 had been assessed by the Shanghai Municipal Office, SAT and the Shanghai Municipal Bureau of Local Taxation.

45. EARNINGS PER SHARE

(In New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Basic earnings per share				
From continuing operations	$ 0.42	$ 0.36	$ 0.96	$ 0.77
Proposed retrospective adjustment of earnings per share on the basis date of the free allotment after the date of passing the financial report	$ 0.40	$ 0.34	$ 0.90	$ 0.72

The earnings and weighted average number of common stock outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Income for the period attributable to owners of the Bank	$ 5,190,197	$ 4,428,830	$ 11,716,477	$ 9,387,340

Number of Shares

(In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Weighted average number of common stock used in computing basic earnings per share	12,256,209	12,256,209	12,256,209	12,256,209
The proposed retrospective weighted average number of shares on the basis date of the free allotment after the date of adoption of the financial report	12,977,422	12,977,422	12,977,422	12,977,422

46. RELATED-PARTY TRANSACTIONS

Except for those disclosed in other notes to the financial statements, as of June 30, 2022, December 31, 2021 and June 30, 2021 the related party transactions between the Bank and its subsidiaries are as follows:

a. Related parties

Related Party	Relationship with the Bank and Its Subsidiaries
Fubon Financial Holdings Co., Ltd. ("FFH")	Parent company
Fubon Real Estate Management Co., Ltd.	Equity-method investee of the Bank
Line Biz+ Taiwan Ltd. ("Line Biz+")	Equity-method investee of the Bank
Line Bank Taiwan Limited ("Line Bank")	Equity-method investee of the Bank
Hyundai Card Co., Ltd.	Equity-method investee of the Bank
Fubon Insurance Co., Ltd. ("Fubon Insurance")	Subsidiary of FFH
Fubon Life Insurance Co., Ltd. ("Fubon Life Insurance")	Subsidiary of FFH
Fubon Securities Co., Ltd. ("Fubon Securities")	Subsidiary of FFH
Fubon Bank (Hong Kong) Limited ("Fubon Bank (Hong Kong)")	Subsidiary of FFH
Fubon Asset Management Co., Ltd. ("Fubon Asset Management")	Subsidiary of FFH
Fubon Securities Investment Trust Co., Ltd. ("Fubon Securities Investment Trust")	Subsidiary of FFH
Fubon Future Co., Ltd. ("Fubon Future")	Equity-method investee of subsidiary of FFH
Jih Sun International Bank Co., Ltd. (Jih Sun Bank)	Equity-method investee of the subsidiaries of the Bank's parent bank (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Jih Sun Securities Co., Ltd. (Jih Sun Securities)	Equity-method investee of the subsidiaries of the Bank's parent bank (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Sichuan Vip Fubon Consumer Finance Ltd. (Sichuan Vip)	Equity-method investee of the subsidiaries
Taipei City Government ("TCG") and its departments	Major shareholder of parent company
Chung Hsing Land Development Co., Ltd. ("CHLDC")	Major shareholder of parent company
Taiwan Mobile Co., Ltd. ("Taiwan Mobile")	Related party in substance
Taiwan High Speed Rail Corp. ("Taiwan High Speed Rail")	Related party in substance
Taiwan Fixed Network Co., Ltd. ("Taiwan Fixed Network")	Related party in substance
Fubon Charity Foundation (Fubon Charity)	Related party in substance
YONG HSIN SHING YE CO., LTD. (Yong Hsin)	Related party in substance
Taiwan Life Insurance Co., Ltd. ("Taiwan Life Insurance")	Related party in substance
Beijing Global Media Technology Co., Ltd ("Beijing Global")	Related party in substance
Mediatek (Shenzhen) Inc. ("Mediatek (Shenzhen)")	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2020)

(Continued)

Related Party	Relationship with the Bank and Its Subsidiaries
Mediatek (Chengdu) Inc. ("Mediatek (Chengdu)")	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2020)
Mstar Semiconductor (Shenzhen) Inc. ("Mstar Semiconductor")	Related party in substance (the Bank and its subsidiaries were a related party after the third quarter of 2020)
CTBC Bank Co., Ltd. (CTBC Bank)	Related party in substance (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Wuxi Huanyu Enterprise Management Services Limited. (Wuxi Huanyu)	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2021)
Alpha Networks Inc. (Alpha Networks)	Related party in substance (the Bank and its subsidiaries were a related party after the first quarter of 2021)
China Construction No. 6 Bureau Construction Engineering Co., Ltd. (China Construction)	Related party in substance
Others	Directors, supervisors, managers and their relatives within the second degree of consanguinity

(Concluded)

b. Significant transactions with related parties are summarized as follows:

	For the Six Months Ended June 30, 2022						
	Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1) Loans	$ 7,040,351	$ 23,571,686	0.36	$ 36,354	0-14.97	$ 29,524	$ 4,616

	June 30, 2022						
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	78	$ 41,525	$ 26,415	✓	$ -	None	Yes
Housing mortgage loans	274	3,153,267	2,673,561	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	11,000,000	-	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	5,000,000	-	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	4,252,926	4,216,447	✓	-	Public treasury guarantees	Yes
	Yong Hsinl	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Beijing Global	79,851	79,851	✓	-	Bank deposit certificate	Yes
	Other	117	77	✓	-	Credit guarantee fund	Yes
		$ 23,571,686	$ 7,040,351				

		For the Year Ended December 31, 2021						
		Ending Balance	Highest Balance for the Year	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1)	Loans	$ 23,511,026	$ 33,023,403	1.28	$ 40,970	0-14.71	$ 99,832	$ 7,355

	December 31, 2021						
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	91	$ 61,692	$ 34,560	✓	$ -	None	Yes
Housing mortgage loans	281	3,803,793	2,883,845	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	17,690,210	11,000,000	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	6,000,000	5,000,000	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	4,346,133	4,252,926	✓	-	Public treasury guarantees	Yes
	Alpha Networks	572,213	-	✓	-	Credit guarantees (approval date on February 21, 2012. FFH listed it as related party on January 29, 2021)	Yes
	Jih Sun Securities	200,000	-	✓	-	Credit guarantees (approval date on December 17, 2019, FFH listed it as related party on March 30, 2021)	Yes
	Yong Shin	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Beijing Global	87,542	78,241	✓	-	Bank deposit certificate	Yes
	China Construction	217,337	217,337	✓	-	Credit	Yes
	Other	483	117	✓	-	Credit guarantee fund	Yes
		$ 33,023,403	$ 23,511,026				

		For the Six Months Ended June 30, 2021						
		Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1)	Loans	$ 21,916,730	$ 30,152,132	1.23	$ 45,323	0-14.71	$ 45,078	$ 3,002

	June 30, 2021						
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	90	$ 52,621	$ 41,263	✓	$ -	None	Yes
Housing mortgage loans	290	3,387,027	2,882,766	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	15,462,761	8,000,000	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	6,000,000	6,000,000	✓	-	Credit guarantees	Yes

(Continued)

Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
	Department of Urban Development, TCG	$ 4,346,133	$ 4,304,095	✓	$ -	Public treasury guarantees	Yes
	Alpha Networks	572,213	557,399	✓	-	Credit guarantees (approval date on February 21, 2012. FFH listed it as related party on January 29, 2021)	Yes
	Jih Sun Securities	200,000	-	✓	-	Credit guarantees (approval date on December 17, 2019, FFH listed it as related party on March 30, 2021)	Yes
	Yong Hsinl	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Beijing Global	86,894	86,894	✓	-	Bank deposit certificate	Yes
	Other	483	313	✓	-	Credit guarantee fund	Yes
		$ 30,152,132	$ 21,916,730				

(Concluded)

		For the Six Months Ended June 30							
		2022				2021			
		Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)	Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)
2)	Deposits	$ 148,976,866	4.91	0-6.22	$ (163,459)	$ 133,260,976	5.22	0-5.87	$ (106,926)
3)	Due from other banks - call loans	$ -	-	-	$ -	$ -	-	0.09-0.11	$ 38
4)	Due from other banks - deposits	$ 645,058	0.82	0-1.02	$ 787	$ 560,050	0.88	0-5.40	$ 734
5)	Due to other banks - call loans	$ -	-	-	$ -	$ -	-	0.27	$ (24)

Under Banking Act No. 32 and No. 33, except for consumer and government loans, credits extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

6) Securities

Related Party	Type	For the Six Months Ended June 30 2022	2021
Taiwan Life Insurance	Bonds purchased	$ 542,723	$ -
Fubon Life Insurance	Bonds sold	-	1,215,313
TCG	Bonds purchased	-	900,000
CTBC Bank	Bonds purchased	-	3,158,247
	Bonds sold	-	411,355

Related Party	Type	June 30, 2022	December 31, 2021	June 30, 2021
Taiwan High Speed Rail	Bonds sold under repurchase agreements	$ -	$ 1,665,000	$ -
Directors, supervisors, managers and their relatives within the second degree of consanguinity	Bonds sold under repurchase agreements	2,300,874	2,190,914	2,230,205

Related Party	Type	June 30, 2022	December 31, 2021	June 30, 2021
Jih Sun Securities	Bank debentures	$ -	$ 200,000	$ 200,000

7) Mutual fund and stock transactions

	June 30, 2022		December 31, 2021		June 30, 2021	
Fund	Units (In Thousands)	Amount	Units (In Thousands)	Amount	Units (In Thousands)	Amount
Fubon No. 1 REIT	57,680	$ 953,451	57,680	$ 1,033,626	57,680	$ 1,027,281
Fubon No. 2 REIT	8,648	135,341	8,648	136,033	8,648	139,146

Fubon No. 2 REIT Investment Trust Fund increased by 6,800 thousand units on June 30, 2021. The bank used the closing price on June 28, 2021 as the purchase price, and used a huge matching transaction method through securities brokers Fubon Securities by $109,480 thousand.

Related Party	Type	June 30, 2022	December 31, 2021	June 30, 2021
Fubon Securities	Discretionary investment transaction net assets	$ 2,152,790	$ 2,676,387	$ -

8) Derivative financial instruments

		June 30, 2022				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2021.10.27-2022.12.30	$ 26,847,855	$ 1,616,328	Revaluation of financial liabilities at fair value through profit or loss	$ 1,562,520
Jih Sun Securities	Interest rate swap contract	2018.03.05-2023.09.04	997,288	(7,074)	Revaluation of financial liabilities at fair value through profit or loss	2,565
Jih Sun Securities	Interest rate swap contract	2018.12.18-2024.03.25	600,000	(4,937)	Revaluation of financial assets at fair value through profit or loss	3,440

		December 31, 2021				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2021.10.27-2022.12.30	$ 20,287,425	$ (104,195)	Revaluation of financial liabilities at fair value through profit or loss	$ 104,195
Jih Sun Securities	Interest rate swap contract	2018.03.05-2024.03.25	1,476,892	(14,353)	Revaluation of financial assets at fair value through profit or loss	13,329
Jih Sun Securities	Interest rate swap contract	2018.08.31-2023.09.04	1,000,000	3,804	Revaluation of financial assets at fair value through profit or loss	2,111

		June 30, 2021				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2021.04.27-2021.09.30	$ 12,577,770	$ (37,554)	Revaluation of financial liabilities at fair value through profit or loss	$ 37,554
Fubon Life Insurance	Currency swap contracts	2021.05.26-2021.08.31	5,848,920	3,270	Revaluation of financial assets at fair value through profit or loss	3,270
Jih Sun Securities	Interest rate swap contract	2018.08.31-2023.09.4	1,300,000	1,699	Revaluation of financial liabilities at fair value through profit or loss	4,216
Jih Sun Securities	Interest rate swap contract	2018.03.05-2024.03.25	1,478,700	(6,375)	Revaluation of financial assets at fair value through profit or loss	21,306
CTBC Bank	Currency swap contracts	2020.08.25-2022.04.18	2,048,226	13,104	Revaluation of financial assets at fair value through profit or loss	16,160

9) Credit asset transaction

Related Party	Type	June 30, 2022	December 31, 2021	June 30, 2021
Fubon Bank (Hong Kong)	Bonds purchased	$ -	$ 361,460	$ 361,460

10) Lease

Lease agreements between the Bank and its subsidiaries and related parties where the Bank and its subsidiaries are lessees were determined by reference to the similar properties in the vicinity of the Bank and its subsidiaries' investment property or the valuation analysis made by the real estate appraisal firm. Rent is calculated based on a certain amount charged per square foot of the leased space and is collected on a monthly or quarterly basis.

a) Guarantee deposits

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Fubon Asset Management	$ 13,385	$ 13,385	$ 13,385
Fubon Securities	8,831	8,831	9,128
Fubon Insurance	525	525	525
Taiwan Mobile	444	444	765
Others	594	601	938
	$ 23,779	$ 23,786	$ 24,741

b) Rental revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party	2022	2021	2022	2021
Fubon Securities	$ 13,395	$ 13,842	$ 26,791	$ 27,683
Fubon Asset Management	2,092	2,092	4,184	4,169
Fubon Insurance	821	821	1,642	1,642
Taiwan Mobile	705	705	1,411	1,411
Others	109	709	217	1,418
	$ 17,122	$ 18,169	$ 34,245	$ 36,323

c) Refundable deposits

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
CHLDC	$ 35,342	$ 35,342	$ 35,342
Fubon No. 2 REIT	26,417	26,319	26,281
Fubon Insurance	19,586	19,337	26,011
Fubon Life Insurance	10,318	10,318	8,081
TCG	4,989	7,536	7,496
Fubon No. 1 REIT	4,709	4,709	6,582
Others	7,739	7,739	6,279
	$ 109,100	$ 111,300	$ 116,072

d) Rental expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
CHLDC	$ 3,911	$ 3,812	$ 7,794	$ 7,681
Taiwan Fixed Network	2,021	2,484	3,258	6,216
Fubon No. 2 REIT	688	634	1,367	1,268
Fubon Insurance	503	520	987	1,015
Fubon No. 1 REIT	534	687	600	833
Fubon Charity	-	1,618	-	3,232
Others	192	81	692	267
	$ 7,849	$ 9,836	$ 14,698	$ 20,512

e) Lease arrangements

Right-of-use assets

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
CHLDC	$ 645,502	$ 645,502	$ 645,502
Fubon No. 2 REIT	299,642	298,633	298,633
Fubon Life Insurance	270,872	270,872	219,661
Fubon Insurance	221,886	1,408	296,506
TCG	98,874	53,263	97,174
Fubon Charity	62,552	62,552	17,976
Fubon No. 1 REIT	53,253	52,094	72,976
Others	119,779	119,868	114,018
	$ 1,772,360	$ 1,504,192	$ 1,762,446

Lease liabilities

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
CHLDC	$ 325,568	$ 430,308	$ 533,053
Fubon Insurance	186,803	1,370	51,635
Fubon No. 2 REIT	168,755	168,580	215,825
Fubon Life Insurance	161,617	183,590	133,753
TCG	64,209	35,767	51,316
Fubon Charity	51,101	61,139	2,680
Fubon No. 1 REIT	49,031	4,662	26,577
Taiwan Fixed Network	6,609	9,809	12,994
Others	83,048	52,679	41,905
	$ 1,096,741	$ 947,904	$ 1,069,738

Depreciation expense on right-of-use assets

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
CHLDC	$ 52,682	$ 52,682	$ 104,785	$ 104,785
Fubon No. 2 REIT	19,705	24,737	44,237	49,066
Fubon Insurance	18,395	24,619	36,511	48,967
Fubon Life Insurance	11,247	9,343	22,371	18,583
TCG	8,375	8,234	16,658	16,377
Fubon No. 1 REIT	41	6,234	4,422	12,504
Others	7,847	8,736	20,116	17,377
	$ 118,292	$ 134,585	$ 249,100	$ 267,659

Interest expense on lease liabilities

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
CHLDC	$ 3,078	$ 4,932	$ 6,587	$ 10,257
Fubon Insurance	1,886	532	3,913	1,281
Fubon Life Insurance	1,562	1,239	3,208	2,545
Fubon No. 2 REIT	1,418	1,621	2,768	2,676
TCG	590	469	1,199	964
Fubon No. 1 REIT	440	254	453	560
Others	1,140	460	2,137	982
	$ 10,114	$ 9,507	$ 20,265	$ 19,265

Value of contract

Related Party	June 30, 2022	December 31, 2021	June 30, 2021
CHLDC	$ 680,654	$ 680,654	$ 680,654
Fubon Life Insurance	362,383	362,383	321,588
Fubon No. 2 REIT	305,054	303,886	303,886
Fubon Insurance	234,860	228,154	312,131
TCG	103,641	101,780	101,780
Fubon No. 1 REIT	56,109	54,781	77,257
Others	220,524	240,064	176,292
	$ 1,963,225	$ 1,971,702	$ 1,973,588

11) Insurance expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Fubon Insurance	$ 19,055	$ 18,798	$ 56,134	$ 75,755
Fubon Life Insurance	18,390	18,157	37,737	36,110
Others	86	76	169	154
	$ 37,531	$ 37,031	$ 94,040	$ 112,019

12) Marketing collaboration

The Bank entered into a collaboration arrangement with Fubon Securities for deal settlement of securities, cost sharing, and cross-selling. Under this contract, the expense allocation was based on the average balance that the customers of Fubon Securities deposited in the Bank. The allocation costs for office space that the Bank paid to Fubon Securities were $196,673 thousand and $175,214 thousand for the six months ended June 30, 2022 and 2021, and $95,437 thousand and $94,464 thousand for the three months ended June 30, 2022 and 2021, respectively.

13) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 127,833	$ 114,470	$ 328,670	$ 298,723
Post-employment benefits	1,420	1,322	2,701	2,629
Others	298	192	652	466
	$ 129,551	$ 115,984	$ 332,023	$ 301,818

14) Linked-tax system

The Bank's parent company, FFH, uses the linked-tax system for filing the income tax returns of FFH and its eligible subsidiaries, which include the Bank.

	June 30, 2022	December 31, 2021	June 30, 2021
Linked-tax receivable (included in current tax assets)	$ 111,249	$ 111,249	$ 111,249
Linked-tax payable (included in current tax liabilities)	1,208,285	1,220,830	1,016,643

15) Others

	June 30, 2022	December 31, 2021	June 30, 2021
Receivables - Fubon Life Insurance	$ 241,960	$ 367,305	$ 165,241
Receivables - others	65,213	75,691	68,858
Payables - others	84,982	131,316	77,159
Principals of structured products - Mstar Semiconductor	492,404	468,838	437,366
Principals of structured products - Mediatek (Chengdu)	536,813	-	380,543
Principals of structured products - Mediatek (Shenzhen)	1,226,330	1,177,529	340,850
Principals of structured products - Wuxi Huanyu	20,541	19,865	21,141
Principals of structured products - others	47,098	36,142	58,679
Refundable deposits - Fubon Futures Co., Ltd.	416,379	205,118	163,426
Other financial assets - Sichuan Vip	887,295	-	-
Guarantee deposits - Jih Sun Bank	-	12,460	23,689

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Service fee income - Fubon Life Insurance	$ 1,116,954	$ 1,076,560	$ 2,572,651	$ 2,441,781
Service fee income - others	535,226	290,726	1,128,356	541,979
Other income - others	5,305	5,657	17,741	11,357
Interest income received from other financial assets - Sichuan Vip	11,080	-	11,446	-
Service fee expenses - others	990,831	656,530	1,865,005	1,257,891
Operating expenses - others	105,285	82,175	178,761	195,201

Transactions between the Bank and its subsidiaries and related parties were made at terms similar to that for unrelated parties, except for the preferential interest rates offered to employees for their savings and loans of up to certain amounts.

47. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 28, 2021, the Bank subscribed for additional new shares of Fubon Bank (China) at a percentage different from its existing ownership percentage, and increased its continuing interest from 51% to 57.92%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Fubon Bank (China) For the Six Months Ended June 30, 2021
Consideration paid	$ (4,321,280)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to owners interests	5,191,365
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	(29,173)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	36,753
Differences recognized from equity transactions	$ 877,665
Line items adjusted for equity transactions	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	$ 877,665

48. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2022

	Opening Balance	Cash Flows from Financing Activities	Non-cash Changes				Closing Balance
			Change in Exchange Rate	Change in Fair Value	Other Changes	Other	
Due to the Central Bank and banks	$ 13,490,286	$ (12,760,290)	$ 14,378	$ -	$ -	$ -	$ 744,374
Bank debentures	113,800,162	600,000	1,355,409	(3,169,003)	274,734	-	112,861,302
Lease liabilities	4,508,071	(743,031)	38,320	-	1,322,378	(70,815)	5,054,923
	$ 131,798,519	$ (12,903,321)	$ 1,408,107	$ (3,169,003)	$ 1,597,112	$ (70,815)	$ 118,660,599

For the six months ended June 30, 2021

	Opening Balance	Cash Flows from Financing Activities	Non-cash Changes				Closing Balance
			Change in Exchange Rate	Change in Fair Value	Other Changes	Other	
Due to the Central Bank and banks	$ 6,965,030	$ (845,880)	$ -	$ -	$ -	$ -	$ 6,119,150
Bank debentures	118,306,675	(11,071,688)	(530,959)	(505,986)	274,255	-	106,472,297
Lease liabilities	4,093,537	(703,750)	(11,156)	-	1,389,947	(75,823)	4,692,755
	$ 129,365,242	$ (12,621,318)	$ (542,115)	$ (505,986)	$ 1,664,202	$ (75,823)	$ 117,284,202

49. PLEDGED ASSETS

The following assets had been provided as refundable deposits:

	June 30, 2022	December 31, 2021	June 30, 2021
Deposit reserves (due from the Central Bank and call loans to other banks)	$ -	$ 15,000,000	$ 10,000,000
Negotiable certificates of deposit of the Central Bank (included in investments in debt instruments measured at amortized cost)	32,493,487	19,996,289	19,996,779
Government bonds (included in investments in debt instruments measured at amortized cost)	1,640,973	1,546,051	1,543,227
Due from other banks (included in other financial assets)	500,650	2,678,379	2,657,276
	$ 34,635,110	$ 39,220,719	$ 34,197,282

Of the above deposit reserves which is due from the Central Bank and call loans to other banks, a total of $15,000,000 thousand and $10,000,000 thousand as of June 30, 2022 and December 31, 2021 had been provided for as collateral for undertaking the loans and applies to the Central Bank for guarantee loan refinancing for small and medium enterprises impacted by severe special infections pneumonia epidemic. As of June 30, 2022, December 31, 2021 and June 30, 2021, a total of $10,000,000 thousand had been provided for as collateral for day-term overdraft to comply with the CB's clearing system requirement for real-time gross settlement (RTGS). The unused overdraft amount at the end of the day may be treated as liquidity reserve. As of June 30, 2022, December 31, 2021 and June 30, 2021, certificates of deposit (CD) of the Central Bank and negotiable certificates of deposit (NCD) of the Central Bank amounting to $13,500,000 thousand, $10,000,000 thousand and $10,000,000 thousand had been provided to the Central Bank as collateral for the Bank's foreign-currency call loans. As of June 30, 2022, a total of $9,000,000 thousand had been provided for as collateral for day-term overdraft to comply with the CB's negotiable time deposit certificate.

Other pledged assets had been placed with (a) courts for meeting requirements for judiciary provisional seizure of debtors' property, (b) the National Credit Card Center for the Bank's potential obligations on credit card activities, (c) the Central Bank for the Bank's potential obligations on its trust activities, (d) foreign governments for the Bank's potential obligations on its overseas operations, and (e) counterparties as collateral of derivatives transactions.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Except for those disclosed in other notes of the accompanying consolidated financial statements, as of June 30, 2022, December 31, 2021 and June 30, 2021, the Bank and its subsidiaries had commitments as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Undrawn credit card commitments	$ 390,329,185	$ 363,113,486	$ 356,579,486
Collections for customers	26,650,475	41,045,556	28,713,307
Agency loans payable	1,499,751	9,746,795	9,905,758
Trust deposits	2,275,594	1,902,187	1,644,635
Entrusted loans	2,275,594	1,902,187	1,644,635
Entrusted financial management	14,722,354	28,955,829	30,417,678
Marketable securities under custody	541,588,149	490,725,224	455,665,449
Management for book-entry government bonds	191,079,300	152,981,100	165,406,500

b. As of June 30, 2022, December 31, 2021 and June 30, 2021, the capital expenditure commitment amount were $826,487 thousand, $912,126 thousand and $831,519 thousand, respectively.

c As of June 30, 2022, December 31, 2021 and June 30, 2021, the committed investment amount of private equity fund contract that has not yet been invested is:

(In Thousands of U.S. Dollars)

	June 30, 2022	December 31, 2021	June 30, 2021
USD	$ 2,550	$ -	$ -

51. TRUST BUSINESS UNDER THE TRUST LAW

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Bank and its subsidiaries' consolidated financial statements.

Balance Sheets of Trust Accounts
June 30, 2022 and 2021

	2022	2021		2022	2021
Bank deposits	$ 8,969,869	$ 6,824,547	Payables	$ 3,933	$ 2,528
Short-term investments			Capital		
Mutual funds	218,937,154	178,749,380	Money	346,812,602	302,028,256
Bonds	73,005,874	82,653,330	Marketable securities	8,934,654	16,636,566
Stock	40,453,605	40,808,023	Real estate	47,855,173	43,065,305
Structured products	17,695,663	12,349,224		403,602,429	361,730,127
Receivables	1,646	717			
	350,093,942	314,560,674	Securities investment trust fund under custody	244,422,025	220,536,894
Securities investment trust fund under custody	244,422,025	220,536,894	Reserves and cumulative earnings		
			Cumulative earnings	(5,023,471)	(8,120,143)
Real estate			Net income	3,713,423	7,100,135
Land	34,855,529	31,755,606		(1,310,048)	(1,020,008)
Construction in progress	8,292,408	6,396,958			
Buildings	84,566	1,174,862			
	43,232,503	39,327,426			
Total trust assets	$ 646,718,339	$ 581,249,541	Total trust liabilities	$ 646,718,339	$ 581,249,541

Trust Income Statements
For the Six Months Ended June 30, 2022 and 2021

	2022	2021
Trust income		
Interest income	$ 6,596,719	$ 5,050,717
Others	23,477	27,469
Cash dividends	100,031	59,544
Realized capital income - common stock	583,003	854,209
Unrealized capital income - common stock	3,283	65,107
Realized capital income - mutual funds	1,011,418	3,391,194
Realized capital income - bonds	45,061	221,085
Realized capital income - structured products	-	1,369
Distribution from beneficiary certificates	56,993	23,886
Total trust income	8,419,985	9,694,580
Trust expense		
Trust administrative expense	569,476	644,135
Supervision fee	252	232
Service fee	3,751	5,466
Income tax expense	11	4
Others	218,480	176,671
Realized capital loss - common stock	191,312	18,576
Unrealized capital loss - common stock	475,426	43
Realized capital loss - mutual fund	2,664,674	1,311,521
Realized capital loss - bonds	529,901	324,462
Realized capital loss - structured products	53,279	113,335
Total trust expense	4,706,562	2,594,445
Net income	$ 3,713,423	$ 7,100,135

Trust Property of Trust Accounts
June 30, 2022 and 2021

Investment Portfolio	2022	2021
Bank deposits	$ 8,969,869	$ 6,824,547
Short-term investments		
Mutual funds	218,937,154	178,749,380
Bonds	73,005,874	82,653,330
Stock	40,453,605	40,808,023
Structured products	17,695,663	12,349,224
Receivables	1,646	717
	350,093,942	314,560,674
Security investment trust fund under custody	244,422,025	220,536,894
Real estate		
Land	34,855,529	31,755,606
Construction in progress	8,292,408	6,396,958
Buildings	84,566	1,174,862
	43,232,503	39,327,426
	$ 646,718,339	$ 581,249,541

52. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY SHARING OF RESOURCES

The Bank entered into a marketing collaboration agreement with Fubon Financial Holdings Company ("FFH") and its subsidiaries for the cross-selling business. The collaboration arrangements include the sharing of office space, manpower, and business support. Cost allocation and payments are made in accordance with cross-selling rules and the contractual agreements with FFH and its subsidiaries.

Refer to Note 46 for the cross-selling revenues and expenses for the six months ended June 30, 2022 and 2021.

53. FINANCIAL INSTRUMENTS

a. Fair value

1) Overview

Fair value is the price that would be received to sell assets or paid to transfer liabilities in orderly transactions between market participants at the measurement date.

All financial instruments are initially measured at fair value, which is usually the transaction price in many cases. Financial assets are subsequently measured at fair value, except those measured at amortized cost. Quoted market prices in active markets provide the most reliable evidence of fair value. The fair value of financial instruments is measured by marking-to-model or, if the market is inactive, by referring to the quoted prices from Bloomberg or Reuters or from the counterparty.

2) The levels of the fair value hierarchy are described below:

a) Level 1

Level 1 financial instruments are traded in an active market and have quoted prices for identical assets or liabilities. An active market has the following conditions:

i. All financial instruments traded in the market are homogeneous.

ii. Willing buyers and sellers are found in the market all the time.

iii. The public can access the price information easily.

The products categorized in this level usually have high liquidity or are traded in the futures market or exchanges, such as the spot foreign exchange, listed stock and the Taiwan treasury benchmark index bond.

b) Level 2

The products categorized in this level have the prices that can be inferred from either direct or indirect observable inputs other than active market prices. Examples of these inputs are:

i. Quoted prices of similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. The determination of product similarity is based on the financial instrument characteristics and the trading rules. The fair price valuation is subject to adjustments due to differences in prices over time and between market participants and in trading rules;

ii. Quoted prices of identical or similar financial instruments in inactive markets;

iii. When marking-to-model, observable inputs other than quoted prices (such as interest rates and yield curves observable at commonly quoted intervals, and implied volatilities), i.e., the inputs can be observed in the market and can reflect the expectation of market participants;

iv. Inputs are derived from or corroborated by observable market data through correlation or other means.

The fair value of the products categorized in this level are based on inputs used for a simple model or valuation model generally accepted by the market. Examples of these products are forward contracts, cross-currency swap, simple interest-earning bonds and simple foreign exchange options.

c) Level 3

The fair value of Level 3 products, which include financial instruments and investment properties, are based on inputs other than direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation of future volatility.

The products categorized in this level are complex derivative financial instruments, products with prices provided by brokers or unlisted shares, such as complex foreign exchange options, commodity options, and complex interest rate options.

b. Specific financial instruments measured at fair value

1) Fair value hierarchy

The fair value of the Bank and its subsidiaries' financial instruments and properties are measured on a recurring basis. The fair value hierarchy of these financial instruments and investment properties as of June 30, 2022, December 31, 2021 and June 30, 2021 was as follows:

	June 30, 2022			
Item	**Total**	**Level 1**	**Level 2**	**Level 3**
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 1,177,025	$ 698,329	$ -	$ 478,696
Bond investments	37,803,447	22,030,157	7,002,719	8,770,571
Others	55,172,644	958,572	47,760,548	6,453,524
Financial assets at fair value through other comprehensive income				
Stock investments	26,531,517	24,687,556	-	1,843,961
Bond investments	194,430,731	34,298,017	156,969,015	3,163,699
Others	62,839,099	8,598,408	53,645,033	595,658
Investment properties	3,061,400	-	-	3,061,400
Liabilities				
Financial liabilities at fair value through profit or loss	449,663	449,663	-	-
Hedging of financial liabilities - non-derivative	3,787,966	-	3,787,966	-

(Continued)

Item	June 30, 2022 Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 52,940,058	$ 809,143	$ 50,345,495	$ 1,785,420
Financial assets for hedging	5,069,515	-	5,069,515	-
Liabilities				
Financial liabilities at fair value through profit or loss	37,622,054	96	35,772,182	1,849,776
Financial liabilities for hedging	3,347,569	-	3,347,569	-

(Concluded)

Item	December 31, 2021 Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 1,793,855	$ 1,714,619	$ -	$ 79,236
Bond investments	45,229,823	28,404,577	9,313,828	7,511,418
Others	38,721,925	1,375,305	27,910,156	9,436,464
Financial assets at fair value through other comprehensive income				
Stock investments	22,884,870	20,906,785	-	1,978,085
Bond investments	188,818,276	35,458,288	150,033,307	3,326,681
Others	42,665,827	8,480,634	33,631,753	553,440
Investment properties	3,061,400	-	-	3,061,400
Liabilities				
Financial liabilities at fair value through profit or loss	148,564	148,564	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	19,692,922	444,381	18,177,814	1,070,727
Financial assets for hedging	1,470,281	-	1,470,281	-
Liabilities				
Financial liabilities at fair value through profit or loss	23,396,537	5,454	22,090,523	1,300,560
Financial liabilities for hedging	5,786,879	-	5,786,879	-

Item	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 236,441	$ 157,914	$ -	$ 78,527
Bond investments	38,434,247	20,273,962	11,129,370	7,030,915
Others	18,225,471	33,575	14,690,974	3,500,922
Financial assets at fair value through other comprehensive income				
Stock investments	18,938,152	16,914,334	-	2,023,818
Bond investments	173,209,307	37,359,572	132,860,301	2,989,434
Others	12,308,675	7,689,402	3,847,661	771,612
Investment properties	3,212,700	-	-	3,212,700
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	27,207,044	356,967	25,986,380	863,697
Financial assets for hedging	1,764,904	-	1,764,904	-
Liabilities				
Financial liabilities at fair value through profit or loss	28,143,723	2,146	27,005,149	1,136,428
Financial liabilities for hedging	7,221,318	-	7,221,318	-

2) Fair value measurement technique

a) Financial instruments

The financial assets should be measured by marking to market.

This method should be employed at the first place, unless it is infeasible. Following are the principles to be observed when using marking-to-market:

i. Ensure the consistency and integrity of market data.

ii. The source of market data should be transparent, easy to access, and independent.

iii. Listed securities with representative quoted prices should be valued at closing prices.

iv. Fair value of unlisted securities with no closing prices are evaluated based on prices quoted by independent brokers.

v. The guidelines provided by the regulatory authorities should be followed.

Marking to model is suggested if marking to market is infeasible. This valuation methodology uses model inputs to derive the value of trading positions. Senior managers should acknowledge the valuation model scope, uncertainties and effects. In addition to complying with the Bank's regulations regarding model valuation, the Bank should consider the following:

i. Model inputs should be consistent and complete.

ii. Valuation models should be made on the basis of proper assumptions. The Bank should also consider its internal control system, market risk management framework and mathematical expertise in making calculations. Moreover, model validation should be implemented by a quantitative trading team that is independent of the market risk-taking unit.

iii. There should be standard procedures for model alteration and the operation of a backup system, and valuation results should be tested periodically using historical backup data.

The Bank and its subsidiaries' fair value measurement models - such as the Black-Scholes option pricing model or Monte Carlo Simulation are widely used in the industry. If some valuation model parameters consist of unobservable information in markets, the Bank and its subsidiaries must make proper fair value estimates based on assumptions.

The fair value of unlisted equity securities was determined based on the nature of targets and the condition of collected data using the appropriate valuation approach, including the income approach and the asset approach.

For estimating the impact of parameters based on unobservable data, the Bank's "Quantitative Information on Significant Unobservable Inputs (Level 3)" is used as reference.

b) Non-financial instruments

Fair value of investment properties is measured using the income approach based on the valuations carried out by independent qualified professional appraisers. The related data and inputs are as follows:

i. Cash flows: The Bank and its subsidiaries evaluate market rentals of comparable properties on the basis of current lease agreements, local rental prices and market similarity, and rule out the values that are too high or too low. In addition, properties with terminal values should add the present value of terminal value to their market rentals.

ii. Analysis period: The income is measured by 10 years.

iii. Discount rate: The discount rate is based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75% and asset-specific risk premiums.

3) Fair value adjustment

Credit risk value adjustments included in the calculation of the fair value of financial instruments take into account the counterparties' credit risk and the Bank's credit quality.

Credit risk value adjustments represent the fair value of derivative contracts reflecting the credit risks of both parties to a transaction. It is mainly composed of credit value adjustments and debit value adjustments.

a) Credit valuation adjustment (CVA) is used for derivative contracts that are traded over the counter. It is the adjustment required for the value of a derivative asset to reflect the counterparty's credit risk, of the Bank.

b) Debit valuation adjustment (DVA) is used for derivative contracts that are traded over the counter. It is the adjustment required for the value of a derivative liability to reflect non-performance risk, including credit risk, of the Bank.

CVA and DVA are the tools for estimating losses, which are calculated using models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying the Exposure at Default (EAD).

The Bank calculates expected loss by multiplying the probability of default (PD) by the loss given default (LGD) by the exposure at default (EAD).

The Bank calculates EAD using the mark-to-market fair value of OTC derivative instruments.

The Bank uses 60% as the PD in accordance with "IFRS 13 CVA and DVA-related Disclosure Guidelines" issued by the Taiwan Stock Exchange.

4) Transfers between Level 1 and Level 2

The Bank and its subsidiaries regularly review and enhance the liquidity of quotes to improve the quality of evaluation information. The Bank and its subsidiaries transferred part of the NTD Bonds from Level 1 to Level 2 because the Bank and its subsidiaries determined these investments were not in an active market. Thus, the relevant amount was transferred from the first grade to the second grade, for the six months ended June 30, 2022. For the six months ended June 30, 2021, the Bank and its subsidiaries had no material transfer between Level 1 and Level 2.

5) Reconciliation of Level 3 items

a) Reconciliation of Level 3 assets

For the Six Months Ended June 30, 2022

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 18,097,845	$ 1,397,802	$ -	$ 2,686,625	$ 1,868,250	$ 4,528,764	$ 2,033,547	$ 17,488,211
Financial assets at fair value through other comprehensive income	5,858,205	176,621	(164,892)	-	1,513,052	744,383	1,035,285	5,603,318
Investment properties	3,061,400	-	-	-	-	-	-	3,061,400

Note: Transfers to Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. Transfers out of Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. The investment properties transferred out of Level 3 were then reclassified to the property, plant and equipment.

For the Six Months Ended June 30, 2021

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 14,546,351	$ (338,009)	$ -	$ 3,755,185	$ 2,753,404	$ 4,509,008	$ 4,733,862	$ 11,474,061
Financial assets at fair value through other comprehensive income	6,266,005	(61,313)	160,650	1,127,004	440,642	574,775	1,573,349	5,784,864
Investment properties	3,212,700	-	-	-	-	-	-	3,212,700

Note: Transfers to Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. Transfers out of Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. The investment properties transferred out of Level 3 were then reclassified to the property, plant and equipment.

As of June 30, 2022 and 2021, valuation gains of $1,313,685 thousand and losses of $392,364 thousand, respectively, were included in profit or loss, and valuation losses of $165,700 thousand and gains of $159,637 thousand, respectively, were included in other comprehensive income of assets held.

b) Reconciliation of Level 3 liabilities

For the Six Months Ended June 30, 2022

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issue	Transfer to Level 3	Disposal	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	$ 1,300,560	$ 621,455	$ 1,126	$ -	$ 73,365	$ -	$ 1,849,776

For the Six Months Ended June 30, 2021

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issue	Transfer to Level 3	Disposal	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	$ 1,273,330	$ (15,081)	$ 362	$ -	$ 122,183	$ -	$ 1,136,428

As of June 30, 2022 and 2021, valuation losses of $577,969 thousand and gains of $19,603 thousand, respectively, were included in profit and loss of liabilities held.

6) Quantitative information on the significant unobservable inputs (Level 3) used in fair value measurement

Fair value measurement classified under Level 3 were some overseas bonds, foreign asset securitization, credit-linked notes, complex derivatives, investments in equity instruments of unlisted shares and investment properties.

Financial instruments for which there are significant unobservable inputs are measured using a credit model, a complex interest rate option model and a complex foreign exchange option model. Parameters of the model can be accurately calibrated for the quantitative analysis of financial settings.

Quantitative information on significant unobservable inputs is set out below. However, the positions belonging to the data source of third-party and the valuation based on the market evidences assessed by the professional agency (including back-to-back transactions quotes from Bloomberg BVAL or Yield Book on bonds in foreign currency, investments in equity instruments of unlisted shares and investment properties, etc.) are not shown below and on the “Sensitivity Analysis of Fair Value If Reasonably Possible Alternative Assumptions Are Used” because the relationship between the significant unobservable inputs and fair value is difficult to be established fully.

June 30, 2022

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 1,628,300	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Derivative financial assets						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	3,949	Complex foreign exchange option model	Proportion parameter	50%-80%	The decrease in real interest rate would result in an increase in fair value.

December 31, 2021

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 1,241,652	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Derivative financial assets						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	129	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.

June 30, 2021

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 1,406,460	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Financial assets at fair value through other comprehensive income	Asset-backed security (ABS)	215,728	Discounted cash flow method	Real interest rate	3.75%-6.8%	The decrease in real interest rate would result in an increase in fair value.

7) Valuation processes for Level 3 fair value measurements

The Bank and its subsidiaries' Risk Management Division (the "Division") is responsible for independently verifying fair value, confirming that the information needed is correct and consistent before evaluating the financial instruments with the use of models, calibrating measurement models in relation to market prices, and updating the inputs required for models so that the model results will approximate market status. In addition to maintaining the accuracy of measurement models, the Division also periodically examines the reasonableness of prices provided by third parties. Investment properties are regularly measured by independent qualified professional appraisers commissioned by Property Management Division in conformity with the Regulations Governing the Preparation of financial Reports by Public Banks. Unlisted shares are also regularly appraised by external institution commissioned by Investment Management Division.

Related Division of the Risk Management and the Property Management create the policies for the fair value valuation of financial instruments and investment properties and valuation procedures.

8) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions are used

Although the Bank and its subsidiaries believe that their estimates of fair value are appropriate, the use of different methodology or assumptions could lead to different measurements of fair value. For Level 3 fair value measurements, a 10% change in assumptions would have the following effects:

Name	June 30, 2022			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 2,403	$ (2,359)	$ -	$ -

Name	December 31, 2021			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 13	$ (16)	$ -	$ -

Name	June 30, 2021			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 18	$ (22)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	535	(919)

c. Fair value of financial instruments not carried at fair value

1) Fair value information of financial instruments

Financial instruments measured at cost, excluding those in the table below, have carrying amounts that are reasonably close to their fair value; thus, their fair value is not disclosed. Examples of these instruments are (a) financial assets such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under resell agreements, receivables, discounts and loans, and parts of other financial assets (b) financial liabilities such as deposits to the Central Bank and other banks, securities sold under repurchased agreement, payables, deposits and remittances and other financial assets.

Items	June 30, 2022	
	Carrying Amount	Fair Value
Financial assets		
Investments in debt instruments measured at amortized cost	$ 878,979,902	$ 847,981,009
Financial liabilities		
Bank debentures	112,861,302	110,040,652

Items	December 31, 2021	
	Carrying Amount	Fair Value
Financial assets		
Investments in debt instruments measured at amortized cost	$ 880,672,482	$ 888,373,755
Financial liabilities		
Bank debentures	113,800,162	113,873,996

Items	June 30, 2021 Carrying Amount	Fair Value
Financial assets		
Investments in debt instruments measured at amortized cost	$ 812,422,010	$ 822,462,091
Financial liabilities		
Bank debentures	106,472,297	107,187,713

2) Fair value hierarchy of financial instruments

Assets and Liabilities	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 847,981,009	$ 211,013,449	$ 504,433,786	$ 132,533,774
Financial liabilities				
Bank debentures	110,040,652	75,090,669	34,949,983	-

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 888,373,755	$ 218,477,127	$ 539,001,250	$ 130,895,378
Financial liabilities				
Bank debentures	113,873,996	79,452,463	34,421,533	-

Assets and Liabilities	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 822,462,091	$ 212,412,230	$ 505,356,275	$ 104,693,586
Financial liabilities				
Bank debentures	107,187,713	72,977,056	34,210,657	-

3) Measurement technique

Methods and assumptions applied in estimating the fair value of financial instruments not carried at fair value are as follows:

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, part of other financial assets, due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, and remittances approximate their fair value because of the short maturities of these instruments.

b) Discounts and loans, deposits, and principals of structured products are interest-earning financial assets/interest-bearing financial liabilities; thus, their carrying amounts approximate their fair value. The carrying amounts of nonperforming loans are estimated at their recoverable amounts after considering the reserve for impairment loss; thus the carrying amounts are regarded as fair value.

c) Investments in debt instruments measured at amortized cost and bank debentures are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

54. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank and its subsidiaries have been fully devoted to establishing a robust risk management culture and environment, improving the comprehensive risk management system, pursuing the optimization of risks and rewards, formulating faultless risk management procedures and related business hedging strategies, complying with the risk management requirements of the Basel Accord framework, continually elevating professional level in risk management, assisting business sustainable growth, and optimizing shareholder's value.

The major risks faced by the Bank and its subsidiaries from on- and off- balance sheet activities include credit risk, market risk (including interest rate, foreign exchange, equity and commodity risks) and liquidity risk.

The Bank and its subsidiaries have duly established risk management policies approved by the board of directors, to ensure consistent compliance with the comprehensive risk management systems, and to identify, measure, monitor, transfer, and mitigate the Bank and its subsidiaries' credit, market, and liquidity risks.

b. Risk management framework

<u>Taipei Fubon Bank</u>

The Bank adopts three lines of defense in its risk management framework to ensure operating effectiveness of risk management system. The board of directors and senior management oversee the risk management framework to ensure operating effectiveness and take ultimate responsibility for its effectiveness.

Business, operation, and management units each undertake the first line of defense role to identify, evaluate, control, and mitigate operational risks by ensuring compliance with risk management requirements and implementation of the risk control procedures while performing their job functions and by conducting self-assessment and monitoring of risk limits and exposures. Risk management units assume an independent role in enacting the second line of defense, and are responsible for assisting and overseeing the first line of defense role by identifying and monitoring risk, designing a risk management system, monitoring risk exposures and submitting risk reports to the board of directors or senior management. The audit department conducts the third line of defense by independently assisting the board of directors and senior management in the audit and evaluation of the effectiveness of risk management, including the first and second lines of defense role to ensure effectiveness of risk management, and provide recommendations for improvement.

The board of directors oversees the establishment of the Bank's effective risk management system and mechanism, approves risk management policies, and reviews important risk management reports. The Bank has established an Asset and Liability Management Committee ("ALCO"), Risk Management Committee, and Credit Review Committee. The committee meetings are held regularly and at other times depending on business needs.

The ALCO is chaired by the Bank's chairman and supervisors appointed by the Bank's chairman, and its members include the Bank's president and senior managers of the relevant departments. The committee is in charge of the Bank's business strategy. It manages assets and liabilities and capital adequacy, sustains liquidity and enhances the management of the sources and use of capital to pursue the Bank's best interests under acceptable risks.

The Risk Management Committee is chaired by the Bank's chairman and supervisors appointed by the Bank's chairman, and its members include the senior managers of the relevant departments. The committee assists the board of directors in monitoring the Bank's risk management, including credit, market, operation, financial management, information security, anti-money laundering, and financial crimes. The committee also reviews the Bank and its subsidiaries overall risk strategy, evaluate and monitor the risk-taking ability, risk-taken situation and the strategy, and reviews the risk management and implementation of internal control regularly.

The Credit Review Committee is headed by the Bank's president who appointed members with considerable qualifications. The committee is responsible for reviewing the credit-related cases with certain authority and those that needed the review by the Credit Review Committee and to execute brainstorming and lower the credit risk.

Fubon Bank (China)

The board of directors, as the highest decision-making body of Fubon Bank (China), takes ultimate responsibility for its risk management and decides Fubon Bank (China)'s overall risk tolerance. The special committee under the board of directors monitors and evaluates the effectiveness of Fubon Bank (China)'s risk management practices.

The senior management and its subcommittees are responsible for implementing risk policies authorized by the board of directors. They define individual risk management levels using a certain coding system, enhance the effectiveness of risk management practices, and optimize workflow. The Risk Management Department identifies, quantifies and monitors risk factors and reports on Fubon Bank (China)'s overall risks to senior management and the board of directors. The Internal Audit Department independently evaluates the internal control codes for effectiveness, comprehensiveness, and accuracy.

c. Credit risk

1) Credit risk definitions and sources

Taipei Fubon Bank

Credit risk refers to the risk of losses caused by borrowers, debtors, or counterparties' failure to fulfill their contractual obligations because of deteriorating financial position or other factors. It arises principally from businesses such as discounts, loans, credit cards, due from or call loans to banks, debt investments, derivatives etc., but also from off-balance sheet products such as guarantees, acceptance, letters of credit and other commitments.

Fubon Bank (China)

Credit risk is the primary risk faced by Fubon Bank (China), and it mainly comes from commercial lending (discounts, negotiations, acceptance bills, issued letters of credit, standby letters of credit, bank guarantees, etc.), financial derivative contracts, and security investments.

2) Strategy/objectives/policies and procedures

Taipei Fubon Bank

The Bank has established solid credit risk policies and procedures. A robust credit risk strategy taking into account the economic environment, industry sector and financial sector as well as corporate business plan is in place. The Bank pursues the optimization of risks and rewards. Comprehensive credit risk management systems and tools have been deployed effectively to identify, evaluate, monitor and report credit risks including default, counterparty and concentration risks.

Fubon Bank (China)

The credit risk management of Fubon Bank (China) is based on its comprehensive risk management system, preferable risk-based guidelines by the board of directors. Under this system is the Risk & Related Party Transaction Committee, which the board of directors oversees. This Committee supervises the implementation of credit risk policies, evaluates risk tolerances and makes recommendations on the strengthening of credit risk management practices. The Credit Committee, which is supervised by senior management, reviews credit lines within a certain limit. The Supervisory Committee, which is also under the board of directors' oversight, approves Fubon Bank (China)'s lending policies as well as authorizes credit lines that exceed the Credit Committee's authorized approval limit to strengthen risk control over large credit lines. Fubon Bank (China) also has a Risk Management Department, which includes the Risk Control Division, Credit Policy & Planning Division, Post-Disbursement Risk Management Division and Credit Approval & Administration Division, which identify, quantify, monitor and control Fubon Bank (China)'s credit risk.

3) Credit risk management framework

Taipei Fubon Bank

a) To strengthen risk management function, under the supervision of the board of directors, the Bank has established the Risk Management Committee, which is composed of senior management and chaired by the Chairman, to examine credit risk policies and quotas and to monitor the information and changes in the Bank's significant credit risk and the qualification status of quotas.

b) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure; monitoring risk limits; reporting; and the Risk Control Development Division coordinating the development of the mechanism for managing credit risk and validating risk models.

c) Under the risk management controller, there are legal and personal credit risk management units which are responsible for performing credit review, post-loan management, collection and credit management.

d) The Bank has established the Credit Review Committee of corporate banking and the Credit Review Committee of personal finance to review credit above a certain limit to strengthen control over cases involving large credit amounts.

e) The audit department, which is under the supervision of the board of directors, conducts the third defense line of examining independently the effectiveness of internal control functions.

Fubon Bank (China)

Fubon Bank (China)'s current credit risk management is based on its comprehensive risk management system. The Risk Management Department and credit management department are responsible for identifying, quantifying, monitoring, controlling and reporting on Fubon Bank (China)'s credit risk.

4) Credit risk measurement, control and reporting

Taipei Fubon Bank

a) The Bank has established credit risk measurement and control procedures, including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage and limit the country risk, single legal entity and group exposure risk, and industry concentration risk effectively. The Bank has also established a vigorous review and early warning mechanism to ensure that there are proper actions taken for effective credit risk management.

b) The Bank regularly performs credit risk stress testing based on the guideline issued by the Financial Supervisory Commission. It continues to develop scenario analysis and stress testing to provide senior management with an assessment of risk tolerance, as well as to provide a sound basis for credit portfolio management.

c) The Bank has completed several Basel Accord credit risk management projects, including risk data warehousing system, internal risk rating system, and the risk-weighted asset calculation system. The development and revision of score card and rating models are validated independently by the Risk Management Division to monitor the model performance and stability.

Fubon Bank (China)

a) The credit risk control process includes credit policy development, credit approval, early warning and collection. Credit risk supervision includes the regular follow-up of high-risk cases, exposure limit control of country risk, and customer credit grading management; and real-estate loan monitoring and other monthly monitoring, which includes high risk exposure towards industry concentration and the concentration of single clients/group clients and its affiliated parties.

b) Fubon Bank (China) makes a regular credit portfolio stress test based on the actual status of the credit portfolio. The stress test results, including changes in results due to differences in risk triggers, will be reported at the board meeting and serve as reference for risk management and decision-making.

c) The credit management system of Fubon Bank (China) has modules for credit approval, loan ledger management, collateral information maintenance, customer grading management and - five-category asset classification for bank loans. The system can support credit risk management effectively.

5) Credit risk mitigation

Taipei Fubon Bank

The Bank has established sophisticated limits in controlling concentration risks on credit, securities investment and counterparty exposures. Risk rating is assessed for each borrower on the basis of the stringent evaluation of obligor risk and facility risk. Further, the Bank has set a centralized approval process with documented guidelines and dual authorizations. Appropriate collaterals are required on the basis of borrowers' financials and debt service capabilities to mitigate credit risk.

Fubon Bank (China)

Fubon Bank (China) sets credit and approval authorization limits based on a customer risk grading and loan risk grading, guarantee and sub-guarantee criteria, and investment portfolio management from the "Institutional Banking Risk Policy and SOP". Fubon Bank (China) also strengthens risk identification on the basis of some quantitative indicators like a customer's risk grading and business classification and the customer selection criteria and classification. Credit quality control is done through strict and highly thorough due diligence and approval procedures, which include having the credit officers from both the sales department and the risk department sign credit approval documents. Fubon Bank (China) also requires appropriate collaterals to enhance loan risk mitigation. In addition, there is post-loan management, which includes monitoring continual loan and taking note of any early risk-warning signals.

6) The determination of significant increase in credit risk after initial recognition

a) Credit assets

The Bank and its subsidiaries assess changes in default risk of discounts and loans, receivables, loan commitments and other credit assets for the expected subsequent period on each reporting date to determine whether there is a significant increase in credit risk since the initial recognition. For this assessment, the Bank and its subsidiaries, according to the internal credit risk management purposes and based on the internal rating, overdue status, collateral with risk characteristics, and debtor's risk segments, has considered the reasonableness and reliability of information showing significant increase in credit risk after initial recognition (including forward-looking information) of the financial asset. The main considerations for various types of financial assets are listed below:

i. Financial assets that are overdue more than 30 days;

ii. Significant fall in the debtor's internal or external credit rating;

iii. Significant increase in the credit risk of any product of the same debtor;

iv. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

v. Significant changes in actual or expected operating results of the borrower.

b) Debt instruments

The Bank and its subsidiaries assess debt instruments measured at amortized cost and that are measured at fair value through other comprehensive income on each reporting date to determine whether there has been a significant increase in credit risk since the initial recognition. For this assessment, the Bank and its subsidiaries have individually considered the reasonableness and reliability of information showing significant increase in credit risk after initial recognition (including forward-looking information). The main considerations are listed below:

i. Significant changes in the internal and external ratings of financial assets or debtors;

ii. The fair value of financial assets is significantly lower than the amortized cost;

iii. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

iv. Significant changes in actual or expected operating results of the borrower;

v. Significant increase in the credit risk of other financial instruments of the same borrower.

If on the reporting date it is not possible to identify whether the credit risk of financial assets has increased significantly since the original recognition, except for the financial assets whose credit risk is low on the reporting date, the expected credit losses are recognized according to the existing condition.

If the financial instrument is of investment grade and the risk of default is low, the financial asset is considered to have low credit risk on the reporting date.

7) Definition of default and credit impaired financial assets

a) Credit assets

The Bank's definition of financial asset default is the same as financial asset credit impairment. If one or more of the following conditions are satisfied, the Bank determines that the financial asset has defaulted and is credit impaired.

i. Financial assets are overdue for more than 90 days;

ii. Financial assets are recognized as overdue loans or bad debts;

iii. The debtors or issuers are undergoing financial difficulties;

iv. Changes in the conditions of the debt contract due to the financial difficulties of the debtor;

v. The debtor has claimed bankruptcy or is likely to claim bankruptcy;

vi. The debtor has undergone a reorganization or is likely to request a reorganization;

vii. Credit losses have occurred at the time of the creation of the financial assets.

The above definition of default and credit impairment applies to all credit assets held by the Bank. It is consistent with the definition of relevant financial assets for internal credit risk management, and applicable to the relevant impairment assessment model as well.

If the financial assets no longer meet the definition of default and credit impairment at the reporting date, their status return to in compliance, and are no longer regarded as credit impaired or financial assets in default.

b) Debt instruments

If one or more of the following conditions are satisfied, the Bank determines that the financial asset has defaulted and is credit impaired.

i. The financial assets have failed to repay the principal and interest on time according to the conditions of issuance;

ii. The issuer is undergoing financial difficulties;

iii. The issuer has claimed bankruptcy or is likely to claim bankruptcy;

iv. The issuer has undergone a reorganization or is likely to request a reorganization;

v. Credit losses have occurred at the time of the creation of the financial assets.

The above definition of default and credit impairment applies to all credit assets held by the Bank. It is consistent with the definition of relevant financial assets for internal credit risk management, and applicable to the relevant impairment assessment model as well.

If the financial assets no longer meet the definition of default and credit impairment at the reporting date, their status return to in compliance, and are no longer regarded as financial assets in default or credit impairment.

8) Write-off policy

If one of the following situations occurred, overdue and nonperforming loans of the Bank, after deducting any estimated recoverable portion, would be written off as bad debts.

a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.

c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to the Bank.

d) Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.

The financial assets that have been written off by the Bank and its subsidiaries may still have ongoing recourse activities and continue to conduct collection activities under the relevant policies.

9) Assessment of expected credit losses

a) Credit assets

The Bank and its subsidiaries, for the purpose of assessing expected credit losses, based on the borrower's industry, credit risk rating, overdue status, collateral type, and other risk characteristic classified credit assets into separate groups according to different risk parameters.

The Bank and its subsidiaries provide allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since initial recognition.

In order to assess the expected credit losses, the Bank and its subsidiaries take into account the borrower's probability of default ("PD") for the next 12 months and for the lifetime period, and includes loss given default ("LGD"), and exposure at default ("EAD") taking into account the impact of the time value of money. The Bank and its subsidiaries calculate the expected credit losses for 12 months and for lifetime periods.

Probability of default is the probability of default of the borrower, and the default loss rate is the rate of loss caused by default of the borrower. The default probability and default loss rate used in the impairment assessment and calculation of expected credit losses of the Bank loan business are based on internal historical information (such as credit loss experience, etc.) of each borrower group, with adjustment to the historical data based on the current observable data and forward-looking macroeconomics information.

In the process of reviewing financial credit businesses, the Bank takes into account the forward-looking information of the case, such as future industry prospects, estimated financial circumstances, and business potential, which are included in the internal credit rating assessment of the case. The judgment about the significant increase in the credit asset's credit risk takes into consideration changes in internal rating as one of the quantitative indicators; the assessment of expected credit losses takes into consideration the credit risk level and the calculation of the relevant parameters of the assessment.

Fubon Bank (China) evaluates the macroeconomic environment of domestic and international markets and the external economic environment relevant to the bank, and incorporates the weighted calculations into the PD calculation as forward-looking information.

The Bank and its subsidiaries assess the EAD based on the book value of financial assets and interest receivable. The estimations of loan commitments' expected credit losses for the 12 months and lifetime period are based on "IFRS 9 Impairment Assessment Methodology Guidelines" issued by the Association of Banks. For the off-balance sheet exposure project, the specification of the credit conversion factor in the "Description and Format of Calculation Methods for Bank-Owned Capital and Risky Assets - Credit Risk Standard Method" is adopted. Based on the Credit Conversion Factor calculation method, the loan commitment is expected to be utilized within the 12 months after the reporting date and within the lifetime period of the loan to determine the amount of EAD used to calculate the expected credit losses.

b) Debt instruments

The Bank and its subsidiaries provide allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since initial recognition.

To measure expected credit losses, the Bank and its subsidiaries take into account the borrower's probability of default ("PD") for the next 12 months and for the lifetime period, which is loss given default ("LGD") multiplied by the exposure at default ("EAD"). The Bank and its subsidiaries calculate the expected credit losses for 12 months and for lifetime periods, taking into account the impact of the time value of money.

The probability of default and the recovery rate are calculated by reference to the information on the default rate and default loss rate published by external credit rating agencies. In evaluating credit ratings, the international credit rating agencies have taken into account forward-looking information; therefore, the Bank considers the information to be appropriate for use and regularly observes and updates changes of parameters. EAD is assessed by the book value of the financial assets and the interest receivables, and the amortized cost of each period is calculated on a straight-line basis over the period.

10) The total carrying value and expected credit losses of the Bank and its subsidiaries

a) Financial assets at fair value through other comprehensive income - debt instruments

Total carrying value

	For the Six Months Ended June 30, 2022					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 223,867,748	$ -	$ -	$ -	$ -	$ 223,867,748
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(434,673)	-	434,673	-	-	-
Derecognized financial assets in the current period	(78,425,879)	-	-	-	-	(78,425,879)
Originated or purchased financial assets	103,299,650	-	-	-	-	103,299,650
Effect of exchange rate changes and others	4,151,627	-	8,975	-	-	4,160,602
Balance, June 30	$ 252,458,473	$ -	$ 443,648	$ -	$ -	$ 252,902,121

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 193,872,848	$ -	$ -	$ -	$ -	$ 193,872,848
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(59,474,046)	-	-	-	-	(59,474,046)
Originated or purchased financial assets	46,429,603	-	-	-	-	46,429,603
Effect of exchange rate changes and others	(2,072,680)	-	-	-	-	(2,072,680)
Balance, June 30	$ 178,755,725	$ -	$ -	$ -	$ -	$ 178,755,725

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 140,022	$ -	$ -	$ -	$ -	$ 140,022	$ -	$ 140,022
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(449)	-	449	-	-	-	-	-
Derecognized financial assets in the current period	(79,085)	-	-	-	-	(79,085)	-	(79,085)
Originated or purchased financial assets	96,566	-	-	-	-	96,566	-	96,566
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	29,304	29,304
Effect of exchange rate changes and others	(854)	-	9	-	-	(845)	-	(845)
Balance, June 30	$ 156,200	$ -	$ 458	$ -	$ -	$ 156,658	$ 29,304	$ 185,962

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 101,443	$ -	$ -	$ -	$ -	$ 101,443	$ 3,833	$ 105,276
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(18,409)	-	-	-	-	(18,409)	-	(18,409)
Originated or purchased financial assets	72,814	-	-	-	-	72,814	-	72,814
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	4,125	4,125
Effect of exchange rate changes and others	(14,848)	-	-	-	-	(14,848)	52	(14,796)
Balance, June 30	$ 141,000	$ -	$ -	$ -	$ -	$ 141,000	$ 8,010	$ 149,010

b) Investments in debt instruments at amortized cost

Total carrying value

	For the Six Months Ended June 30, 2022					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 863,726,222	$ -	$ 12,240,241	$ -	$ -	$ 875,966,463
Changes of financial instruments that have been identified at the beginning of the period:						
Transfer to lifetime ECL	(4,336,679)	-	4,336,679	-	-	-
Derecognizing financial assets during the current period	(288,868,992)	-	(510,628)	-	-	(289,379,620)
Originated or purchased financial assets	274,372,553	-	13,315	-	-	274,385,868
Effect of exchange rate changes and others	22,251,833	-	130,256	-	-	22,382,089
Balance, June 30	$ 867,144,937	$ -	$ 16,209,863	$ -	$ -	$ 883,354,800

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 743,476,762	$ -	$ 7,185,793	$ -	$ -	$ 750,662,555
Changes of financial instruments that have been identified at the beginning of the period:						
Transfer to lifetime ECL	(884,787)	-	884,787	-	-	-
Derecognizing financial assets during the current period	(300,116,793)	-	(19,365)	-	-	(300,136,158)
Originated or purchased financial assets	361,083,761	-	-	-	-	361,083,761
Effect of exchange rate changes and others	(5,411,916)	-	(141,723)	-	-	(5,553,639)
Balance, June 30	$ 798,147,027	$ -	$ 7,909,492	$ -	$ -	$ 806,056,519

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 211,078	$ -	$ 397,036	$ -	$ -	$ 608,114	$ -	$ 608,114
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(257)	-	257	-	-	-	-	-
Derecognized financial assets in the current period	(9,878)	-	(48,516)	-	-	(58,394)	-	(58,394)
Originated or purchased financial assets	30,440	-	66	-	-	30,506	-	30,506
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	18,894	18,894
Effect of exchange rate changes and others	(7,928)	-	37,640	-	-	29,712	37	29,749
Balance, June 30	$ 223,455	$ -	$ 386,483	$ -	$ -	$ 609,938	$ 18,931	$ 628,869

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 207,276	$ -	$ 262,017	$ -	$ -	$ 469,293	$ 29	$ 469,322
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(663)	-	663	-	-	-	-	-
Derecognized financial assets in the current period	(16,184)	-	(426)	-	-	(16,610)	-	(16,610)
Originated or purchased financial assets	98,356	-	40	-	-	98,396	-	98,396
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	102	102
Effect of exchange rate changes and others	(35,371)	-	37,538	-	-	2,167	(1)	2,166
Balance, June 30	$ 253,414	$ -	$ 299,832	$ -	$ -	$ 553,246	$ 130	$ 553,376

c) Receivables

Total carrying value

	For the Six Months Ended June 30, 2022					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 92,508,520	$ 987,678	$ -	$ 467,660	$ -	$ 93,963,858
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(782,303)	782,704	-	(401)	-	-
Transferred to credit impaired financial assets	(53,613)	(55,679)	-	109,292	-	-
Transferred to 12-month ECL	305,473	(305,117)	-	(356)	-	-
Derecognized financial assets in the current period	(52,180,700)	(331,656)	-	(133,204)	-	(52,645,560)
Originated or purchased financial assets	59,573,264	433,781	-	32,007	-	60,039,052
Written off as bad debt expense	-	-	-	(3,735)	-	(3,735)
Effect of exchange rate changes and others	(177,513)	279,619	-	-	-	102,106
Balance, June 30	$ 99,193,128	$ 1,791,330	$ -	$ 471,263	$ -	$ 101,455,721

Note: Only acceptances, accounts receivable - factoring, and credit card receivables are included.

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 89,079,058	$ 1,727,879	$ -	$ 485,092	$ -	$ 91,292,029
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(445,440)	445,724	-	(284)	-	-
Transferred to credit impaired financial assets	(62,873)	(59,143)	-	122,016	-	-
Transferred to 12-month ECL	351,845	(351,662)	-	(183)	-	-
Derecognized financial assets in the current period	(60,751,726)	(1,154,951)	-	(156,819)	-	(62,063,496)
Originated or purchased financial assets	48,864,963	767,408	-	24,176	-	49,656,547
Written off as bad debt expense			-	(3,606)	-	(3,606)
Effect of exchange rate changes and others	301,170	(617,132)	-	-	-	(315,962)
Balance, June 30	$ 77,336,997	$ 758,123	$ -	$ 470,392	$ -	$ 78,565,512

Note: Only acceptances, accounts receivable - factoring, and credit card receivables are included.

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 172,430	$ 47,767	$ 542	$ 102,761	$ -	$ 323,500	$ 176,187	$ 499,687
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,952)	6,286	5	(339)	-	-	-	-
Transferred to credit impaired financial assets	(576)	(5,688)	-	6,264	-	-	-	-
Transferred to 12-month ECL	11,611	(11,447)	-	(164)	-	-	-	-
Derecognized financial assets in the current period	(87,932)	(12,705)	(3)	(13,110)	-	(113,750)	-	(113,750)
Originated or purchased financial assets	157,091	16,522	-	10,553	-	184,166	-	184,166
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	64,704	64,704
Written off as bad debt expense	-	-	-	(6,947)	-	(6,947)	-	(6,947)
Effect of exchange rate changes and others	(3,423)	24,546	22	4,075	-	25,220	4	25,224
Balance, June 30	$ 243,249	$ 65,281	$ 566	$ 103,093	$ -	$ 412,189	$ 240,895	$ 653,084

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 287,836	$ 70,245	$ 703	$ 328,918	$ -	$ 687,702	$ 151,733	$ 839,435
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,345)	5,613	12	(280)	-	-	-	-
Transferred to credit impaired financial assets	(1,027)	(8,908)	-	9,935	-	-	-	-
Transferred to 12-month ECL	13,634	(13,565)	-	(69)	-	-	-	-
Derecognized financial assets in the current period	(224,746)	(34,089)	-	(7,882)	-	(266,717)	-	(266,717)
Originated or purchased financial assets	190,258	17,358	-	518,340	-	725,956	-	725,956
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	26,254	26,254
Written off as bad debt expense	-	-	-	(754,905)	-	(754,905)	-	(754,905)
Recoveries of bad debts	-	-	-	1,125	-	1,125	-	1,125
Effect of exchange rate changes and others	(12,396)	13,594	(117)	3,923	-	5,004	(1)	5,003
Balance, June 30	$ 248,214	$ 50,248	$ 598	$ 99,105	$ -	$ 398,165	$ 177,986	$ 576,151

d) Discounts and loans

Total carrying value

	For the Six Months Ended June 30, 2022					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,796,341,792	$ 59,946,663	$ -	$ 8,633,553	$ -	$ 1,864,922,008
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(14,418,714)	14,472,290	-	(53,576)	-	-
Transferred to credit impaired financial assets	(746,678)	(305,274)	-	1,051,952	-	-
Transfer to 12-month ECL	5,636,103	(5,598,426)	-	(37,677)	-	-
Derecognized financial assets in the current period	(582,101,217)	(32,603,184)	-	(1,526,170)	-	(616,230,571)
Originated or purchased financial assets	672,838,405	25,275,069	-	1,514,385	-	699,627,859
Written off as bad debt expense	-	-	-	(773,138)	-	(773,138)
Effect of exchange rate changes and others	10,267,077	702,484	-	76,476	-	11,046,037
Balance, June 30	$ 1,887,816,768	$ 61,889,622	$ -	$ 8,885,805	$ -	$ 1,958,592,195

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,578,849,530	$ 69,625,192	$ -	$ 8,870,676	$ -	$ 1,657,345,398
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(22,374,274)	22,450,017	-	(75,743)	-	-
Transferred to credit impaired financial assets	(903,739)	(988,069)	-	1,891,808	-	-
Transfer to 12-month ECL	14,619,157	(14,561,489)	-	(57,668)	-	-
Derecognized financial assets in the current period	(552,305,517)	(25,207,560)	-	(752,328)	-	(578,265,405)
Originated or purchased financial assets	707,119,811	17,066,953	-	597,729	-	724,784,493
Written off as bad debt expense	-	-	-	(607,422)	-	(607,422)
Effect of exchange rate changes and others	(1,909,564)	(629,735)	-	(54,922)	-	(2,594,221)
Balance, June 30	$ 1,723,095,404	$ 67,755,309	$ -	$ 9,812,130	$ -	$ 1,800,662,843

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 4,210,247	$ 1,501,988	$ -	$ 2,807,656	$ -	$ 8,519,891	$ 15,074,256	$ 23,594,147
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(206,565)	214,451	-	(7,886)	-	-	-	-
Transferred to credit impaired financial assets	(7,588)	(60,929)	-	68,517	-	-	-	-
Transferred to 12-month ECL	97,806	(78,813)	-	(18,993)	-	-	-	-
Derecognized financial assets in the current period	(1,267,822)	(601,670)	-	(481,655)	-	(2,351,147)	-	(2,351,147)
Originated or purchased financial assets	1,167,677	541,846	-	969,413	-	2,678,936	-	2,678,936
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1,337,976	1,337,976
Written off as bad debt expense	-	-	-	(773,138)	-	(773,138)	-	(773,138)
Recoverable bad debt expense	-	-	-	190,694	-	190,694	-	190,694
Effect of exchange rate changes and others	(596,960)	499,927	-	193,291	-	96,258	405	96,663
Balance, June 30	$ 3,396,795	$ 2,016,800	$ -	$ 2,947,899	$ -	$ 8,361,494	$ 16,412,637	$ 24,774,131

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 5,273,695	$ 1,650,356	$ -	$ 2,157,191	$ -	$ 9,081,242	$ 12,855,922	$ 21,937,164
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(150,212)	170,092	-	(19,880)	-	-	-	-
Transferred to credit impaired financial assets	(10,170)	(84,717)	-	94,887	-	-	-	-
Transferred to 12-month ECL	213,117	(207,830)	-	(5,287)	-	-	-	-
Derecognized financial assets in the current period	(2,545,216)	(332,675)	-	(372,822)	-	(3,250,713)	-	(3,250,713)
Originated or purchased financial assets	2,139,004	144,271	-	214,557	-	2,497,832	-	2,497,832
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1,509,779	1,509,779
Written off as bad debt expense	-	-	-	(607,422)	-	(607,422)	-	(607,422)
Recoverable bad debt expense	-	-	-	190,895	-	190,895	-	190,895
Effect of exchange rate changes and others	(1,052,579)	296,757	-	1,050,737	-	294,915	(192)	294,723
Balance, June 30	$ 3,867,639	$ 1,636,254	$ -	$ 2,702,856	$ -	$ 8,206,749	$ 14,365,509	$ 22,572,258

e) Other financial assets

Total carrying value

	For the Six Months Ended June 30, 2022					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 25,573,976	$ -	$ -	$ 46,996	$ -	$ 25,620,972
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(21,830,942)	-	-	(5,974)	-	(21,836,916)
Originated or purchased financial assets	5,186,795	-	-	118,307	-	5,305,102
Written off as bad debt expense	-	-	-	(103,232)	-	(103,232)
Effect of exchange rate changes and others	66,300	-	-	4,987	-	71,287
Balance, June 30	$ 8,996,129	$ -	$ -	$ 61,084	$ -	$ 9,057,213

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 19,922,610	$ -	$ -	$ 78,490	$ -	$ 20,001,100
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(13,861,686)	-	-	(1,656)	-	(13,863,342)
Originated or purchased financial assets	18,121,120	-	-	144,997	-	18,266,117
Written off as bad debt expense	-	-	-	(124,246)	-	(124,246)
Effect of exchange rate changes and others	(64,306)	-	-	(140)	-	(64,446)
Balance, June 30	$ 24,117,738	$ -	$ -	$ 97,445	$ -	$ 24,215,183

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ -	$ 43,212	$ -	$ 43,212	$ -	$ 43,212
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	-	-	-	(5,929)	-	(5,929)	-	(5,929)
Originated or purchased financial assets	797	-	-	45,876	-	46,673	-	46,673
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1	1
Write-off to bad debt expense	-	-	-	(103,232)	-	(103,232)	-	(103,232)
Recoverable bad debt expense	-	-	-	137,274	-	137,274	-	137,274
Effect of exchange rate changes and others	2	-	-	(60,929)	-	(60,927)	-	(60,927)
Balance, June 30	$ 799	$ -	$ -	$ 56,272	$ -	$ 57,071	$ 1	$ 57,072

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ -	$ 59,810	$ -	$ 59,810	$ -	$ 59,810
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	-	-	-	(1,610)	-	(1,610)	-	(1,610)
Originated or purchased financial assets	-	-	-	54,510	-	54,510	-	54,510
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	-	-
Write-off to bad debt expense	-	-	-	(124,246)	-	(124,246)	-	(124,246)
Recoverable bad debt expense	-	-	-	140,365	-	140,365	-	140,365
Effect of exchange rate changes and others	-	-	-	(50,552)	-	(50,552)	-	(50,552)
Balance, June 30	$ -	$ -	$ -	$ 78,277	$ -	$ 78,277	$ -	$ 78,277

f) Reserve for losses on guarantees, financial commitments and other reserves - letter of credit

Expected credit losses

	For the Six Months Ended June 30, 2022							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 260,579	$ 108,463	$ -	$ 10,987	$ -	$ 380,029	$ 173,761	$ 553,790
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,082)	5,514	-	(432)	-	-	-	-
Transferred to credit impaired financial assets	(54)	(310)	-	364	-	-	-	-
Transferred to 12-month ECL	13,477	(12,718)	-	(759)	-	-	-	-
Derecognized financial assets in the current period	(66,242)	(17,064)	-	(3,178)	-	(86,484)	-	(86,484)
Originated or purchased financial assets	71,582	11,158	-	1,823	-	84,563	-	84,563
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	41,740	41,740
Effect of exchange rate changes and others	(55,215)	11,521	-	(2,314)	-	(46,008)	-	(46,008)
Balance, June 30	$ 219,045	$ 106,564	$ -	$ 6,491	$ -	$ 332,100	$ 215,501	$ 547,601

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 273,289	$ 63,588	$ -	$ 2,830	$ -	$ 339,707	$ 147,500	$ 487,207
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(4,114)	4,232	-	(118)	-	-	-	-
Transferred to credit impaired financial assets	(111)	(469)	-	580	-	-	-	-
Transferred to 12-month ECL	11,685	(11,655)	-	(30)	-	-	-	-
Derecognized financial assets in the current period	(83,029)	(15,479)	-	(305)	-	(98,813)	-	(98,813)
Originated or purchased financial assets	77,036	21,621	-	810	-	99,467	-	99,467
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	36,271	36,271
Effect of exchange rate changes and others	(50,826)	21,504	-	922	-	(28,400)	-	(28,400)
Balance, June 30	$ 223,930	$ 83,342	$ -	$ 4,689	$ -	$ 311,961	$ 183,771	$ 495,732

11) Maximum exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet without taking into consideration any collateral held or other credit enhancements. The maximum credit exposures of the off-balance sheet financial instruments (before taking into account any collateral held or other credit enhancements) are summarized as follows:

Taipei Fubon Bank

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2022	December 31, 2021	June 30, 2021
Irrevocable credit commitments	$ 253,299,235	$ 234,840,927	$ 219,450,558
Standby letters of credit	9,324,230	9,431,754	9,941,078
Financial guarantees	24,115,527	20,451,067	20,955,375
Total	$ 286,738,992	$ 264,723,748	$ 250,347,011

Fubon Bank (China)

(In Thousands of RMB)

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2022	December 31, 2021	June 30, 2021
Irrevocable credit commitments	$ 940,477	$ 1,012,836	$ 961,425
Standby letters of credit	106,035	85,364	28,161
Financial guarantees	391,663	349,345	464,801
Total	$ 1,438,175	$ 1,447,545	$ 1,454,387

The maximum exposures of the financial assets pledged as collateral or other credit enhancements on and off balance sheet are the assets' carrying amount and are summarized as follows:

Taipei Fubon Bank

June 30, 2022	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.43%	61.60%	3.53%	1.50%
Guarantees receivable	9.95%	9.08%	0.83%	2.70%
Acceptances and other credits	0.36%	0.77%	-	-
Financial assets at fair value through profit or loss - debt instruments	-	-	5.21%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.49%	-
Investments in debt instruments measured at amortized cost	-	-	9.23%	-

December 31, 2021	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.48%	61.95%	4.84%	1.52%
Guarantees receivable	9.25%	9.62%	0.97%	1.94%
Acceptances and other credits	1.05%	0.85%	0.02%	-
Financial assets at fair value through profit or loss - debt instruments	-	-	4.86%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.77%	-
Investments in debt instruments measured at amortized cost	-	-	8.09%	-

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.74%	59.19%	4.74%	1.98%
Guarantees receivable	10.21%	9.92%	0.81%	1.71%
Acceptances and other credits	1.32%	0.97%	-	-
Financial assets at fair value through profit or loss - debt instruments	-	-	6.99%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	6.20%	-
Investments in debt instruments measured at amortized cost	-	-	8.48%	-

Fubon Bank (China)

June 30, 2022	Financial Instrument	Property	Guarantee
Category of assets			
Loans	7.83%	22.63%	4.09%
Guarantees receivable	44.66%	18.00%	13.36%
Acceptances	39.58%	2.77%	36.53%

December 31, 2021	Financial Instrument	Property	Guarantee
Category of assets			
Loans	7.08%	20.29%	3.05%
Guarantees receivable	67.04%	18.72%	11.41%
Acceptances	38.94%	3.84%	42.41%

June 30, 2021	Financial Instrument	Property	Guarantee
Category of assets			
Loans	7.58%	20.99%	3.62%
Guarantees receivable	62.38%	26.55%	9.06%
Acceptances	35.33%	5.39%	40.15%

12) Concentration of credit risk exposure

Concentrations of credit risk results from the uneven distribution of credit relationship with debtors, depending on sectors or geographical regions in which debtors operate. If most of the debtors have similar business activities or operate in regions with similar economic conditions, the possibility of default on debt is also similar.

Credit risk concentration can arise in the Bank and its subsidiaries' assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, loans and deposits, call loans to banks, investments, receivables and derivatives. To manage credit risk, the Bank and its subsidiaries maintain a diversified portfolio; limit their exposure to any one geographic region, country or individual creditor; and monitor their exposure continually. The Bank and its subsidiaries' concentration of credit risk exposure are summarized by industry, geographical area and collateral as follows:

Taipei Fubon Bank

a) By industry

By Industry	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Private	$ 970,380,447	54.86	$ 918,224,097	55.70	$ 846,906,605	53.84
Private enterprise	639,923,825	36.18	589,457,458	35.76	580,439,710	36.90
Financial organization	41,023,447	2.32	65,630,503	3.98	67,662,660	4.30
Government institution	72,294,622	4.09	50,122,926	3.04	47,532,874	3.02
Public enterprise	44,688,495	2.53	24,764,287	1.50	30,265,063	1.92
Non-profit organization	432,766	0.02	370,396	0.02	351,147	0.02
Total	$ 1,768,743,602	100.00	$ 1,648,569,667	100.00	$ 1,573,158,059	100.00

b) By geographical area

Geographical Area	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Domestic	$ 1,551,236,342	87.70	$ 1,446,358,294	87.73	$ 1,368,292,025	86.98
Asia	102,157,966	5.78	99,343,459	6.03	97,316,412	6.19
America	72,833,350	4.12	65,211,630	3.96	75,369,921	4.79
Others	42,515,944	2.40	37,656,284	2.28	32,179,701	2.04
Total	$ 1,768,743,602	100.00	$ 1,648,569,667	100.00	$ 1,573,158,059	100.00

c) By collateral

By Collateral	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Unsecured	$ 557,888,116	31.54	$ 489,098,425	29.67	$ 499,558,518	31.76
Secured	1,210,855,486	68.46	1,159,471,242	70.33	1,073,599,541	68.24
Properties	1,062,057,299	60.05	998,421,321	60.56	910,208,437	57.86
Guarantees	60,867,236	3.44	78,120,142	4.74	72,893,129	4.63
Financial instruments	61,546,568	3.48	58,014,537	3.52	59,824,617	3.80
Others	26,384,383	1.49	24,915,242	1.51	30,673,358	1.95
Total	$ 1,768,743,602	100.00	$ 1,648,569,667	100.00	$ 1,573,158,059	100.00

d) Classification of credit ratings quality risk

Taipei Fubon Bank

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2022	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 98,153,243	$ -	$ -	$ 98,153,243	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,625	$ 98,122,618
Investments in debt instruments measured at amortized cost	760,474,368	1,619,669	-	762,094,037	15,457,584	752,278	-	16,209,862	-	-	604,359	777,699,540
Receivables												
Credit card receivables	39,236,482	14,736,334	35,357	54,008,173	-	219,274	1,134,111	1,353,385	471,263	-	175,978	55,656,843
Accounts receivable - factoring	21,959,908	724,036	561	22,684,505	104,076	286,264	-	390,340	-	-	268,983	22,805,862
Acceptances	667,752	526,325	-	1,194,077	-	44,085	-	44,085	-	-	12,702	1,225,460
Loans												
Personal finance	717,838,239	140,474,094	153,238	858,465,571	-	3,392,151	5,008,647	8,400,798	2,506,273	-	11,470,857	857,901,785
Corporate banking	411,014,274	399,830,272	2,054,479	812,899,025	-	30,463,398	2,889,594	33,352,992	4,297,332	-	9,772,896	840,776,453
Other financial assets	5,824,420	-	-	5,824,420	-	-	-	-	59,782	-	55,294	5,828,908
Off-balance sheet assets												
Financial commitment	561,405,969	69,491,794	15,952	630,913,715	-	2,122,747	1,464,824	3,587,571	97,731	-	257,976	634,341,041
Guarantees receivable	14,671,866	9,230,056	-	23,901,922	-	213,605	-	213,605	-	-	243,102	23,872,425
Credit receivable	4,722,369	4,280,806	-	9,003,175	-	321,055	-	321,055	-	-	5,510	9,318,720

December 31, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 86,342,851	$ 61,304	$ -	$ 86,404,155	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,914	$ 86,372,241
Investments in debt instruments measured at amortized cost	759,831,890	1,546,392	-	761,378,282	11,052,795	978,802	-	12,031,597	-	-	557,370	772,852,509
Receivables												
Credit card receivables	42,014,181	14,428,789	29,226	56,472,196	-	193,239	752,882	946,121	467,660	-	151,647	57,734,330
Accounts receivable - factoring	16,897,050	1,396,472	-	18,293,522	-	-	-	-	-	-	216,298	18,077,224
Acceptances	915,269	591,030	-	1,506,299	-	41,557	-	41,557	-	-	15,763	1,532,093
Loans												
Personal finance	690,372,601	126,135,493	169,941	816,678,035	-	3,137,188	3,781,193	6,918,381	2,392,973	-	10,865,473	815,123,916
Corporate banking	364,009,052	381,901,209	3,635,739	749,546,000	-	25,355,727	2,202,428	27,558,155	4,786,886	-	9,173,773	772,717,268
Other financial assets	22,937,303	-	-	22,937,303	-	-	-	-	46,996	-	43,212	22,941,087
Off-balance sheet assets												
Financial commitment	527,599,576	58,837,864	16,344	586,453,784	-	1,727,376	1,143,218	2,870,594	80,207	-	301,208	589,103,377
Guarantees receivable	13,729,180	6,565,833	-	20,295,013	-	156,054	-	156,054	-	-	206,713	20,244,354
Credit receivable	5,372,478	3,941,964	-	9,314,442	-	94,702	22,610	117,312	-	-	7,454	9,424,300

June 30, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 79,371,140	$ -	$ -	$ 79,371,140	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,703	$ 79,340,437
Investments in debt instruments measured at amortized cost	704,108,099	1,307,532	-	705,415,631	6,645,237	1,264,255	-	7,909,492	-	-	499,996	712,825,127
Receivables												
Credit card receivables	33,938,078	13,326,047	19,704	47,283,829	-	183,672	566,893	750,565	470,392	-	133,742	48,371,044
Accounts receivable - factoring	15,423,135	1,393,638	-	16,816,773	-	-	-	-	-	-	203,372	16,613,401
Acceptances	475,434	805,082	-	1,280,516	-	7,558	-	7,558	-	-	13,231	1,274,843
Loans												
Personal finance	637,112,744	113,969,085	111,298	751,193,127	-	3,346,041	1,581,029	4,927,070	2,421,073	-	9,981,158	748,560,112
Corporate banking	393,288,519	332,033,087	3,302,738	728,624,344	-	38,811,249	2,074,809	40,886,058	5,561,272	-	9,080,471	765,991,203
Other financial assets	20,778,397	-	-	20,778,397	-	-	-	-	97,445	-	78,277	20,797,565
Off-balance sheet assets												
Financial commitment	509,215,201	54,682,050	8,669	563,905,920	-	3,386,406	666,193	4,052,599	66,229	-	226,987	567,797,761
Guarantees receivable	12,719,393	7,992,660	-	20,712,053	-	242,324	998	243,322	-	-	211,984	20,743,391
Credit receivable	4,653,995	4,990,283	-	9,644,278	-	296,800	-	296,800	-	-	5,051	9,936,027

Fubon Bank (China)

a) By industry

(In Thousands of RMB)

By Industry	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Personal loans	$ 24,666,877	45.85	$ 25,189,195	42.60	$ 19,299,736	31.18
Wholesale and retail	6,543,590	12.16	7,056,911	11.93	7,637,454	12.34
Finance and insurance	5,767,488	10.72	10,434,341	17.65	14,566,939	23.54
Manufacturing	4,830,540	8.98	4,374,656	7.40	4,287,060	6.93
Construction	2,755,937	5.12	3,740,065	6.32	4,599,125	7.43
Real estate	2,706,022	5.03	2,254,135	3.81	3,677,350	5.94
Water conservation and environment	2,007,108	3.73	2,462,334	4.16	3,400,127	5.49
Others	4,519,699	8.41	3,622,834	6.13	4,427,372	7.15
Total (Note)	$ 53,797,261	100.00	$ 59,134,471	100.00	$ 61,895,163	100.00

Note: Includes only discounts and loans.

b) By geographical area

(In Thousands of RMB)

Geographical Area	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
East China	$ 11,707,019	21.76	$ 12,760,115	21.58	$ 19,313,434	31.20
North China	5,019,348	9.33	5,996,284	10.14	4,828,063	7.80
Southwest region	3,423,327	6.36	3,992,834	6.75	4,617,195	7.46
Central China	3,385,604	6.29	4,036,742	6.83	5,323,266	8.60
South China	2,247,929	4.18	3,620,095	6.12	4,471,894	7.23
Northwest China	1,957,091	3.64	2,253,096	3.81	2,711,473	4.38
Other regions	26,056,943	48.44	26,475,305	44.77	20,629,838	33.33
Total (Note)	$ 53,797,261	100.00	$ 59,134,471	100.00	$ 61,895,163	100.00

Note: Includes only discounts and loans.

c) By collateral

(In Thousands of RMB)

By Collateral	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
Clean loans	$ 35,216,011	65.46	$ 41,146,110	69.58	$ 41,966,194	67.81
Guarantee loans	2,198,941	4.09	1,804,257	3.05	2,242,474	3.62
Collateral loans	16,382,309	30.45	16,184,104	27.37	17,686,495	28.57
Pledge loans	12,172,424	22.63	11,997,684	20.29	12,993,382	20.99
Mortgage loans	4,209,885	7.82	4,186,420	7.08	4,693,113	7.58
Total (Note)	$ 53,797,261	100.00	$ 59,134,471	100.00	$ 61,895,163	100.00

Note: Includes only discounts and loans.

d) Classification of credit ratings quality risk

Fubon Bank (China)

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2022	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 34,781,043	$ -	$ -	$ 34,781,043	$ 100,000	$ -	$ -	$ 100,000	$ -	$ -	$ 35,082	$ 34,845,961
Investments in debt instruments measured at amortized cost	23,678,912	-	-	23,678,912	-	-	-	-	-	-	5,525	23,673,387
Receivables												
Acceptances	4,721,428	-	-	4,721,428	-	-	-	-	-	-	13,053	4,708,375
Credit card receivables	81,118	-	-	81,118	793	-	-	793	-	-	1,314	80,597
Loans												
Personal finance	24,162,352	-	181,820	24,344,172	122,136	37,996	-	160,132	162,573	-	372,556	24,294,321
Corporate banking	24,395,399	23,619	26,033	24,445,051	-	4,378,569	-	4,378,569	306,764	-	423,206	28,707,178
Other financial assets	714,916	-	-	714,916	-	-	-	-	294	-	401	714,809
Off-balance sheet assets												
Financial commitment	1,367,268	-	-	1,367,268	-	-	-	-	-	-	7,794	1,359,474
Guarantees receivable	391,663	-	-	391,663	-	-	-	-	-	-	1,450	390,213
Credit receivable	106,035	-	-	106,035	-	-	-	-	-	-	-	106,035

December 31, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 31,624,599	$ -	$ -	$ 31,624,599	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,916	$ 31,599,683
Investments in debt instruments measured at amortized cost	23,545,962	-	-	23,545,962	-	-	48,000	48,000	-	-	11,674	23,582,288
Receivables												
Acceptances	3,648,298	-	-	3,648,298	-	-	-	-	-	-	10,673	3,637,625
Accounts receivables - factoring	8,031	-	-	8,031	-	-	-	-	-	-	124	7,907
Credit card receivable	79,008	-	-	79,008	-	-	-	-	-	-	1,006	78,002
Loans												
Personal finance	24,702,211	-	340,725	25,042,936	53,588	-	32,431	86,019	60,240	-	197,398	24,991,797
Corporate banking	23,910,824	3,105,571	881,099	27,897,494	-	5,773,587	-	5,773,587	274,194	-	620,435	33,324,840
Other financial assets	606,588	-	-	606,588	-	-	-	-	-	-	-	606,588
Financial assets off-balance sheet												
Financial commitment	1,383,582	-	-	1,383,582	-	-	-	-	-	-	7,393	1,376,189
Guarantees receivable	349,345	-	-	349,345	-	-	-	-	-	-	1,444	347,901
Credit receivable	85,364	-	-	85,364	-	-	-	-	-	-	1	85,363

June 30, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 23,034,740	$ -	$ -	$ 23,034,740	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,240	$ 23,007,500
Investments in debt instruments measured at amortized cost	21,492,706	-	-	21,492,706	-	-	-	-	-	-	12,372	21,480,334
Receivables		-										
Acceptances	2,726,273	-	-	2,726,273	-	-	-	-	-	-	32,226	2,694,047
Accounts receivable - factoring	3,443	-	-	3,443	-	-	-	-	-	-	52	3,391
Credit card receivables	41,343	-	-	41,343	-	-	-	-	-	-	484	40,859
Loans												
Personal finance	19,072,479	-	120,781	19,193,260	36,045	-	17,054	53,099	53,377	-	212,794	19,086,942
Corporate banking	29,994,779	4,324,928	2,872,478	37,192,185	-	5,032,523	-	5,032,523	370,719	-	600,878	41,994,549
Other financial assets	773,972	-	-	773,972	-	-	-	-	-	-	-	773,972
Off-balance sheet assets												
Financial commitment	1,187,956	-	-	1,187,956	-	-	-	-	-	-	7,522	1,180,434
Guarantees receivable	464,801	-	-	464,801	-	-	-	-	-	-	4,409	460,392
Credit receivable	28,161	-	-	28,161	-	-	-	-	-	-	54	28,107

13) Financial impact of credit risk mitigation policy

a) Collateral and other credit enhancements

To ensure that collateral is managed effectively, the Bank and its subsidiaries establish a rigorous collateral management system and control procedures and clearly define the acceptable types of guarantees, the appropriate amount of various collaterals, the corresponding amount of risk, collection/disposal criteria and valuation and reassessment methods, etc. The main types of collaterals for financial assets of the Bank and its subsidiaries are as follows:

i. Immovable properties
ii. Movable properties
iii. Deposits
iv. Marketable securities
v. Rights and guarantees

Before extending a loan or trading, the relevant collateral documents are obtained and the collateral information is documented in details in the loan contracts or transaction agreements.

Collaterals must be legally enforceable, and the collateral value must be realizable within a reasonable time frame. In regards to the collateral capacity and value, fair value assessment should be made, and benefit of offering collateral should be confirmed.

The nature of the collaterals and the impact of market/economic changes on the collaterals value should be considered, and the value of the collateral should be reviewed in a timely basis.

Regular or irregular inspections or on-site examinations of collaterals are conducted to understand the use, custody and maintenance of collaterals and to avoid unauthorized sale, rental, pledge, transfer or other disposal of collaterals.

b) The collateral amount of impaired financial assets

The Bank and its subsidiaries actively cleaned up the credit-impaired financial assets, and closely observed the value of their collaterals and recognized impairment. The impact of the collateral held for the credit-impaired financial assets on their carrying amount is as follows:

Taipei Fubon Bank

June 30, 2022	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	-	1.51%	0.38%	1.03%
Loans	-	50.38%	27.19%	2.50%
Other financial assets	-	-	-	-

December 31, 2021	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	-	2.11%	0.88%	0.83%
Loans	-	48.09%	26.34%	2.29%
Other financial assets	-	-	5.16%	-

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	0.05%	3.07%	0.53%	0.84%
Loans	1.37%	43.20%	16.43%	2.62%
Other financial assets	-	-	18.41%	-

Fubon Bank (China)

June 30, 2022	Financial Instrument	Property	Guarantee
Asset category			
Loans	8.57%	1.52%	0.17%

December 31, 2021	Financial Instrument	Property	Guarantee
Asset category			
Loans	2.66%	6.84%	4.58%

June 30, 2021	Financial Instrument	Property	Guarantee
Asset category			
Loans	4.14%	32.27%	2.11%

c) The outstanding contract amounts of financial assets that were written off and still have recourse actions

The outstanding contract amounts of the Bank's financial assets that were written off and still have recourse actions as of June 30, 2022, December 31, 2021 and June 30, 2021 were $866,794 thousand, $2,079,991 thousand and $724,221 thousand, respectively.

d) The nature, policy and carrying amount of the obtained collaterals (collateral assumed)

The collaterals assumed held by Fubon Bank (China) are currently evaluated mainly based on the "The Administration of Debt-expiated Assets in Banks".

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of the properties were $53,238 thousand, $52,161 thousand and $51,775 thousand, respectively. The collateral assumed are classified as other assets in the consolidated balance sheets.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means that banks cannot provide sufficient funding for asset size growth and meeting obligations on matured liabilities and have to delay payments to counterparties or raise funds to cover funding gaps.

2) Liquidity risk management strategy and principles

Taipei Fubon Bank

a) The Bank's strategy is to lower liquidity risk by acquiring stable, low interest-rate, sufficient funding to cover asset size growth and meet obligations on matured liabilities and to narrow gaps between funding availability and demand.

b) The principle is to harmonize fund availability with the Bank's deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central Bank's policies to increase fund use and lower liquidity risk. Thus, the Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdowns and repayments, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.

c) The Bank has the liquidity risk limits to monitor and manage the Bank's liquidity risk. The liquidity risk limits are regulated by the Bank's president based on the regulations and the range of risk appetite, then regularly reported to the ALCO and the directors (permanent).

Fubon Bank (China)

a) The liquidity risk management strategy of Fubon Bank (China) aims not only to meet compliance and regulatory requirements but also to find a sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term asset allocation and dispersing fund sources on the basis of market conditions, the Bank manages its liquidity risk exposure at an acceptable level to ensure the sustainability of its business operations and maintain its fine reputation.

b) Fubon Bank (China) maintains a strategically defined risk appetite for its liquidity management. Daily liquidity management is centralized given the size and complexity of its current business scope, and Fubon Bank (China)'s organization structure is suitable for managing liquidity exposure. The board of directors takes the ultimate responsibility for Fubon Bank (China)'s liquidity risk. The senior management, which is in charge of implementing liquidity management policies and procedures, has authorized the Asset and Liability Management Committee to perform related management duties daily. Liquidity risk assessment reports are prepared by the risk management for submission to the Risk & Related Party Transaction Committee.

c) Fubon Bank (China)'s liquidity risk management involves the full participation of staff in the dynamic prevention, scientific quantification and prudent management of risk to ensure Fubon Bank (China) has sufficient funding for its capital growth and various obligations.

3) Maturity analysis

The Bank and its subsidiaries' management policy is to match maturities of and interest rates for assets and liabilities, i.e., because of uncertainties of terms and conditions or types, the maturities of and interest rates for assets and liabilities usually do not match perfectly, resulting in potential gain or loss. To maintain proper liquidity, the Bank and its subsidiaries uses appropriate ways to group assets and liabilities to evaluate liquidity and monitor the ratios of short-term negative funding gap to total assets denominated in major currencies.

The analysis of cash inflow and outflow on assets and liabilities held for liquidity risk was based on periods from the reporting date to contractual maturity dates. The maturity analysis of financial assets and liabilities, derivative assets and liabilities, and off-balance sheet items denominated in major currencies was as follows (except for non-deliverable derivatives, all were non-discounted contractual cash flows):

a) Maturity analysis of financial assets and liabilities - NTD

Taipei Fubon Bank

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 58,341,530	$ 6,021,874	$ 4,110,124	$ 8,481,523	$ 26,117,920	103,072,971
Investments in marketable securities (Note 2)	214,584,996	15,030,420	19,505,855	51,357,709	233,982,359	534,461,339
Securities purchased under resell agreements	9,572,921	-	-	-	-	9,572,921
Loans (including overdue loans)	74,173,547	99,085,994	137,138,744	77,331,170	1,069,059,125	1,456,788,580
Deliverable derivative assets	150,716,478	155,130,131	137,462,708	103,365,096	39,008,783	585,683,196
Non-deliverable derivative assets	5,646,639	-	-	-	32,929	5,679,568
Other capital inflow on maturity	33,431,225	9,832,533	10,213,356	6,563,550	30,435,951	90,476,615
Subtotal	546,467,336	285,100,952	308,430,787	247,099,048	1,398,637,067	2,785,735,190
Liabilities						
Deposits from the Central Bank and banks	5,913,740	1,000	-	132,695	108,000	6,155,435
Deposits and remittances	155,028,625	198,366,198	135,413,846	279,435,738	858,844,470	1,627,088,877
Securities sold under repurchase agreements	2,330,122	2,066,937	41,601	-	-	4,438,660
Payables	382,718	643,963	415,199	413,497	58,265	1,913,642
Bank debentures	-	-	-	-	78,433,815	78,433,815
Deliverable derivative liabilities	215,880,898	219,131,344	170,666,572	134,976,119	47,764,109	788,419,042
Non-deliverable derivative liabilities	5,666,821	-	-	-	1,142,110	6,808,931
Other capital outflow on maturity	15,775,842	443,795	315,324	5,285,203	12,330,682	34,150,846
Subtotal	400,978,766	420,653,237	306,852,542	420,243,252	998,681,451	2,547,409,248

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 37,877,108	$ 5,754,421	$ 3,453,672	$ 6,272,490	$ 27,253,840	$ 80,611,531
Investments in marketable securities (Note 2)	232,437,078	22,999,525	33,173,578	42,022,698	212,923,403	543,556,282
Securities purchased under resell agreements	100,000	-	-	-	-	100,000
Loans (including overdue loans)	65,493,018	96,407,049	116,298,895	90,743,602	1,005,302,375	1,374,244,939
Deliverable derivative assets	145,281,188	148,941,604	101,826,447	144,158,200	46,820,526	587,027,965
Non-deliverable derivative assets	2,648,342	-	12,106	-	645,891	3,306,339
Other capital inflow on maturity	35,817,660	9,536,047	11,576,668	6,390,360	27,470,571	90,791,306
Subtotal	519,654,394	283,638,646	266,341,366	289,587,350	1,320,416,606	2,679,638,362
Liabilities						
Deposits from the Central Bank and banks	11,883,009	2,000	175,367	-	101,000	12,161,376
Deposits and remittances	128,976,663	189,952,178	114,044,600	207,125,529	898,965,463	1,539,064,433
Securities sold under repurchase agreements	2,537,018	2,256,379	-	-	-	4,793,397
Payables	233,620	309,427	289,439	493,386	61,842	1,387,714
Bank debentures and due to the Central Bank and banks	-	-	4,712,106	12,797,450	74,785,276	92,294,832
Deliverable derivative liabilities	192,414,367	209,468,801	134,382,501	158,055,002	64,386,662	758,707,333
Non-deliverable derivative liabilities	2,955,045	-	-	-	73,879	3,028,924
Other capital outflow on maturity	19,535,644	4,188,742	2,453,337	504,033	9,114,461	35,796,217
Subtotal	358,535,366	406,177,527	256,057,350	378,975,400	1,047,488,583	2,447,234,226

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 47,147,781	$ 4,736,935	$ 3,890,257	$ 5,739,328	$ 25,916,825	$ 87,431,126
Investments in marketable securities (Note 2)	221,070,503	14,507,758	35,945,147	56,175,584	147,545,018	475,244,010
Securities purchased under resell agreements	410,128	-	-	-	-	410,128
Loans (including overdue loans)	70,329,601	88,999,558	115,467,287	91,582,080	926,503,415	1,292,881,941
Deliverable derivative assets	111,458,702	154,438,260	121,222,390	116,172,327	27,116,297	530,407,976
Non-deliverable derivative assets	2,853,519	-	-	27,769	839,148	3,720,436
Other capital inflow on maturity	30,119,729	8,764,530	10,477,127	5,938,118	65,507,792	120,807,296
Subtotal	483,389,963	271,447,041	287,002,208	275,635,206	1,193,428,495	2,510,902,913
Liabilities						
Deposits from the Central Bank and banks	23,877,356	1,000	-	175,367	117,000	24,170,723
Deposits and remittances	105,256,191	156,925,813	128,904,166	190,173,365	857,763,263	1,439,022,798
Securities sold under repurchase agreements	2,920,205	201,669	10,601	58,112	-	3,190,587
Payables	293,850	518,988	359,793	334,321	64,090	1,571,042
Bank debentures	-	-	-	10,846,897	67,483,999	78,330,896
Deliverable derivative liabilities	177,591,196	176,073,287	179,312,304	119,846,025	39,453,769	692,276,581
Non-deliverable derivative liabilities	3,181,194	-	-	-	3,075	3,184,269
Other capital outflow on maturity	26,304,155	512,739	419,180	5,077,831	9,145,736	41,459,641
Subtotal	339,424,147	334,233,496	309,006,044	326,511,918	974,030,932	2,283,206,537

Note: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments measured at amortized cost.

b) Maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 2,221,551	$ 207,000	$ 256,000	$ 720,000	$ -	$ 3,404,551
Investments in marketable securities (Note 2)	993,674	90,296	52,307	291,121	9,472,205	10,899,603
Securities purchased under resell agreements	42,017	87,050	-	-	-	129,067
Loans (including overdue loans)	1,462,207	1,055,604	529,853	173,333	1,582,211	4,803,208
Deliverable derivative assets	11,133,284	8,275,661	6,331,216	4,869,886	1,733,251	32,343,298
Non-deliverable derivative assets	99,921	19	21	716	154,707	255,384
Other capital inflow on maturity	961,429	341,122	67,417	25,005	155,039	1,550,012
Subtotal	16,914,083	10,056,752	7,236,814	6,080,061	13,097,413	53,385,123
Liabilities						
Deposits from the Central Bank and banks	1,216,160	1,660,000	160,000	60,000	-	3,096,160
Deposits and remittances	6,019,520	5,696,033	3,043,882	3,420,162	4,496,853	22,676,450
Securities sold under repurchase agreements	888,186	1,392,644	153,363	-	-	2,434,193
Payables	19,149	29,684	11,228	1,566	20	61,647
Bank debentures	-	-	-	-	415,458	415,458
Deliverable derivative liabilities	6,382,982	6,244,871	5,302,992	3,760,907	1,404,301	23,096,053
Non-deliverable derivative liabilities	39,872	14	-	275	73,863	114,024
Other capital outflow on maturity	401,705	81,862	17,187	71,434	627,978	1,200,166
Subtotal	14,967,574	15,105,108	8,688,652	7,314,344	7,018,473	53,094,151

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 2,668,935	$ 853,000	$ 830,000	$ 566,000	$ -	$ 4,917,935
Investments in marketable securities (Note 2)	1,347,869	51,145	125,470	160,717	9,801,167	11,486,368
Securities purchased under resell agreements	68,344	44,116	-	-	-	112,460
Loans (including overdue loans)	1,238,009	677,806	556,456	302,623	1,418,278	4,193,172
Deliverable derivative assets	11,523,741	8,784,562	5,544,568	6,020,149	2,327,759	34,200,779
Non-deliverable derivative assets	40,076	-	-	-	27,915	67,991
Other capital inflow on maturity	966,457	285,493	45,958	8,986	67,670	1,374,564
Subtotal	17,853,431	10,696,122	7,102,452	7,058,475	13,642,789	56,353,269
Liabilities						
Due to the Central Bank and other banks	2,081,943	1,984,000	80,000	150,000	-	4,295,943
Deposits and remittances	4,410,388	5,091,400	3,948,153	3,768,269	4,741,994	21,960,204
Securities sold under repurchase agreements	2,367,705	1,139,614	-	-	-	3,507,319
Payables	14,206	21,334	11,051	1,078	5	47,674
Bank debentures	-	-	-	-	456,509	456,509
Deliverable derivative liabilities	6,700,734	6,143,057	4,478,019	5,571,452	1,676,715	24,569,977
Non-deliverable derivative liabilities	88,870	176	374	835	197,424	287,679
Other capital outflow on maturity	209,380	58,703	9,040	22,036	366,103	665,262
Subtotal	15,873,226	14,438,284	8,526,637	9,513,670	7,438,750	55,790,567

(In Thousands of U.S. Dollars)

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 1,541,929	$ 396,000	$ 219,500	$ 826,000	$ -	$ 2,983,429
Investments in marketable securities (Note 2)	727,527	60,659	46,573	194,787	9,265,248	10,294,794
Securities purchased under resell agreements	71,159	31,013	-	-	-	102,172
Loans (including overdue loans)	1,008,827	870,673	519,328	411,282	1,450,125	4,260,235
Deliverable derivative assets	10,071,475	6,986,804	7,093,290	5,100,767	1,419,420	30,671,756
Non-deliverable derivative assets	25,006	-	-	-	31,682	56,688
Other capital inflow on maturity	1,073,868	272,202	64,881	9,507	53,939	1,474,397
Subtotal	14,519,791	8,617,351	7,943,572	6,542,343	12,220,414	49,843,471
Liabilities						
Deposits from the Central Bank and banks	1,695,742	1,799,000	330,000	35,000	-	3,859,742
Deposits and remittances	3,409,412	3,689,859	2,832,721	3,000,658	4,275,223	17,207,873
Securities sold under repurchase agreements	972,742	1,840,806	588,701	-	-	3,402,249
Payables	13,351	20,128	10,313	804	4	44,600
Bank debentures	-	-	-	-	455,436	455,436
Deliverable derivative liabilities	5,815,998	6,255,640	4,930,865	4,950,699	984,101	22,937,303
Non-deliverable derivative liabilities	76,796	50	181	1,687	248,019	326,733
Other capital outflow on maturity	483,194	87,976	20,360	4,413	442,188	1,038,131
Subtotal	12,467,235	13,693,459	8,713,141	7,993,261	6,404,971	49,272,067

Note 1: The above amounts include only USD amounts held by the headquarters, onshore branches and offshore banking unit.

Note 2: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments measured at amortized cost.

c) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2022	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 3,591,519	$ 2,544	$ -	$ -	$ 7,067,209	$ 10,661,272
Investments in marketable securities (Note)	4,175,906	1,059,417	9,530,415	50,315,330	3,491,542	68,572,610
Securities purchased under resell agreements	1,878,623	-	-	-	-	1,878,623
Loans (including overdue loans)	7,120,626	11,249,690	20,147,001	23,813,194	-	62,330,511
Deliverable derivative assets	40,234,416	34,343,095	54,918,435	1,133,876	-	130,629,822
Non-deliverable derivative assets	12,968	7,261	14,264	1,858	-	36,351
Other capital inflow on maturity	1,160,872	1,592,358	2,443,748	152,129	521,692	5,870,799
Subtotal	58,174,930	48,254,365	87,053,863	75,416,387	11,080,443	279,979,988
Liabilities						
Deposits from the Central Bank and banks	3,191,131	1,707,738	492,910	-	-	5,391,779
Deposits from the Central Bank	168,511	-	-	-	-	168,511
Deposits and remittances	45,920,816	17,385,604	18,951,331	14,018,012	-	96,275,763
Securities sold under repurchase agreements	1,060,882	45,247	-	-	-	1,106,129
Payables	1,936,806	1,654,714	2,324,297	535	-	5,916,352
Bank debentures	20,400	-	1,197,900	4,757,212	-	5,975,512
Deliverable derivative liabilities	40,229,399	34,241,040	54,425,398	1,134,849	-	130,030,686
Non-deliverable derivative liabilities	3,158	8,170	16,644	968	-	28,940
Other capital outflow on maturity	4,614,821	7,082,806	6,590,210	289,982	433	18,578,252
Subtotal	97,145,924	62,125,319	83,998,690	20,201,558	433	263,471,924

(In Thousands of RMB)

December 31, 2021	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 10,190,000	$ -	$ -	$ -	$ 7,921,328	$ 18,111,328
Investments in marketable securities (Note)	1,166,715	807,699	8,050,062	56,301,944	10,391	66,336,811
Securities purchased under resell agreements	991,147	-	-	-	-	991,147
Loans (including overdue loans)	7,999,390	11,987,475	29,294,641	25,222,203	-	74,503,709
Deliverable derivative assets	73,048,461	47,280,794	52,382,128	-	-	172,711,383
Non-deliverable derivative assets	2,024	2,533	13,107	245	-	17,909
Other capital inflow on maturity	407,875	27,356	19,926	3,546,354	624,122	4,625,633
Subtotal	93,805,612	60,105,857	89,759,864	85,070,746	8,555,841	337,297,920
Liabilities						
Deposits from the Central Bank and banks	3,379,153	1,265,219	1,889,189	-	-	6,533,561
Deposits from the Central Bank	-	-	160,082	-	-	160,082
Deposits and remittances	23,235,282	4,805,108	14,609,371	29,909,167	-	72,558,928
Securities sold under repurchase agreements	2,209,460	-	-	-	-	2,209,460
Payables	723,430	1,131,851	2,131,463	533	-	3,987,277
Bank debentures	20,342	32,000	165,842	5,859,892	-	6,078,076
Deliverable derivative liabilities	73,064,668	47,293,640	52,405,070	-	-	172,763,378
Non-deliverable derivative liabilities	1,406	3,322	20,626	119	-	25,473
Other capital outflow on maturity	5,092,632	4,756,975	6,642,822	104,397	433	16,597,259
Subtotal	107,726,373	59,288,115	78,024,465	35,874,108	433	280,913,494

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 5,840,818	$ -	$ -	$ -	$ 8,215,257	$ 14,056,075
Investments in marketable securities (Note)	387,340	726,323	2,730,142	46,678,859	15,911	50,538,575
Securities purchased under resell agreements	514,876	-	-	-	-	514,876
Loans (including overdue loans)	6,570,178	9,934,951	29,478,057	24,476,543	-	70,459,729
Deliverable derivative assets	63,371,101	40,308,244	88,283,552	297,644	-	192,260,541
Non-deliverable derivative assets	7,205	13,185	7,563	-	-	27,953
Other capital inflow on maturity	949,606	950,690	1,083,528	-	761,546	3,745,370
Subtotal	77,641,124	51,933,393	121,582,842	71,453,046	8,992,714	331,603,119
Liabilities						
Deposits from the Central Bank and banks	547,353	1,999,289	2,810,606	-	-	5,357,248
Deposits and remittances	40,167,942	8,979,676	18,453,811	18,300,737	-	85,902,166
Securities sold under repurchase agreements	4,936,502	-	-	-	-	4,936,502
Payables	969,284	947,221	1,083,528	539	-	3,000,572
Bank debentures	20,357	-	197,857	5,974,539	-	6,192,753
Deliverable derivative liabilities	63,400,877	40,359,974	88,247,422	297,726	-	192,305,999
Non-deliverable derivative liabilities	1,823	3,723	11,751	-	-	17,297
Other capital outflow on maturity	4,319,518	6,969,556	5,365,431	-	6,677	16,661,182
Subtotal	114,363,656	59,259,439	116,170,406	24,573,541	6,677	314,373,719

Note: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and investments in debt instruments measured at amortized cost.

d) Maturity analysis of derivatives assets and liabilities - NTD

Taipei Fubon Bank

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 466,804	$ 489,678	$ 1,151,409	$ 110,412	$ -	$ 2,218,303
Currency swaps	146,822,549	144,631,583	126,729,188	80,156,853	19,107,273	517,447,446
Cross-currency swaps	3,427,125	10,008,870	9,582,111	23,097,831	19,901,510	66,017,447
Subtotal	150,716,478	155,130,131	137,462,708	103,365,096	39,008,783	585,683,196
Non-deliverable derivative assets						
Foreign exchange derivative instruments	415,458	-	-	-	-	415,458
Interest rate derivative instruments - hedging	-	-	-	-	32,929	32,929
Interest rate derivative instruments - non-hedging	4,706,953	-	-	-	-	4,706,953
Equity derivative instruments	524,228	-	-	-	-	524,228
Subtotal	5,646,639	-	-	-	32,929	5,679,568
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,023,074	2,328,912	-	-	-	4,351,986
Currency swaps	213,857,824	212,980,782	160,518,912	125,567,154	27,862,068	740,786,740
Cross-currency swaps	-	3,821,650	10,147,660	9,408,965	19,902,041	43,280,316
Subtotal	215,880,898	219,131,344	170,666,572	134,976,119	47,764,109	788,419,042
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	415,456	-	-	-	-	415,456
Interest rate derivative instruments - hedging	-	-	-	-	1,142,110	1,142,110
Interest rate derivative instruments - non-hedging	4,727,274	-	-	-	-	4,727,274
Equity derivative instruments	524,091	-	-	-	-	524,091
Subtotal	5,666,821	-	-	-	1,142,110	6,808,931

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 537,382	$ 2,160,770	$ 385,020	$ 338,157	$ -	$ 3,421,329
Currency swaps	139,898,848	139,096,831	99,090,419	119,735,546	17,190,956	515,012,600
Cross-currency swaps	4,844,958	7,684,003	2,351,008	24,084,497	29,629,570	68,594,036
Subtotal	145,281,188	148,941,604	101,826,447	144,158,200	46,820,526	587,027,965
Non-deliverable derivative assets						
Foreign exchange derivative instruments	378,802	-	-	-	-	378,802
Interest rate derivative instruments - hedging	-	-	12,106	-	645,891	657,997
Interest rate derivative instruments - non-hedging	1,892,690	-	-	-	-	1,892,690
Equity derivative instruments	376,850	-	-	-	-	376,850
Subtotal	2,648,342	-	12,106	-	645,891	3,306,339
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,203,296	2,615,557	84,223	-	-	4,903,076
Currency swaps	183,623,221	202,175,694	131,015,778	144,085,692	35,352,606	696,252,991
Cross-currency swaps	6,587,850	4,677,550	3,282,500	13,969,310	29,034,056	57,551,266
Subtotal	192,414,367	209,468,801	134,382,501	158,055,002	64,386,662	758,707,333
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	378,802	-	-	-	-	378,802
Interest rate derivative instruments - hedging	-	-	-	-	73,879	73,879
Interest rate derivative instruments - non-hedging	2,205,228	-	-	-	-	2,205,228
Equity derivative instruments	371,015	-	-	-	-	371,015
Subtotal	2,955,045	-	-	-	73,879	3,028,924

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 1,151,902	$ 1,491,057	$ 584,025	$ 1,547,806	$ -	$ 4,774,790
Currency swaps	108,179,673	142,025,949	103,796,320	100,622,257	3,446,007	458,070,206
Cross-currency swaps	2,127,127	10,921,254	16,842,045	14,002,264	23,670,290	67,562,980
Subtotal	111,458,702	154,438,260	121,222,390	116,172,327	27,116,297	530,407,976
Non-deliverable derivative assets						
Foreign exchange derivative instruments	289,644	-	-	-	-	289,644
Interest rate derivative instruments - hedging	-	-	-	27,769	839,148	866,917
Interest rate derivative instruments - non-hedging	2,166,273	-	-	-	-	2,166,273
Equity derivative instruments	397,602	-	-	-	-	397,602
Subtotal	2,853,519	-	-	27,769	839,148	3,720,436
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,244,129	1,911,669	178,724	27,798	-	4,362,320
Currency swaps	169,736,187	167,823,348	175,033,380	104,145,937	15,511,254	632,250,106
Cross-currency swaps	5,610,880	6,338,270	4,100,200	15,672,290	23,942,515	55,664,155
Subtotal	177,591,196	176,073,287	179,312,304	119,846,025	39,453,769	692,276,581
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	289,644	-	-	-	-	289,644
Interest rate derivative instruments - hedging	-	-	-	-	3,075	3,075
Interest rate derivative instruments - non-hedging	2,503,140	-	-	-	-	2,503,140
Equity derivative instruments	388,410	-	-	-	-	388,410
Subtotal	3,181,194	-	-	-	3,075	3,184,269

Note: The above amounts include only New Taiwan dollar amounts held by the headquarters and onshore branches.

e) Maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 295,769	$ 235,933	$ 95,281	$ 19,167	$ 223	$ 646,373
Currency swaps	10,837,515	7,909,728	5,881,935	4,515,719	1,020,028	30,164,925
Cross-currency swaps	-	130,000	354,000	335,000	713,000	1,532,000
Subtotal	11,133,284	8,275,661	6,331,216	4,869,886	1,733,251	32,343,298
Non-deliverable derivative assets						
Foreign exchange derivative instruments	26,959	-	-	-	-	26,959
Interest rate derivative instruments - hedging	-	19	21	716	154,707	155,463
Interest rate derivative instruments - non-hedging	71,745	-	-	-	-	71,745
Equity derivative instruments	205	-	-	-	-	205
Product derivative instruments	1,012	-	-	-	-	1,012
Subtotal	99,921	19	21	716	154,707	255,384
Liabilities						
Deliverable derivative liabilities						
Forward contracts	220,216	279,028	122,092	57,463	275	679,074
Currency swaps	6,045,166	5,623,507	4,838,118	2,889,311	694,526	20,090,628
Cross-currency swaps	117,600	342,336	342,782	814,133	709,500	2,326,351
Subtotal	6,382,982	6,244,871	5,302,992	3,760,907	1,404,301	23,096,053
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	25,141	-	-	-	-	25,141
Interest rate derivative instruments - hedging	-	14	-	275	73,863	74,152
Interest rate derivative instruments - non-hedging	13,541	-	-	-	-	13,541
Equity derivative instruments	184	-	-	-	-	184
Product derivative instruments	1,006	-	-	-	-	1,006
Subtotal	39,872	14	-	275	73,863	114,024

(In Thousands of U.S. Dollars)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 354,787	$ 417,567	$ 117,111	$ 75,222	$ -	$ 964,687
Currency swaps	10,948,954	8,211,995	5,317,457	5,460,927	1,289,759	31,229,092
Cross-currency swaps	220,000	155,000	110,000	484,000	1,038,000	2,007,000
Subtotal	11,523,741	8,784,562	5,544,568	6,020,149	2,327,759	34,200,779
Non-deliverable derivative assets						
Foreign exchange derivative instruments	23,112	-	-	-	-	23,112
Interest rate derivative instruments - hedging	-	-	-	-	27,915	27,915
Interest rate derivative - non-hedging	16,612	-	-	-	-	16,612
Equity derivative instruments	155	-	-	-	-	155
Product derivative instruments	197	-	-	-	-	197
Subtotal	40,076	-	-	-	27,915	67,991
Liabilities						
Deliverable derivative liabilities						
Forward contracts	395,073	417,961	154,390	67,986	-	1,035,410
Currency swaps	6,136,903	5,462,667	4,246,863	4,660,767	626,259	21,133,459
Cross-currency swaps	168,758	262,429	76,766	842,699	1,050,456	2,401,108
Subtotal	6,700,734	6,143,057	4,478,019	5,571,452	1,676,715	24,569,977
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	25,133	-	-	-	-	25,133
Interest rate derivative instruments - hedging	22	176	374	835	197,424	198,831
Interest rate derivative instruments - non-hedging	63,366	-	-	-	-	63,366
Equity derivative instruments	160	-	-	-	-	160
Product derivative instruments	189	-	-	-	-	189
Subtotal	88,870	176	374	835	197,424	287,679

(In Thousands of U.S. Dollars)

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 376,574	$ 253,489	$ 127,791	$ 120,527	$ -	$ 878,381
Currency swaps	9,504,901	6,523,315	6,825,499	4,455,240	580,420	27,889,375
Cross-currency swaps	190,000	210,000	140,000	525,000	839,000	1,904,000
Subtotal	10,071,475	6,986,804	7,093,290	5,100,767	1,419,420	30,671,756
Non-deliverable derivative assets						
Foreign exchange derivative instruments	14,221	-	-	-	-	14,221
Interest rate derivative instruments - hedging	-	-	-	-	31,682	31,682
Interest rate derivative instruments - non-hedging	10,519	-	-	-	-	10,519
Equity derivative instruments	173	-	-	-	-	173
Product derivative instruments	93	-	-	-	-	93
Subtotal	25,006	-	-	-	31,682	56,688
Liabilities						
Deliverable derivative liabilities						
Forward contracts	331,303	299,121	251,669	157,129	-	1,039,222
Currency swaps	5,408,573	5,571,245	4,104,411	4,315,051	167,239	19,566,519
Cross-currency swaps	76,122	385,274	574,785	478,519	816,862	2,331,562
Subtotal	5,815,998	6,255,640	4,930,865	4,950,699	984,101	22,937,303
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	16,275	-	-	-	-	16,275
Interest rate derivative instruments - hedging	19	50	181	1,687	248,019	249,956
Interest rate derivative instruments - non-hedging	60,233	-	-	-	-	60,233
Equity derivative instruments	176	-	-	-	-	176
Product derivative instruments	93	-	-	-	-	93
Subtotal	76,796	50	181	1,687	248,019	326,733

Note: The above amounts include only USD amounts held by the headquarters, onshore branches and offshore banking unit.

f) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2022	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 1,380,561	$ 986,745	$ 1,385,377	$ -	$ 3,752,683
Currency swaps	38,853,855	33,356,350	53,533,058	1,133,876	126,877,139
Subtotal	40,234,416	34,343,095	54,918,435	1,133,876	130,629,822
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	5,719	6,957	13,126	1,858	27,660
Option Contracts	7,249	304	1,138	-	8,691
Subtotal	12,968	7,261	14,264	1,858	36,351
Liabilities					
Deliverable derivative liabilities					
Forward contracts	1,401,832	989,597	1,422,542	-	3,813,971
Currency swaps	38,827,568	33,251,444	53,002,856	1,134,849	126,216,717
Subtotal	40,229,400	34,241,041	54,425,398	1,134,849	130,030,688
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	3,158	8,170	15,506	968	27,802
Option Contracts	-	-	1,138	-	1,138
Subtotal	3,158	8,170	16,644	968	28,940

(In Thousands of RMB)

December 31, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 1,222,130	$ 321,193	$ 872,939	$ -	$ 2,416,262
Currency swaps	71,826,331	46,959,601	51,509,189	-	170,295,121
Subtotal	73,048,461	47,280,794	52,382,128	-	172,711,383
Non-deliverable derivative assets					
Interest rate derivative - non-hedging	2,024	2,533	13,107	245	17,909
Liabilities					
Deliverable derivative liabilities					
Forward contracts	1,219,196	317,244	863,293	-	2,399,733
Currency swaps	71,845,472	46,976,396	51,541,777	-	170,363,645
Subtotal	73,064,668	47,293,640	52,405,070	-	172,763,378
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	1,406	3,322	20,626	119	25,473

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 488,853	$ 741,411	$ 1,421,021	$ -	$ 2,651,285
Currency swaps	62,882,248	39,566,833	86,862,531	297,644	189,609,256
Subtotal	63,371,101	40,308,244	88,283,552	297,644	192,260,541
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	1,956	3,771	7,563	-	13,290
Option Contracts	5,249	9,414	-	-	14,663
Subtotal	7,205	13,185	7,563	-	27,953
Liabilities					
Deliverable derivative liabilities					
Forward contracts	490,143	741,776	1,409,619	-	2,641,538
Currency swaps	62,910,734	39,618,198	86,837,803	297,726	189,664,461
Subtotal	63,400,877	40,359,974	88,247,422	297,726	192,305,999
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	1,823	3,721	11,751	-	17,295
Option Contracts	-	2	-	-	2
Subtotal	1,823	3,723	11,751	-	17,297

g) Maturity analysis of off-balance sheet items

The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts were possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts would not match those in the consolidated balance sheet.

Taipei Fubon Bank

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 253,299,235	$ -	$ -	$ -	$ -	$ 253,299,235
Standby letters of credit	2,335,407	5,434,426	1,247,925	151,416	155,056	9,324,230
Financial guarantees	18,521,848	2,503,500	216,000	-	2,874,179	24,115,527
Total	$ 274,156,490	$ 7,937,926	$ 1,463,925	$ 151,416	$ 3,029,235	$ 286,738,992

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 234,840,927	$ -	$ -	$ -	$ -	$ 234,840,927
Standby letters of credit	2,543,404	5,309,800	1,381,062	119,066	78,422	9,431,754
Financial guarantees	14,974,107	2,755,400	-	-	2,721,560	20,451,067
Total	$ 252,358,438	$ 8,065,200	$ 1,381,062	$ 119,066	$ 2,799,982	$ 264,723,748

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 219,450,558	$ -	$ -	$ -	$ -	$ 219,450,558
Standby letters of credit	2,871,592	5,399,127	1,580,800	89,559	-	9,941,078
Financial guarantees	15,402,645	2,706,000	-	-	2,846,730	20,955,375
Total	$ 237,724,795	$ 8,105,127	$ 1,580,800	$ 89,559	$ 2,846,730	$ 250,347,011

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2022	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 16,907	$ 74,977	$ 344,639	$ 503,954	$ 940,477
Standby letters of credit	14,085	8,321	83,629	-	106,035
Financial guarantees	15,263	102,772	184,749	88,879	391,663
Total	$ 46,255	$ 186,070	$ 613,017	$ 592,833	$ 1,438,175

(In Thousands of RMB)

December 31, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 45,049	$ -	$ 495,662	$ 472,125	$ 1,012,836
Standby letters of credit	19,086	66,278	-	-	85,364
Financial guarantees	5,635	92,690	234,226	16,794	349,345
Total	$ 69,770	$ 158,968	$ 729,888	$ 488,919	$ 1,447,545

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ -	$ 5,937	$ 253,022	$ 702,466	$ 961,425
Standby letters of credit	6,055	3,768	15,341	2,997	28,161
Financial guarantees	10,519	191,495	216,237	46,550	464,801
Total	$ 16,574	$ 201,200	$ 484,600	$ 752,013	$ 1,454,387

e. Market risk

1) Market risk definition and classifications

Market risk refers to unfavorable changes in the market (such as changes in interest rates, exchange rates, stock prices and commodity prices), which may cause a potential loss on or off the balance sheet. Based on the Bank's policies on risk measurement and management, financial instruments are recorded in either the trading book or the banking book, and the Bank performs risk measurement and management accordingly.

2) Market risk strategy and procedures

Taipei Fubon Bank

The Bank has comprehensive policies on market risk management and has a systematic mechanism for deal execution, clearing and settlement. The Bank's market risk policies and other market risk limits are made by market risk strategies according to different risk factors, which are as follows: Interest rate-related instruments, exchange rate-related instruments, securities and commodities. The risk management systems apply the Bank's management policies and market risk limits to identify, measure, monitor and control market risks.

Fubon Bank (China)

Based on relevant laws and regulations, various regulations and control procedures on market risk management policies have been established for the internal control of market risks as well as the strategic development of trading strategies and limits. IT systems have also been set up to identify, quantify, monitor and control market risks to ensure that the market risk exposures of Fubon Bank (China) are managed strongly and effectively.

3) Market risk management framework

Taipei Fubon Bank

Under the supervision of its board of directors, the Bank has established the Market Risk Management Committee, which is composed of senior management and chaired by the Bank's chairman, to review related significant market risk policies, monitor the information and changes in significant market risk and qualification quotas.

The Risk Management Department is responsible for formulating policies on and procedures for market risk management, enforcing market risk limits, reporting market risk events timely and validating valuation models independently. Furthermore, the independent audit department under the Bank's board of directors manages the independent assurance functions of the market risk management framework.

Fubon Bank (China)

The board of directors of Fubon Bank (China), which is at the highest level of supervising market risk management and approving institutes the market risk management policies and procedures. The Risk & Related Party Transaction Committee, under the board of directors, is responsible for approving market risk limits and supervising the implementation of market risk management policies. Market risk assessment reports are submitted quarterly by the Risk Management Department to senior management, the Risk & Related Party Transaction Committee and the board of directors.

The Risk Management Department, which is independent from the front trading desk and back settlement desk, is responsible for implementing market risk management policies authorized by Fubon Bank (China)'s board of directors and senior management. The Internal Audit Department is responsible for reviewing and evaluating the effectiveness and independence of the risk management system. The Compliance Department is in charge of monitoring compliance risks and submitting related reports to Fubon Bank (China)'s board of directors and senior management.

4) Market risk measurement, control and reporting

The Risk Management Department is responsible for monitoring compliance with the daily market risk limit (including the analysis of risk sensitivity factors such as Delta, Vega, DV01, and Value at Risk ("VaR")) and loss control. The valuation of financial instruments is evaluated independently by the Market Risk Management Department to ensure their stability and effectiveness. The Bank has established a market risk management system and related market risk management procedures to be able to observe the VaR limit. In addition, the Bank does back testing periodically to check the effectiveness of the VaR calculation module and establishes financial trading system.

5) Measurement of trading book market risk

Taipei Fubon Bank

The Bank's management of the market risk includes methods for determining degrees (known as the "Greeks") of sensitivity to risk through different trading desks or business desks and measures (such as VaR and stress testing) of the risk of loss on specific portfolios of financial assets. These measures provide consistent and comparable measurement of various types of risks across different trading desks.

a) Value at Risk ("VaR")

VaR is a tool that measures "the maximum expected loss over a given time horizon under normal market conditions at a given level of confidence". TFB has various risk models to evaluate the maximum loss on current net positions within one day, with a 99% confidence level. The Bank also calculates current VaR and stressed VaR using historical simulation to get possible circumstances of market risk under control. In order to ensure the quality of the risk value, the Bank conducts periodic review and statistical verification of actual profit and loss.

Trading book VaR information is shown below:

	For the Six Months Ended June 30, 2022			
Common VaR	**Highest**	**Lowest**	**Mean**	**End of Year**
Equity	$ 20,117	$ 1,144	$ 6,880	$ 1,144
Interest rate	57,323	24,258	39,227	57,323
Exchange rate	19,879	8,499	13,475	11,249
Volatility	880	425	665	847
Diversification effect	-	-	(21,636)	(13,831)
Common VaR of trading book			$ 38,611	$ 56,732

	For the Six Months Ended June 30, 2021			
Common VaR	**Highest**	**Lowest**	**Mean**	**End of Year**
Equity	$ 7,547	$ 2,951	$ 3,991	$ 7,547
Interest rate	46,091	20,344	32,159	39,158
Exchange rate	18,517	3,501	10,814	14,066
Volatility	2,229	964	1,525	964
Diversification effect	-	-	(14,218)	(24,827)
Common VaR of trading book			$ 34,271	$ 36,908

Note: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because these effects were not significant.

The above VaRs are calculated on the basis of changes in risk factors. If one product includes several risk factors, it would be classified under different risk factors. For example, forward contracts are exposed to interest rate risk and exchange rate risk; foreign exchange option is exposed to exchange rate risk and volatility risk.

b) Stress testing

As described earlier, VaR refers to the maximum loss likely to occur over a holding period with a given confidence level during normal fluctuation. However, VaR cannot be used to predict the loss when an extreme event or systematic risk occurs. Thus, stress testing is introduced to capture the above risk by measuring the potential impact on trading book portfolio during the abnormal market period, compensating for the insufficiency of common VaR.

Fubon Bank (China)

To manage the trading book market risks, Fubon Bank (China) has set appropriate market risk measurements and risk limits based on its trading products and the features and complexity of its risk exposures, including position limits, stop-loss limits of various products, and risk sensitivities. In the trading book, the main currency business of Fubon Bank (China) is spot trade and currency forwards and options trade. The main interest rate business is bond trade, forward contract, currency swap and RMB interest swap trade. The market risk level is normal.

The Risk Management Department also performs stress tests recorded on a quarterly basis in the trading book to evaluate the ability of Fubon Bank (China)'s ability to sustain loss on the market value shown in its trading book when main market risk factors, mainly interest rates and exchange rates, move adversely.

6) Measurement of banking book market risk

Taipei Fubon Bank

a) Interest rate risk

Interest rate risk refers to the possible loss on investment portfolio value due to interest rate changes. The interest rate-sensitive assets/liabilities include banking book debt securities. The characteristics of banking book debt securities differ from those of trading book securities, which are for short-term trading. The valuation basis of banking book debt securities includes fair value and accrued interest.

Banking book interest rate risk refers to possible loss due to unfavorable changes in interest rates for the banking book portfolio. One of the methods used to determine exposure to interest rate risks is earnings analysis, which focuses on the effects interest rate changes on the earnings of the banking book portfolio, especially earnings in the short term. Had the interest rate increased/decreased 1bps (basis points) as of June 30, 2022, December 31, 2021 and June 30, 2021 and all other factors been held constant, the earnings would have decreased/increased by $3 million, $1 million and $4 million, respectively.

b) Exchange rate risk

Banking book exchange rate risk refers to the risk of loss due to unfavorable changes in exchange rates for the Bank's foreign currency operating funds to be used for the launch of a foreign exchange business, the establishment of overseas branches or overseas subsidiaries' branches' investments accounted for using the equity method. These exchange rate differences are reflected under either the statement of comprehensive income or under exchange differences on translating foreign operations in equity.

The Bank's overseas branches and these branches' long-term equity-method investments have foreign exchange businesses. The percentage of the foreign currency operating funds used for the foreign exchange business operations is low when compared with the Bank's entire foreign currency position. As of June 30, 2022, for the operating funds of overseas branches, the Bank considers the ratio of exchange differences on translating foreign operations to the equity of the Bank's owners to be immaterial.

c) Equity risk

The Bank's equity instruments as shown in the banking book have two groups. The first consists of investments in accordance with Article 74 of the Banking Act. The second group refers to investments in promising companies with a higher cash dividend payout ratio. For the second group, even though changes in equity prices may influence shareholders' equity, the Bank holds these investments for the long term and has strict regulations on buying or selling these investments.

The sensitivity analysis for the second equity positions group is listed below:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Influence on Profit and Loss	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**
Stock price increase by 10%	$ -	$ 3,276,845	$ -	$ 2,886,187	$ -	$ 2,402,779
Stock price decrease by 10%	-	(3,276,845)	-	(2,886,187)	-	(2,402,779)

Fubon Bank (China)

a) Interest rate risk

Fubon Bank (China)'s interest rate risk is mainly from interest repricing. Banking book interest rate risk is monitored by computing the repricing gap of risk-sensitive assets/liabilities and setting risk standards as the monitoring benchmark. Assuming the other conditions remain the same, an increase or decrease in interest rate by 50 basis points is used to evaluate risk.

(In Thousands of RMB)

	June 30, 2022		December 31, 2021		June 30, 2021	
	Impact on Profit and Loss	**Impact on Other Equity**	**Impact on Profit and Loss**	**Impact on Other Equity**	**Impact on Profit and Loss**	**Impact on Other Equity**
Interest rate increases 50 basis points	$ (154,420)	$ (408,121)	$ (134,726)	$ (292,144)	$ (124,395)	$ (231,640)
Interest rate decreases 50 basis points	154,679	297,207	134,904	463,602	124,382	233,466

b) Exchange rate risk

Fubon Bank (China) uses RMB for its loans/deposits and interbank borrowings, while foreign currency is primarily composed of USD. To control the exchange rate risk effectively, Fubon Bank (China) implements a policy of controlling foreign currency position and simultaneously carries out a foreign currency sensitivity analysis based on its own risk-taking ability and operating strategy. Assuming that the foreign currency appreciates or depreciates 5% against the RMB for all spot rates and forward rates, the outcome is as follows:

(In Thousands of RMB)

	June 30, 2022		December 31, 2021		June 30, 2021	
	Influence on Profit and Loss	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**
USD and HKD appreciate by 5% against the RMB	$ (206,258)	$ 238,972	$ (157,371)	$ 128,905	$ (186,860)	$ 151,960
USD and HKD depreciate by 5% against the RMB	206,258	(238,972)	157,371	(128,905)	186,860	(151,960)

7) Effect of interest rate benchmark reform

The Bank and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Bank and its subsidiaries established a USD LIBOR transition project plan. This transition project is considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at June 30, 2022, changes required to IT systems and internal processes have been identified and have been partially implemented. The Bank and its subsidiaries’ communication with financial instrument counterparties about amending the existing contract has been underway with an aim to finalize the amendment before the termination of LIBOR quotation.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group’s counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instrument are transited to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following table contains book values about total amount that yet deformed and amount that not yet had the contingency clause of the non-derivative financial instruments:

	June 30, 2022	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 83,879,174	$ 82,711,108
Debt investments	42,427,199	33,433,295
	$ 126,306,373	$ 116,144,403

	December 31, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 66,360,633	$ 66,360,633
Debt investments	40,661,759	31,380,708
	$ 107,022,392	$ 97,741,341

	June 30, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 62,675,157	$ 62,675,157
Debt investments	37,395,679	29,270,831
	100,070,836	91,945,988
Financial instrument linked to EUR LIBOR		
Discounts and loans	1,183,834	1,183,834
Financial instrument linked to GBP LIBOR		
Discounts and loans	1,765,536	1,765,536
Financial instrument linked to JPY LIBOR		
Discounts and loans	856,800	856,800
Financial instrument linked to CHF LIBOR		
Discounts and loans	5,860	5,860
Total of non-derivative financial instruments effected by interest rate benchmark reform	$ 103,882,866	$ 95,758,018

The following table contains the contract amount about total amount that yet deformed and amount that not yet had the contingency clause of the derivative financial instruments:

	June 30, 2022	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 146,492,892	$ -
Cross-currency swap contracts	4,232,790	-
Equity swap contracts	2,371,170	-
Exchange rate swap contracts	9,469,669	-
Total of derivative financial instruments effected by interest rate benchmark reform	$ 162,566,521	$ -

	December 31, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 140,025,831	$ -
Exchange rate swap contracts	7,989,290	-
Cross-currency swap contracts	4,079,166	-
Equity swap contracts	2,266,080	-
	154,360,367	-
Financial instrument linked to GBP LIBOR		
Interest rate swap contracts	187,095	-
Total of derivative financial instruments effected by interest rate benchmark reform	$ 154,547,462	$ -

	June 30, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 120,029,958	$ -
Cross-currency swap contracts	5,113,024	-
Equity swap contracts	2,387,898	-
Exchange rate swap contracts	1,114,799	-
	128,645,679	-
Financial instrument linked to GBP LIBOR		
Interest rate swap contracts	192,796	-
Total of derivative financial instruments effected by interest rate benchmark reform	$ 128,838,475	$ -

8) Foreign currency rate risk information

The table below shows the foreign currency risk information on the carrying amounts of all financial assets and liabilities denominated in foreign currencies and their respective functional currency as of June 30, 2022, December 31, 2021 and June 30, 2021.

Taipei Fubon Bank

Units: (In Thousands, Unless Otherwise Indicated)

	June 30, 2022		
	Foreign Currencies	**Exchange Rate (NTD)**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 25,071,513	29.7288	$ 745,346,512
AUD	4,159,610	20.4822	85,197,799
RMB	8,953,464	4.4365	39,721,820
JPY	152,815,222	0.2181	33,332,362
HKD	7,685,868	3.7896	29,126,204
Nonmonetary item			
USD	393,407	29.7288	11,695,517
JPY	16,664,773	0.2181	3,634,954
AUD	109,355	20.4822	2,239,822
RMB	377,851	4.4365	1,676,326
HKD	165,370	3.7896	626,681
Investments accounted for using the equity method			
RMB	6,350,155	4.4365	28,172,305
Financial liabilities			
Monetary item			
USD	35,615,706	29.7288	1,058,812,935
RMB	14,743,523	4.4365	65,409,270
HKD	6,679,676	3.7896	25,313,160
AUD	963,126	20.4822	19,726,905
JPY	74,107,395	0.2181	16,164,453
Nonmonetary item			
USD	174,058	29.7288	5,174,543
RMB	397,091	4.4365	1,761,685
JPY	6,706,223	0.2181	1,462,775
HKD	37,059	3.7896	140,437
VND	66,456,348	0.0013	84,865

	December 31, 2021		
	Foreign Currencies	Exchange Rate (NTD)	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 26,389,601	27.6892	$ 730,705,802
AUD	4,234,768	20.1198	85,202,805
RMB	13,420,726	4.3568	58,470,857
HKD	9,284,871	3.5515	32,975,397
JPY	137,064,199	0.2405	32,969,697
Nonmonetary item			
USD	132,575	27.6892	3,670,883
RMB	633,081	4.3568	2,758,179
JPY	8,199,511	0.2405	1,972,327
AUD	95,871	20.1198	1,928,899
HKD	168,840	3.5515	599,637
Investments accounted for using the equity method			
RMB	6,372,718	4.3568	27,764,389
Financial liabilities			
Monetary item			
USD	37,095,796	27.6892	1,027,151,329
RMB	16,547,810	4.3568	72,094,803
HKD	8,552,170	3.5515	30,373,194
AUD	604,017	20.1198	12,152,725
EUR	367,257	31.3279	11,505,381
Nonmonetary item			
USD	377,892	27.6892	10,463,517
RMB	580,290	4.3568	2,528,182
JPY	5,255,520	0.2405	1,264,173
HKD	32,946	3.5515	117,009
AUD	4,257	20.1198	85,658

	June 30, 2021		
	Foreign Currencies	Exchange Rate (NTD)	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 22,513,155	27.8700	$ 627,440,806
HKD	10,926,434	3.5893	39,217,781
AUD	2,912,810	20.8979	60,871,679
RMB	12,368,600	4.3146	53,364,966
EUR	761,947	33.1278	25,241,623
Nonmonetary item			
USD	146,814	27.8700	4,091,709
AUD	89,433	20.8979	1,868,966
RMB	402,156	4.3146	1,735,125
EUR	1,427	33.1278	47,281
HKD	107,337	3.5893	385,260
Investments accounted for using the equity method			
RMB	6,206,560	4.3146	26,778,525
Financial liabilities			
Monetary item			
USD	30,863,393	27.8700	860,161,657
HKD	11,158,078	3.5893	40,049,211
RMB	13,936,423	4.3146	60,129,422
AUD	640,216	20.8979	13,379,185
EUR	258,730	33.1278	8,571,165
Nonmonetary item			
USD	369,279	27.8700	10,291,791
EUR	2,688	33.1278	89,064
RMB	374,168	4.3146	1,614,367
HKD	10,109	3.5893	36,282
AUD	2,813	20.8979	58,794

Fubon Bank (China)

Units: (In Thousands, Unless Otherwise Indicated)

	June 30, 2022		
	Foreign Currencies	**Exchange Rate (RMB)**	**RMB**
Financial assets			
Monetary item			
USD	$ 2,305,876	6.7114	$ 15,475,659
HKD	157,289	0.8552	134,512
EUR	4,502	7.0084	31,552
JPY	240,299	0.0491	11,807
Nonmonetary item			
USD	177,143	6.7114	1,188,875
Financial liabilities			
Monetary item			
USD	4,695,083	6.7114	31,510,579
EUR	9,210	7.0084	64,545
JPY	1,165,909	0.0491	57,288
AUD	6,593	4.6145	30,422
Nonmonetary item			
USD	7,439	6.7114	49,927

	December 31, 2021		
	Foreign Currencies	**Exchange Rate (RMB)**	**RMB**
Financial assets			
Monetary item			
USD	$ 3,115,964	6.3757	$ 19,866,450
HKD	165,887	0.8176	135,629
EUR	3,309	7.2197	23,891
JPY	210,936	0.0554	11,689
Nonmonetary item			
USD	5,295	6.3757	33,759
Financial liabilities			
Monetary item			
USD	6,740,359	6.3757	42,974,510
EUR	10,640	7.2197	76,817
JPY	682,956	0.0554	37,846
HKD	39,551	0.8176	32,337
Nonmonetary item			
USD	169,653	6.3757	1,081,656

	June 30, 2021		
	Foreign Currencies	Exchange Rate (RMB)	RMB
Financial assets			
Monetary item			
USD	$ 1,980,411	6.4601	$ 12,793,655
EUR	1,906	7.6862	14,650
HKD	183,211	0.8321	152,446
JPY	232,240	0.0584	13,569
Nonmonetary item			
USD	31,278	6.4601	202,057
Financial liabilities			
Monetary item			
USD	5,441,575	6.4601	35,153,119
JPY	836,751	0.0584	48,890
AUD	6,812	4.8528	33,056
EUR	9,089	7.6862	69,856
Nonmonetary item			
USD	321,499	6.4601	2,076,916

f. Transfers of financial assets

Transfers of financial assets not qualifying for derecognition

The transferred financial assets of the Bank and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements and equity security lending agreements.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Bank and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed prices in the future.

The Bank and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Bank and its subsidiaries still bear the interest rate risk and credit risk; thus, the Bank and its subsidiaries do not derecognize these assets.

The analysis of financial assets and related liabilities that do not qualify for derecognition is shown in following table:

Category of Financial Assets	June 30, 2022	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 10,493,310	$ 9,849,028
Investments in debt instruments measured at amortized cost	87,534,579	81,198,311
Discounts and loans	194,609	198,729

Category of Financial Assets	December 31, 2021	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 8,502,569	$ 7,967,562
Investments in debt instruments measured at amortized cost	109,232,034	107,309,959

Category of Financial Assets	June 30, 2021	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 7,191,941	$ 6,664,943
Investments in debt instruments measured at amortized cost	116,578,707	114,108,401

g. Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries had no financial instruments that were covered by the offsetting requirements under Section 42 of IAS 32 "Financial Instruments: Presentation" endorsed by the Financial Supervisory Commission.

The Bank and its subsidiaries are not engaged in transactions that met offsetting criteria in IFRSs, but they sign net settlement contracts or similar agreements with counterparties, e.g., global master repurchase agreements, global securities lending agreements and similar repurchasing agreements or reverse-repurchasing agreements. These executable net settlement contracts or similar agreements allow repurchase transactions to be settled with amount after netting financial assets and liabilities as agreed upon by the transacting parties. If one party defaults on a contract, the other one may choose net settlement.

The netting information on financial assets and financial liabilities is set out below:

June 30, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 58,009,573	$ -	$ 58,009,573	$ 26,122,446	$ 11,973,055	$ 19,914,072
Securities purchased under resell agreements	21,746,332	-	21,746,332	18,375,002	-	3,371,330
	$ 79,755,905	$ -	$ 79,755,905	$ 44,497,448	$ 11,973,055	$ 23,285,402

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 40,969,623	$ -	$ 40,969,623	$ 26,022,439	$ 10,441,496	$ 4,505,688
Securities sold under repurchased agreements	91,246,068	-	91,246,068	91,109,650	33,747	102,671
	$ 132,215,691	$ -	$ 132,215,691	$ 117,132,089	$ 10,475,243	$ 4,608,359

December 31, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 21,163,203	$ -	$ 21,163,203	$ 16,768,863	$ 2,462,956	$ 1,931,384
Securities purchased under resell agreements	7,522,566	-	7,522,566	7,522,566	-	-
	$ 28,685,769	$ -	$ 28,685,769	$ 24,291,429	$ 2,462,956	$ 1,931,384

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 29,183,416	$ -	$ 29,183,416	$ 15,678,091	$ 8,322,615	$ 5,182,710
Securities sold under repurchased agreements	115,277,521	-	115,277,521	114,860,635	51,647	365,239
	$ 144,460,937	$ -	$ 144,460,937	$ 130,538,726	$ 8,374,262	$ 5,547,949

June 30, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 28,971,948	$ -	$ 28,971,948	$ 21,840,326	$ 4,376,066	$ 2,755,556
Securities purchased under resell agreements	5,496,913	-	5,496,913	5,496,913	-	-
	$ 34,468,861	$ -	$ 34,468,861	$ 27,337,239	$ 4,376,066	$ 2,755,556

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 35,365,041	$ -	$ 35,365,041	$ 20,945,299	$ 9,905,414	$ 4,514,328
Securities sold under repurchased agreements	120,773,344	-	120,773,344	120,754,110	19,234	-
	$ 156,138,385	$ -	$ 156,138,385	$ 141,699,409	$ 9,924,648	$ 4,514,328

Note 1: Includes netting settlement agreement and non-cash financial collaterals.

Note 2: Includes derivative financial assets for hedging.

55. CAPITAL MANAGEMENT

a. Overview

In accordance with the minimum requirements on the regulatory capital to risk (weighted) assets ratio (i.e. the capital adequacy ratio) from the "Regulation Governing the Capital Adequacy and Capital Category of Banks" under Article 44 of the Banking Act, the Bank's regulatory capital and consolidated eligible capital should be higher than the statutory requirement. This is the fundamental principle of capital management.

For sound operations, the Bank has established internal control policies to ensure its capital adequacy ratio meets the minimum regulatory requirement.

b. Capital management procedures

The Bank's capital is managed by the Bank's Capital Adequacy Management Policy, which was approved by the board of directors. Regulatory capital is calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks," and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 capital) and net Tier 2 capital. In addition, adjusted items include the change in credit risk of financial liabilities recognize as unrealized gains and losses (where gains should be deducted, and losses should be added back).

1) Net Tier 1 capital

a) Net common equity Tier 1 capital: Mainly includes common stock, capital surplus, retained earnings, other equity, and non-controlling interests, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

b) Net additional Tier 1 capital: Mainly includes non-cumulative perpetual preferred stock, non-cumulative perpetual subordinated debts, and the capital issued by the Bank's subsidiaries but not held by the Bank, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

2) Net Tier 2 capital

Mainly includes long-term subordinated debts, the capital issued by the Bank's subsidiaries but not held by the Bank, operational reserves and loan-loss provisions, and so on, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

The Bank evaluates capital adequacy regularly as well as the future demand for capital and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

As of June 30, 2022, the Bank and its subsidiaries had met the authorities' minimum requirements for capital adequacy ratio. Refer to Note 57 for more details.

56. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Except for profitability described in item (d) below, the following information only refers to the Bank.

a. Asset quality

See Table 1.

b. Concentration of credit extensions

June 30, 2022

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (semiconductor assembly and testing industry)	$ 13,403,385	5.95
2	B Group (other electronic component manufacturing industry)	10,010,419	4.44
3	C Group (other electronic component manufacturing industry)	8,800,000	3.90
4	D Group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	8,600,938	3.82
5	E Group (cable and other pay-per-view programming)	8,097,154	3.59
6	F Group (computers and related equipment and software development)	7,917,960	3.51
7	G Group (footwear and garment manufacturing)	7,691,318	3.41
8	H Group (petrochemical raw material manufacturing industry)	7,253,445	3.22
9	I Group (residential and building development, rental and sales)	7,032,000	3.12
10	J Group (computers and related equipment and software development)	6,475,040	2.87

June 30, 2021

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (petrochemical raw material manufacturing industry)	$ 11,662,615	5.40
2	B Group (other electronic component manufacturing industry)	11,184,543	5.18
3	C Group (LCD and its component manufacturing industry)	9,501,233	4.40
4	D Group (other electronic component manufacturing industry)	8,200,000	3.80
5	E Group (computer peripheral equipment and software industry)	7,136,781	3.30
6	F Group (laptop, tablet, server. camera, industrial computer, mobile phone foundry and cloud software and hardware integration manufacture)	7,123,093	3.30
7	G Group (passive electronic components manufacturing industry)	6,151,048	2.85
8	H Group (semiconductor assembly and testing industry)	6,147,032	2.85
9	I Group (footwear and manufacture of wearing)	5,815,518	2.69
10	J Group (real estate industry, retail, and service)	5,713,343	2.64

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of any of the above groups, the total amount of credit, endorsement or other transactions of the entire group must be listed and disclosed by code and line of industry. The industry of the Bank and its subsidiaries should be represented by the industry of the entity with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: A group refers to a combination of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: The total amount of credits, endorsements or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances, and guarantees.

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)
June 30, 2022

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,651,509,752	$ 90,609,233	$ 62,846,485	$ 192,556,411	$ 1,997,521,881
Interest rate-sensitive liabilities	513,169,769	1,020,335,340	71,344,367	94,467,221	1,699,316,697
Interest rate sensitivity gap	1,138,339,983	(929,726,107)	(8,497,882)	98,089,190	298,205,184
Net worth					221,535,019
Ratio of interest rate-sensitive assets to liabilities					117.55%
Ratio of the interest rate sensitivity gap to net worth					134.61%

Interest Rate Sensitivity (New Taiwan Dollars)
June 30, 2021

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,456,381,521	$ 110,208,197	$ 68,353,744	$ 166,451,694	$ 1,801,395,156
Interest rate-sensitive liabilities	400,668,238	966,550,729	72,382,777	90,202,967	1,529,804,711
Interest rate sensitivity gap	1,055,713,283	(856,342,532)	(4,029,033)	76,248,727	271,590,445
Net worth					211,635,726
Ratio of interest rate-sensitive assets to liabilities					117.75%
Ratio of the interest rate sensitivity gap to net worth					128.33%

Note 1: The above amounts included only New Taiwan dollar amounts held by the onshore branches of the Bank (i.e., excluding foreign currency). In compliance with the Central Bank's supervision policies, the above data is prepared for off-site monitoring on the 15th of the next month.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earning assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)
June 30, 2022

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 14,854,257	$ 975,183	$ 1,357,740	$ 9,743,917	$ 26,931,097
Interest rate-sensitive liabilities	31,411,810	3,247,456	1,980,710	732,590	37,372,566
Interest rate sensitivity gap	(16,557,553)	(2,272,273)	(622,970)	9,011,327	(10,441,469)
Net worth					109,764
Ratio of interest rate-sensitive assets to liabilities					72.06%
Ratio of the interest rate sensitivity gap to net worth					(9,512.65%)

Interest Rate Sensitivity (U.S. Dollars)
June 30, 2021

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 12,569,558	$ 796,557	$ 1,386,555	$ 9,255,598	$ 24,008,268
Interest rate-sensitive liabilities	26,704,815	3,672,408	1,524,729	637,032	32,538,984
Interest rate sensitivity gap	(14,135,257)	(2,875,851)	(138,174)	8,618,566	(8,530,716)
Net worth					155,364
Ratio of interest rate-sensitive assets to liabilities					73.78%
Ratio of the interest rate sensitivity gap to net worth					(5,490.79%)

Note 1: The above amounts include only USD amounts held by the Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earnings assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (U.S. dollars).

d. Profitability

(%)

Item		For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Return on total assets	Before income tax	0.38	0.33
	After income tax	0.32	0.29
Return on equity	Before income tax	5.83	4.72
	After income tax	4.94	4.14
Profit margin		41.89	39.37

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2022 and 2021.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
June 30, 2022

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 2,785,735,190	$ 232,288,370	$ 314,178,966	$ 285,100,952	$ 308,430,787	$ 247,099,048	$ 1,398,637,067
Main capital outflow on maturity	3,431,031,777	142,962,460	318,266,270	541,153,164	487,602,432	720,830,981	1,220,216,470
Gap	(645,296,587)	89,325,910	(4,087,304)	(256,052,212)	(179,171,645)	(473,731,933)	178,420,597

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
June 30, 2021

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 2,510,902,913	$ 216,236,862	$ 267,153,101	$ 271,447,041	$ 287,002,208	$ 275,635,206	$ 1,193,428,495
Main capital outflow on maturity	3,081,530,050	151,500,560	234,154,585	426,695,491	447,699,037	603,897,903	1,217,582,474
Gap	(570,627,137)	64,736,302	32,998,516	(155,248,450)	(160,696,829)	(328,262,697)	(24,153,979)

Note: The above amounts are book value of assets and liabilities held by the Bank and denominated in New Taiwan dollars.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
June 30, 2022

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 68,648,531	$ 22,739,064	$ 12,952,958	$ 9,293,778	$ 8,393,945	$ 15,268,786
Capital outflow on maturity	76,399,327	21,335,269	20,144,583	13,326,472	11,291,398	10,301,605
Gap	(7,750,796)	1,403,795	(7,191,625)	(4,032,694)	(2,897,453)	4,967,181

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
June 30, 2021

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 70,903,652	$ 24,547,493	$ 13,282,839	$ 9,924,123	$ 8,790,970	$ 14,358,227
Capital outflow on maturity	77,474,589	23,584,281	20,100,165	12,703,264	11,691,118	9,395,761
Gap	(6,570,937)	963,212	(6,817,326)	(2,779,141)	(2,900,148)	4,962,466

Note: The above amounts are book value of assets and liabilities held by the Bank and denominated in U.S. dollars.

57. STATEMENT OF CAPITAL ADEQUACY

Analysis \ Year (Note 2)			June 30, 2022		December 31, 2021		June 30, 2021	
			Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
Regulatory capital	Net common equity Tier 1 capital		$ 225,521,701	$ 204,802,256	$ 222,669,900	$ 208,427,937	$ 211,924,300	$ 198,439,066
	Net additional Tier 1 capital		24,330,525	22,300,000	20,648,451	11,806,751	20,623,198	11,997,021
	Net Tier 2 capital		47,112,818	42,083,130	43,658,426	24,426,561	42,549,118	23,576,572
	Regulatory capital		296,965,044	269,185,386	286,976,777	244,661,249	275,096,616	234,012,659
Risk-weighted assets	Credit risk	Standardized approach	2,064,418,969	1,682,441,691	1,955,638,055	1,535,265,134	1,837,909,538	1,440,137,229
		Internal rating - based approach	-	-	-	-	-	-
		Securitization	34,360,581	13,534,618	45,713,460	13,174,185	50,413,514	11,284,839
	Operational risk	Basic indicator approach	-	-	-	-	-	-
		Standardized approach/ alternative standardized approach	89,984,513	77,441,188	89,984,513	77,441,188	88,091,225	76,651,650
		Advanced measurement approach	-	-	-	-	-	-
	Market risk	Standardized approach	96,434,663	71,062,088	82,258,437	74,179,062	67,784,938	58,205,375
		Internal models approach	-	-	-	-	-	-
	Total risk-weighted assets		2,285,198,726	2,285,198,726	1,844,479,585	2,173,594,465	1,700,059,569	2,044,199,215
Total capital adequacy ratio			13.00%	14.59%	13.20%	14.39%	13.46%	14.75%
Common equity Tier 1 ratio			9.87%	11.10%	10.24%	12.26%	10.37%	12.51%
Tier 1 capital ratio			10.93%	12.31%	11.19%	12.95%	11.38%	13.27%
Leverage ratio			6.10%	6.53%	6.12%	6.57%	6.42%	6.86%

Note 1: The above table was prepared in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and related calculation tables.

Note 2: The formula:

1) Regulatory capital = Net common equity Tier 1 capital + Net additional Tier 1 capital + Net Tier 2 capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) × 12.5.

3) Total capital adequacy ratio = Regulatory capital/Total risk-weighted assets.

4) Common equity Tier 1 ratio = Net common equity Tier 1 capital/Total risk-weighted assets.

5) Tier 1 capital ratio = (Net common equity Tier 1 capital + Net additional Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Net Tier 1 capital/Exposure measurement.

58. SEGMENT INFORMATION

The segment information reported to the chief operating decision maker for assessment of segment performance focuses on the nature of business operations and pretax profit or loss.

The accounting standards and policies mentioned in Note 4 apply to all the business segments. Under IFRS 8 "Operating Segments," the Bank and its subsidiaries report the following:

a. Personal finance group: Responsible for wealth management, trust and consumer finance business, etc.

b. Corporate banking group: Responsible for corporate and investment banking and public treasury, etc.

c. Financial market group: Responsible for financial markets, etc.

d. Overseas subsidiary: On the business operations of the Bank's subsidiary, Fubon Bank (China).

e. Others: Business segments other than the above groups.

The Bank and its subsidiaries' segmental and geographical information of revenue and operating results were as follows:

For the six months ended June 30, 2022

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 6,706,145	$ 5,612,114	$ 3,241,002	$ 5,750,985	$ (461,280)	$ 20,848,966
Net interest income (external)	5,624,322	4,760,115	5,876,266	5,751,936	(1,163,673)	20,848,966
Inter-segment revenues (expenses)	1,081,823	851,999	(2,635,264)	(951)	702,393	-
Net non-interest income	5,188,734	1,857,619	1,323,321	(1,921,290)	1,585,605	8,033,989
Net revenue	$ 11,894,879	$ 7,469,733	$ 4,564,323	$ 3,829,695	$ 1,124,325	$ 28,882,955
Net profit (loss) before income tax	$ 5,909,122	$ 5,547,665	$ 4,197,601	$ 1,028,374	$ (2,404,918)	$ 14,277,844

For the six months ended June 30, 2021

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 4,877,782	$ 4,487,613	$ 4,194,464	$ 4,758,584	$ (220,919)	$ 18,097,524
Net interest income (external)	4,504,335	4,057,761	4,795,433	4,760,230	(20,235)	18,097,524
Inter-segment revenues (expenses)	373,447	429,852	(600,969)	(1,646)	(200,684)	-
Net non-interest income	5,608,936	1,728,369	2,141,925	(1,433,338)	(1,349,007)	6,696,885
Net revenue	$ 10,486,718	$ 6,215,982	$ 6,336,389	$ 3,325,246	$ (1,569,926)	$ 24,794,409
Net profit (loss) before income tax	$ 4,800,538	$ 4,163,345	$ 5,994,948	$ 1,083,644	$ (4,907,834)	$ 11,134,641

59. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT$300 million or 10% of the issued capital	Table 2
2	Acquisition of individual real estates at costs of at least NT$300 million or 10% of the issued capital	None
3	Disposal of individual real estates at prices of at least NT$300 million or 10% of the issued capital	None
4	Allowance for service fee to related parties amounting to at least NT$5 million	None
5	Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital	None
6	Trading information - sale of non-performing loans	None
7	Financial asset securitization	None
8	Related parties transaction	Table 3
9	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None
2	Endorsements/guarantees provided	None
3	Marketable securities held	Table 4
4	Acquisition and disposal of marketable securities at costs or prices of at least NT$300 million or 10% of the issued capital	Table 5
5	Derivative transactions	Note 8

Note: Subsidiaries which belong to financial, insurance, securities industries and its main business registration include financing provided, endorsements/guarantees provided, acquisition and disposal of marketable securities do not need to disclose above information.

c. Information on investments in mainland China: Table 6.

d. The related information and proportionate share in investees: Table 7.

TABLE 1

TAIPEI FUBON COMMERCIAL BANK CO., LTD.

OVERDUE LOANS AND RECEIVABLES
JUNE 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars, %)

Item			June 30, 2022					June 30, 2021				
			Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loans	Secured		1,200,185	243,743,409	0.49%	2,921,991	243.46%	1,083,163	225,334,070	0.48%	2,530,851	233.65%
	Unsecured		456,260	510,444,138	0.09%	5,705,108	1,250.41%	743,440	465,336,913	0.16%	5,550,142	746.55%
Consumer finance	Mortgage (Note 4)		351,082	550,283,808	0.06%	8,239,175	2,346.80%	287,626	469,222,668	0.06%	7,024,181	2,442.12%
	Cash card		-	766	-	15	-	-	972	-	19	-
	Microcredit (Note 5)		53,163	53,525,318	0.10%	584,341	1,099.15%	83,193	43,465,410	0.19%	505,049	607.08%
	Other (Note 6)	Secured	737,136	326,170,484	0.23%	3,420,993	464.09%	771,251	293,465,455	0.26%	3,065,915	397.52%
		Unsecured	33,032	36,141,985	0.09%	372,130	1,126.57%	36,550	37,236,302	0.10%	385,472	1,054.64%
Total			2,830,858	1,720,309,908	0.16%	21,243,753	750.44%	3,005,223	1,534,061,790	0.20%	19,061,629	634.28%
			Overdue Receivables	**Receivables**	**Delinquency Ratio**	**Allowance for Credit Loss**	**Coverage Ratio**	**Overdue Receivables**	**Receivables**	**Delinquency Ratio**	**Allowance for Credit Loss**	**Coverage Ratio**
Credit card			45,839	56,962,010	0.08%	350,068	763.69%	52,714	49,745,402	0.11%	318,945	605.05%
Accounts receivable - factoring with no recourse (Note 7)			-	21,543,373	-	252,349	-	-	14,719,251	-	180,594	-
Excluded NPL as a result of debt negotiations and loan agreements (Note 8)			11,056					16,438				
Excluded overdue receivables as a result of debt negotiations and loan agreements (Note 8)			29,408					39,693				
Excluded NPL as a result of consumer debt clearance (Note 9)			350,471					364,655				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			367,009					374,617				

Note 1: These are the reported overdue loans as defined in the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the Ministry of Finance.
For credit cards, overdue receivables are subject to the Banking Bureau's regulations dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loans, NPL ratio = NPL/Total loans.
For credit cards, delinquency ratio = Overdue receivables/Accounts receivable.

Note 3: For loans, coverage ratio = LLR/NPL.
For credit cards, coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage refers to loans granted for the purchase, construction or repair of the residence owned by the borrower or the borrower's spouse or children, and the residence is used to secure the loan fully.

Note 5: Microcredits are subject to the Banking Bureau's regulations dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Other consumer loans refer to secured or unsecured loans excluding mortgages, cash cards, microcredits, and credit cards.

Note 7: Under the Banking Bureau's requirements in its letter dated July 19, 2005 (Ref. No. 094000494), an allowance for bad debts should be recognized within three months once no compensation is obtained from a factoring or insurance company for accounts receivable-factoring with no recourse.

Note 8: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements are based on the Banking Bureau's requirement dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's requirement dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

TABLE 2

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CAPITAL STOCK ACQUIRED OR DISPOSED OF AT COST OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units (In thousands)	Amount	Units	Amount	Carrying Value	Gain (Loss) on Disposal	Units (In thousands)	Amount
Taipei Fubon Commercial Bank Co., Ltd.	Stock of Hyundai Card Co., Ltd.	Investments accounted for using equity method	1. Consumer Preferred Choice Limited; 2. Complete Logistic Solutions Limited; 3. AlpInvest Partners Co-Investments 2015 I SPV B.V.; 4. AlpInvest Partners Co-Investments 2015 II SPV B.V.; 5. AlpInvest Mich SPV B.V.	Non-interested party	-	$ -	16,047	$ 7,893,423 (Note 1)	-	$ -	$ -	$ -	16,047	$ 7,893,423
Taipei Fubon Commercial Bank Co., Ltd.	Stock of Line Bank Taiwan Limited.	Investments accounted for using equity method	Line Bank Taiwan Limited.	Stakeholders	251,000	1,989,005	156,750 (Note 2)	1,875,398 (Note 3)	-	-	-	-	407,750	3,864,403

Note 1: Include the initial cost 5,094,959 thousands, gains recognized under the equity method, the benefit of cheap purchase, the distribution of cash dividends and shares of other comprehensive profit and loss.

Note 2: Line Bank Taiwan Ltd.(LINE Bank) processed a capital reduction of 2.5 billion on June 28, 2022 (the base date for capital reduction), and then processed a cash capital increase of 7.5 billion on June 29, 2022 (the base date for capital increase). Based on the shareholding ratio of the Bank at 25.1%, the Bank's shareholding decreased from 251,000 thousand shares to 188,250 thousand shares after the capital reduction, and then participated in the cash capital increase of LINE Bank to subscribe for 219,500 thousand shares. Therefore, at the end of the period, the Bank held 407,750 thousand shares of LINE Bank, and Shares rose to 27.18%

Note 3: Include the new cost 2,195,000 thousands, gains recognized under the equity method, the change in equity of the affiliated company recognized by the equity method and the share of other comprehensive profit and loss.

TABLE 3

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage to Consolidated Revenue/Assets (Note 3)
0	TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank")	Fubon Bank (China)	a	Cash and cash equivalents	$ 111,518	Note 4	-
		Fubon Bank (China)	a	Due from the Central Bank and call loans to other banks	69	Note 4	-
		Fubon Bank (China)	a	Bank debentures	2,580	Note 4	-
		Fubon Bank (China)	a	Interest income	951	Note 4	-
		Fubon Bank (China)	a	Service fee income	1,290	Note 4	-
		TFB Capital Co., Ltd.	a	Receivables, net	928	Note 4	-
		TFB Capital Co., Ltd.	a	Deposit and remittances	40,897	Note 4	-
		TFB Capital Co., Ltd.	a	Other liabilities	112	Note 4	-
		TFB Capital Co., Ltd.	a	Interest income	19	Note 4	-

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: The flow of transactions among related parties is as follows:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by total consolidated assets, and the revenue or expense account is divided by the total consolidated net revenue of the period.

Note 4: For the transactions between the Bank and related parties, the terms are similar to those transacted with unrelated parties.

Note 5: The transactions and balances above had been eliminated in the preparation of consolidated financial statement.

TABLE 4

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TFB Capital Co., Ltd.	Stock							
	Hyena Inc.	-	Financial assets at fair value through profit or loss	500	$ 28,524	2.63	$ 28,524	Unlisted stocks
	Teng Fu Bo Investment Limited	Related party in substance	Financial assets at fair value through other comprehensive income	37,320	326,905	5.00	326,905	Unlisted stocks
	Transsnet FinTech Group	-	Financial assets at fair value through profit or loss	52	19,193	0.07	19,193	Unlisted stocks
	URSrobot Holding Ltd.	-	Financial assets at fair value through profit or loss	1,328	87,591	3.98	87,591	Unlisted stocks
	Welab Sky Limited	-	Financial assets at fair value through profit or loss	10,000	297,288	2.61	297,288	Unlisted stocks
	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss	483	5,056	-	5,056	Beneficiary certificates
	Allianz US Low Average Duration High Yield Fund	-	Financial assets at fair value through profit or loss	12,048	121,853	-	121,853	Beneficiary certificates
	PineBridge Global ESG Quantitative Bond Fund	-	Financial assets at fair value through profit or loss	25,084	224,991	-	224,991	Beneficiary certificates
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets at fair value through profit or loss	25,484	225,902	-	225,902	Beneficiary certificates
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	14,403	138,904	-	138,904	Beneficiary certificates
	Allianz Global Investors Fund	-	Financial assets at fair value through profit or loss	852	241,792	-	241,792	Beneficiary certificates
	Fin Regatta II	-	Financial assets at fair value through profit or loss	-	13,378	-	13,378	Private equity

TABLE 5

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COST OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units (In Thousands)	Amount (Note)	Units (In Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (In Thousands)	Amount
TFB Capital Co., Ltd.	Welab Sky Limited	Financial assets at fair value through profit or loss	Welab Sky Limited	-	-	$ -	10,000	$ 297,288	-	$ -	$ -	$ -	10,000	$ 297,288

Note: Include the initial cost 286,250 thousand the profit and loss evaluation measured by fair value.

TABLE 6

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022 (Note 3)	Note
					Outward	Inward							
Fubon Bank (China)	Banking	$ 10,848,876 (RMB 2,445,382)	Direct investment in mainland China	$ 24,579,578	$ -	$ -	$ 24,579,578	$ 1,098,066 (RMB 247,993)	57.92%	$ 525,697	$ 28,172,305	$ 107,737	
Sichuan Vip Fubon Consumer Finance Ltd.	Personal consumption loan	2,218,238 (RMB 500,000)	Others	-	-	-	-	(121,437) (RMB 27,426)	14.48%	(17,584) (RMB 3,971)	240,603	-	
Teng Fu Bo Investment Limited	Investment Consulting	3,311,385 (RMB 746,400)	Others	425,612	-	-	425,612	(291,168) (RMB 65,759)	5.00%	-	326,905	-	

	Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments, as Stipulated by the Investment Commission, MOEA
Taipei Fubon Commercial Bank Co., Ltd.	$ 24,579,578 (RMB 5,093,113)	$ 24,579,578 (RMB 5,093,113)	$ 135,216,077
TFB Capital Co., Ltd.	425,612 (RMB 97,405)	425,612 (RMB 97,405)	1,103,776

Note 1: The foreign currency of paid-in capital and net income was converted into New Taiwan dollars at the exchange rate on June 30, 2022 and the average exchange rate for the six month ended June 30, 2022, respectively.

Note 2: Based on Rule No. 10300002750 approved by the Investment Commission under the Ministry of Economic Affair, the authorized investment amount is RMB4,093,113 thousand; and based on Rule No. 10900196820 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB1,000,000 thousand; Based on Rule No. 11000235080 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB97,405 thousand.

Note 3: The amounts were accumulated from the start date of the investment to the end of the period.

TABLE 7

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Held at Period-ended			Investment Gain (Loss)	The Bank and Related Enterprises Consolidated Investment				Note
				Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		Number of Shares (In Thousands)	Imitated Shares	Total		
										Number of Shares (In Thousands)	Percentage of Ownership (%)	
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	Financial-related											
	Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	780	3.94	$ 51,364	$ 5,460	860	-	860	4.34	Note 2
	Taiwan Futures Exchange Corporation	Taipei	Futures exchange and settlement	5,301	1.26	569,335	16,697	33,056	-	33,056	7.87	Note 2
	Taiwan Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	18,000	1.70	285,536	11,700	18,000	-	18,000	1.70	Note 2
	Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	10,000	5.88	76,429	1,100	15,000	-	15,000	8.82	Note 2
	Financial Information Service Co., Ltd.	Taipei	Planning and developing the information systems of banking institutions and managing the information web system	12,201	2.34	447,955	33,553	18,678	-	18,678	3.58	Note 2
	Sunny Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	503	8.39	10,012	768	602	-	602	10.03	Note 2
	Fubon Bank (China)	China	Banking	-	57.92	28,172,305	525,697	-	-	-	100.00	Note 1
	Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	1,800	3.00	7,032	-	2,400	-	2,400	4.00	Note 2
	Line Biz+ Taiwan Limited	Taipei	Third-party payment service industry	10,936	19.99	3,047,880	27,707	10,936	-	10,936	19.99	-
	Line Bank Taiwan Limited	Taipei	Banking	407,750	27.18	3,864,403	(283,665)	407,750	-	407,750	27.18	Note 1
	TFB Capital Co., Ltd.	Taipei	Venture capital investment	200,000	100.00	1,839,621	(54,799)	200,000	-	200,000	100.00	Note 1
	Hyundai Card Co., Ltd.	Korea	Credit card industry	16,047	10.00	7,893,423	233,979	32,093	-	32,093	20.00	-
	Non-financial related											
	Taipei Rapid Transit Corporation	Taipei	Public transportation	14	-	119	-	14	-	14	-	Note 2
	Taiwan Power Company	Taipei	Management of power facilities	374	-	2,516	-	374	-	374	-	Note 2
	Fubon Real Estate Management Co., Ltd.	Taipei	Investigation, consultation, management and real estate evaluation of construction plans	6,964	30.00	137,454	915	6,964	-	6,964	30.00	Note 1
	Easy Card Investment Holding Co., Ltd.	Taipei	Issue and research of IC card	5,108	4.91	48,934	504	5,108	-	5,108	4.91	Note 2
	Taiwan High Speed Rail Corporation	Taipei	Management of high speed rail	20,278	0.36	568,787	15,370	20,278	-	20,278	0.36	Note 2
	Taiwan Aerospace Corp.	Taipei	Aerospace industry	1,700	1.25	17,824	255	3,400	-	3,400	2.51	Note 2
Fubon Bank (China)	Financial-related											
	Sichuan Vip Fubon Consumer Finance Ltd	China	Personal consumption loan	-	25.00	415,406	(30,359)	-	-	-	25.00	-

Note 1: The investment gain (loss) was based on the investee's audited financial statements for the six months ended June 30, 2022.

Note 2: The investment gain (loss) was the cash dividends recognized for the six months ended June 30, 2022.